

Social Capital of Lembaga Amil Zakat (LAZ) in West Java

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Abstract: The article studies social capital of Lembaga Amil Zakat (LAZ) in West Java. The methodology of this study is qualitative. Theoretical framework of this study is integration between theory of capital from Pierre Bourdieu and new institution from Victor Nee. The exercise field of this study is LAZ in West Java, especially Dompot Dhuafa, Rumah Zakat, Dompot Peduli Umat Daarutauhid, and Pusat Zakat Umat. This study finds that social capital would be main key of LAZ for success maintaining and developing its existence and does transformation to other. Quantity and Quality of social capital decide opportunity for success and reward (trust) which is received. In other side, the form of institutional relation on level of LAZ organization (*mezzo*) in social, politic and economic action is mutual effect. Transformation of zakat governance based on good governance will impact on social transformation, especially changing from receiver (*mustahiq*) became giver (*muzakki*).

1 INTRODUCTION

This study focuses on analyzing the transformation of *zakat* (alms) management from the viewpoint of the social capital and its institutional relation. Deep study regarding this topic has its relevance to enrich theoretical discussions in economic sociology on the types and function of the social capital in an institution. Even though this study merely reveals the types and function of the social capital in the Zakat Management Institution (*Lembaga Amil Zakat, LAZ*).

The existing perspectives on social capital (Putnam, 1993; Coleman, 1998; Portes, 2010; Fukuyama, 2000) focus on the form of interrelated qualities between the community, organization, and the society based on trust, norms, and social networking. Other perspectives view the phenomena of the social capital could be differentiated into financial capital, physical capital, human capital, and symbolic capital with which the capital is not merely involved in the material exchanges (Coleman, 1998; Bourdieu, 1986).

The explanation by interactive perspectives could be known by the researches of Putnam (1993), Rothstein and Stolle (2003) (in Rothstein and Uslaner, 2005). In these perspectives, social capital emphasizes more to the trust and networking. It is

known that those who have trusts, have also better activities in political and governmental institutions, they are also more welfare and they are hardly involved in the crimes and corruption.

Regarding the organizer of zakat, the previous researches reveal that there are 3 (three) kinds of zakat institutions leading in Indonesia. Firstly, the institutions managed by the community stressing more to the ascetism and altruism. Secondly, the institutions managed by the state stressing more to the development orientation. Thirdly, private LAZ attempting to apply the principle of maximizing utility.

This study emphasizes more on social capital of LAZ in transforming the management of zakat in West Java, Indonesia. Studying the reality of zakat in West Java has its own attraction, especially because there are prolific growing private zakat institutions in the area. Moreover, West Java is one of the most populated area, so that it could accumulate and maximize the capital (Minarti, et al., 2012: 27). Therefore, a research on the capital and its relation to institutionalizing zakat management is significant to be done intensively.

The aim of the research is to know the types of social capital and its transformation. The main thesis of the research is that social capital could be a main key of success in a socio-economic institution in

defending and developing its existence, and in transforming the people. The more amount and types of social capital being owned by an institution, the higher chances of its success and the higher of appreciation (trust) being accepted. To see the capital in the relation of institution, the study attempts to integrate the capital in Pierre Bourdieu's conception and the New Institution in Victor Nee's conception.

2 LITERATURE REVIEW

This study attempts to integrate the concept of social capital and new institutionalism concept. Bourdieu says that capital is an accumulated work, either in a material form or in an incorporated or embodied form, if it is used to get the fortune by an agent or a group makes him/her or them possible to use social energy in the living form of work. Capital is an inherent power to the subjective or objective structure and becomes a principle on which social order based. Capital has a capability to reproduce in an identical form or in an extended form (Bourdieu, 2002: 280). Depending upon the arena where the capital works, and upon the fare of the transformation which becomes the condition in an arena, Bourdieu says that capital could be formed into three: (a) Economic capital directly or indirectly could be converted into money or institutionalized into property; (b) cultural capital which could be converted into economic capital in certain condition and institutionalized into certain qualification of education; and (c) social capital formed in social necessities or social relationships which could be converted in certain condition into economic capital and institutionalized into such thing as honor (Bourdieu, 2002: 281).

Victor Nee's (2005) thought on new institutionalism is generated initially with his idea to explain how institutions interact with social networks and social norms in directing economic actions. In Victor Nee's (2005: xv) words: New institution revisits the idea of context-bound rationality developed in the classical period of sociology and focuses on the social structural contest within which individual interests and group norms develop as well as on the reciprocal role of norms and interests in effecting institutional change.

Victor Nee's new institutionalism concept is regarded by Rochman Achwan (2014: 56) is a concept affected by Pierre Bourdieu's thought on the fields, especially in studying economic life. Only that Achwan assesses that there is some differences

in developing each own concept, like that Bourdieu lays the state as an outsider, Nee, however, put it as an insider. Nevertheless, Nee's approach is regarded by Achwan as relevant enough to study economic phenomena in Indonesia, although Nee himself develops his approach by his studies on economics and politics in China.

3 METHODS

The paradigm of this research is departed from Max Weber's concepts of ideal type and *verstehen* as the way of understanding and appreciation of a phenomenon socially, culturally, and psychologically in a deep consideration (Vredenburg, 1984: 17). A discourse on ideal type is a part of the study on 'objectivity' in the social scientific world. Ideal type conception directs a sociologist in developing his/her capability through guidance to construct a hypothesis. Ideal type is hint a picture of reality but more to the aim of describing an ambiguous 'means of expression' in the picture. Empirical research attempts to comprehend a social phenomenon placing the observed events or actions with one or more ideal types.

Weber offers points describing that a construction is not normative as an ideal type in our sense to repeat wants more has no connection at all with value-judgments and it has nothing to do with any type of perfection other than a purely logical one. There are ideal types of brothels as well as religious..." (Checkland, 1999).

This research uses the method of soft systems methodology (SSM) developed by Peter Checkland. SSM is an approach to solve an unstructured complex problematical situation based on the holistic analysis and system thinking. This method of SSM is performed to describe problems consisting bigger social and political effects and analyzes by using the concept of human activity as a tool to know a problematical situation to produce actions to raise the situation.

The present writer asserts seven levels to solve the soft problems, that is: First, understanding problematical situation. Second, affirming problematical situation. Third, choosing a viewpoint to see the situation and producing definition of problematical roots. Fourth, developing enough conceptual models to describe all of problematical roots. Fifth, comparing model with the reality. Sixth, declaring an expected and possibly performed change. Seventh, doing action to raise the situation of the real world.

This researching taking analytical study of analyzing capital capacity of zakat management institutions in West Java, and performed in various location, that is the offices of: The House of Zakat (*Rumah Zakat, RZ*), The Wallet of the Needy (*Dompot Dhuafa*), Daarut Tauhid, the Center of Zakat of the People (*Pusat Zakat Umat, PZU*) of the Islamic Union (*Persatuan Islam, Persis*), and other places as agreed by the researcher and the informants.

There are two kinds of sources being used in the research: primary and secondary data. Primary data are taken directly from the source earned by in-depth interview in the managerial level or the volunteers, those who assist in achieving the success of the zakat programs. Besides in-depth interview, the researcher also applies Focus Group Discussion in the managerial and voluntary level. Whereas secondary data are taken indirectly from the source, like from: books, journals, internet, governmental documents, acts, regulations, etc.

Data analysis is performed in the same time by the processes of data gathering. Inductive analysis is departed from rough data taken from the field. The process of data management involves theme identification and emerging patterns after doing data selection, classification, and data analysis. After categorizing interview transcripts, codification of important points including key words and sentences is performed.

4 RESULTS AND DISCUSSION

Zakat as a social capital is an instrument of empowerment of the poor and social security. Nevertheless, zakat is not one of the social security as stated in Social Security Act (SJSN) no. However, as part of the application of worship, the substantive issue of zakat is a guarantee of freedom of worship for every religious follower, including paying zakat to the people. Meanwhile, the technical skills required by a leader include organizational arrangements in which it is authorized. The ability of a leader includes the ability to organize employees in the collection of zakat, management, and distribution and utilization of zakat. A leader is also required to consider or see the situation and conditions when taking policy.

Management of zakat includes planning, organizing, actuating, and supervision of the distribution and utilization of zakat. LAZ vision and mission is very coloring motion and direction that will be directed from the establishment of zakat

institution. Vision and mission is usually socialized to all board to be the guidance and direction of any policy or decision taken so that the established zakat institutions have professional direction and goals.

The main purpose of the implementation of zakat management are: First, the increase of public awareness in aimplementation and in the service of zakat worship. As the reality of the society that most of the rich Muslims (capable) have not fulfilled their zakat worship, it is clearly not a matter of "ability" but it is about "awareness of zakat worship" which is less especially from Muslims themselves. This saves homework on how Muslims generally increase their awareness of diversity. Second, the increasing function and role of the institution of prosperity in the effort to realize the welfare of society and social justice. LAZ is considered one of the institutions that can improve the welfare of society and eliminate the poverty of society and encourage the justice of the distribution of property. Because the zakat is collected from the rich to be distributed to poor people in the area where the zakat is collected. In this management will be the flow of funds from the rich to the poor in various forms ranging from consumptive and productive (investment). Consciously then, zakat disbursement will impart social solidarity, reduce social inequality and in turn reduce the degree of crime in society. Thirdly, the increased use and usefulness of zakat. Each zakat institution has a database of giver and receiver. Profile giver recorded to the potentials or opportunities for socialization and coaching to giver. Muzakki (giver) is considered LAZ as their customer for the rest of their lives, therefore LAZ has adequate attention and coaching to foster the value of its trust. Against the receiver (*mustahiq*) also for the sake of, the program of distribution and utilization directed so that receiver can improve the quality of life, from the status receiver changed to giver.

The main zakat distribution concerns the group that has been determined in the Qur'an. The existence of the organizational structure / institution of zakat consists of elements of consideration, supervisors, and implementers, leaders who become elements of implementers can cooperate with elements of consideration and supervisors in taking policy. Zakat management organizations consisting of government (Badan Amil Zakat) and community-managed zakat (LAZ) management bodies can still be run. The existence of the Government Amil Zakat Agency is one part of the implementation of the 1945 Constitution on the implementation of religion for its adherents. On the basis of that, the zakat

institution under the legitimate government remains in effect. The zakat management institutions established by the community are maintained because the government is not able to solve the social problems that exist, especially the welfare of the poor (the poor). Especially with the many fraud committed by government officials related to financial issues (such as taxes) will be as difficult for the government to attract trust (trust). The role of zakat management institutions managed by the community is needed to help the government.

An important issue that needs to be considered in order to improve the quality of zakat institutions is the existence of institutions that function to supervise the performance of zakat management institutions. Cross-sector cooperation in government institutions is very important. The supervisory body responsible for overseeing the activities of the zakat institution shall be an authoritative institution and composed of persons who have expertise in the field of zakat such as Majelis Ulama Indonesia (MUI). As it is known that MUI exists at every level starting from the central level, regency / municipality, sub-district level, and village. Similarly, the existence of many Amil Zakat Institutions in government or private offices or banks is in synergy with the Amil Zakat or LAZ Board that has received official permission. It is very important that efforts to improve the welfare of the poor can be easily done. The selfish nature of inter-agency must be eliminated by putting forward the goal. A collective zakat management encourages independent socio-economic movement and establishes the advancement of people's welfare without any waiting time for the government to subsidize with its welfare programs. In its management, this collective zakat management by transparent and professional managers, so that it could raise the effectiveness of zakat as a socio-economic institution. Through responsible, effective, and efficient management, zakat is closer and more effective to its main idea as an instrument for minimizing the unfortunate people.

There is strong rationalization of collective zakat management through the LAZ, that is: First, LAZ functions as intermediate institution between the givers and receivers of zakat, so that it could preserve the dignity of the receivers (*mustahiq*) as well as urge the givers (*muzakki*) to be sincere in performing zakat. Second, LAZ actively reminds the givers to fulfill their obligation as well as helps them to count the amount of the zakat to be obliged. Third, LAZ could be able to identify and classify the receivers objectively and accurately so that the redistribution and effectiveness of zakat could be

realized well and effective. Fourth, LAZ is needed in order that the givers could not feel any more to the zakat and could prevent the receivers' position as the beggars.

Regarding the aspect of usage, zakat management experiences a significant transformation marked by such phenomena as follow: Firstly, the revitalization, innovation, and diversification of zakat managerial program to the people's welfare. The inclination of usage of zakat fund by the LAZ focuses on development and empowerment programs. Through the programs of development and empowerment, the people would have human capital, physical capital, financial capital, and social capital needed to open up the opportunities and better income. As the result of Focus Group Discussion method with the managers and volunteers of zakat management, it is known that social capital usually forms a network with others. This network functions in widening and enlarging the supports for LAZ development, building cooperation in accumulating and operating zakat fund, and applying Islamic law based norms and values.

By way of root definition, institutional relation is a system of influential relation between levels (from institutional level to organizational level, from organizational level to individual level, from individual level to organizational level, from organizational level to institutional level), from formal to informal elements in an interrelated way (P), by way of recognizing policies, customs, shared belief, conventions, norms, and rules (Q), in fulfilling actors' interests (R).

Conceptually, there are 11 (eleven) forms of institutional relationships, that is: *Firstly*, understanding the forms of institutional level (macro) organizational level and social relationship between individuals (micro). *Secondly*, understanding the forms of institutional level of the institutional environment (macro), organizational level, and social relations or social networks between individuals (micro). *Thirdly*, understanding the influence of institutional level formed as regulations or institutions, policies or state intervention or free market to the organizational level. *Fourthly*, understanding organization to be survived by arranging formal rules suitable with the demands of institutional environment. *Fifthly*, understanding organizational adaptation in managing individual actions in the organization in order to be suitable with the attainment of organizational goal. *Sixthly*, understanding individual responds to the organization in the forms

of social interaction between them. *Seventhly*, understanding individuals in considering or orienting themselves to the organizational rules as well as their rational (instrumental) interests. *Eighth*, understanding the results of interaction between the individuals, either in its coupling or decoupling ways to the aims of the organization. *Ninthly*, understanding the responds of the authority to the interaction decoupled from the aims of the organization. *Tenthly*, understanding the difficulties of organizational authority in solving the problems of the organization. *Eleventh*, understanding collective organizational action directing to the change of institutional environment (the change of regulations, policies or state interventions).

Institutional environment affects the competition among organizations. State policies on zakat on the macro level could involve the emergence of pressure to the organizations to adapt to various kinds of (social, cultural, economic, and symbolic) capitals. This adaptation influences to the formation of social networks in order to facilitate capital collection and zakat usage for productive enterprises for the needy.

In the aspect of organizational management, institutional environment enacts the requirement that LAZ should have programs to use more efficiently for the people's welfare; and have willingness to be audited by way of islamic law and finance periodically. This condition gives a pressure to the organizations to apply modern organizational management, so that on the micro level would affect the formation of individuals for having social care as well as accountable in the collection of the capital and its usage. However, this influence would demand LAZ to perform programs oriented in the social care and accountability of ZIS fund usage. LAZ, in its turn, demands the government to build common care (in a collective movement) for diminishing the poor.

Also, if it is related to the capital, the researcher sees that institutionalization is (social) institutional development in enacting established norms. The construction of social institution is happened through the process of organizational structuration of LAZ to be externally constrained the individuals. The process of organizational structuration gives rewards and sanctions to the members. The advancement of institution is an improvement based on value and local socio-cultural systems. It means that institutional advancement could not depart from the institutionalized capital in the society.

The relevance between concepts and theories being used and the findings in this research from the aspects of social institutions at the outset LAZ is

traditional, then grew into an established organization by the existence of law framework and clear structures and roles. It is known that the better social capital in a society, the better the condition of the social institution in the society. Organizations have more inclusive social capital (bridging social capital) for their heterogeneous and cross cultural streams of social group references. While in the LAZ PZU it is more homogenous from the perspective of socio-organizational basis, so that the social capital is exclusive (bonding social capital). An analytical study to the LAZ by advancing the accountability and professionalism values to gain the public trust through mediate service product of ZIS reaffirms the function of social capital.

The strategy of LAZ in developing enterprises for the receivers of zakat in West Java lays in two aspects, the collection and the redistribution. The strategy of collection comprises in the following forms: (1) direct interaction in the form of religious fund in such religious activities as Islamic teaching gatherings, door to door collection, membership, delivery service, and team for mutual respect gatherings where zakat officers come to see the giver directly; (2) indirect interaction in the forms of People's Fund Boxes, radio campaigns, direct mails, media campaigns, Corporate Fund, and Earned Income, as well as website. Whereas in the aspect of usage there are some forms of activities like: optimizing the involvement of volunteers, and forming enterprise groups.

5 CONCLUSIONS

This study finds a theoretical view of social capital based institutional relation in the real life. Social capital could enrich the established sociological theory of organization, and could give explanations concerning the power (and the weakness) of capital in LAZ.

This institutional relation needs to be changed, by the following reasons: *Firstly*, the relation between the government and zakat institutions should be built in a synergical way, and not *vis-a-vis*, relationship. A synergical relation demands the suitability of formal with informal environment. A practice of synergical relation situates both government and LAZ in a position of completing each other, formally and informally. *Secondly*, the relationship between the government and zakat institution should be in an intensive coordination way, especially in managing consumptive and productive zakat, so that the distribution and

allocation would be more proportional. Through good coordination, either government or LAZ would prevent data overlapping on the receivers and the implementation of the programs.

The redistribution of productive zakat fund should be oriented to empower people's economy through the subsidy of working capital for small scale enterprises, the aid of working equipments, and assistance in guiding micro and small scale enterprises, and any other productive programs. Those economic empowerment programs of diminishing the poor are not to be done solitary by zakat management institutions. In general, they are accompanied by the third party as technical performers, whereas the control should be done by the management of national or local BAZ. As an example to this is the program of giving working capital support (operational fund) for micro, middle and small scale enterprises.

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