

From Charity to Capability: Lazismu's Empowerment Architecture and Its Contribution to National Development in Indonesia

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Abstract

This article examines how Lazismu converts Islamic charitable resources into programs that may contribute to national development. Rather than conducting a systematic literature review, it employs qualitative historical-conceptual documentary analysis. The focal primary document is the Lazismu Annual Report 2020, read alongside audited financial reporting, regulatory and institutional documents, and selected field studies of productive-zakat programs in Surabaya, Pekalongan, and Solo. The analysis distinguishes resource transfer from capability formation and asks when assistance becomes empowerment. Five program pathways are identified: social protection and humanitarian resilience, health access, educational capability, productive livelihood formation, and religious-civic infrastructure. In 2020 Lazismu reported Rp 32.118 billion in program disbursement across education, health, economy, da'wah, and social-humanitarian pillars, reaching 122,297 individuals and 2,538 institutions in 127 cities or regencies across 30 provinces, with additional international activity. These outputs demonstrate organizational reach but do not by themselves prove empowerment. Field evidence suggests that productive-zakat programs can improve capital access, income, sales, independence, and the capacity to give, especially when finance is combined with training and accompaniment. The article develops the concept of capability-oriented Islamic philanthropy: the institutional conversion of religious giving into durable agency, livelihood security, learning, health, participation, and resilience. Lazismu's contribution to national development is therefore best understood as complementary and infrastructural rather than as a substitute for state responsibility. Its developmental credibility depends on transparent governance, beneficiary participation, longitudinal outcome measurement, and the integration of relief with structural empowerment.

Keywords: *Lazismu, Islamic philanthropy, productive zakat, empowerment, capabilities, national development, documentary analysis.*

INTRODUCTION

Indonesia combines persistent socioeconomic vulnerability with one of the world's largest traditions of organized Islamic giving. Zakat, infaq, sadaqah, and waqf mobilize religious obligation, moral solidarity, and community resources. Yet the developmental significance of those resources depends on how they are institutionalized. Giving may alleviate an urgent need without changing the conditions that reproduce vulnerability. Conversely, religious funds can support education, health, livelihoods, disaster resilience, and public participation when they are governed through durable organizations and linked to capability formation.

Lazismu, the zakat, infaq, and sadaqah institution of Muhammadiyah, was established in 2002 and later recognized as a national zakat institution under Indonesia's post-2011 regulatory framework. Its historical position is distinctive. It belongs to a movement

whose social theology is associated with the practical interpretation of Surah Al-Ma'un, while its contemporary work operates through professional fundraising, audited finance, program portfolios, digital channels, partnerships, and a multilevel national network. Lazismu therefore provides an important case for examining how a religious ethic of assistance becomes a development institution (Fauzia, 2013; Latief, 2016).

The phrase from charity to empowerment is frequently used in zakat discourse. It usually contrasts consumptive distribution with productive programs. The contrast is useful but too simple. Emergency cash, food, medicine, shelter, and debt relief may be essential forms of protection. Productive capital may fail when recipients lack markets, health, time, skills, household support, or decision-making power. The relevant distinction is not between morally inferior charity and superior empowerment. It is between resource transfer alone and a process that expands people's substantive freedom to pursue lives they value (Sen, 1999).

This article studies Lazismu's development role through documentary evidence rather than through a systematic literature review. The 2020 annual report is used as a focal institutional text because it presents a cross-pillar account during the COVID-19 crisis, a period in which relief, resilience, and longer-term empowerment had to be negotiated simultaneously. Its quantitative claims are interpreted as reported institutional outputs, not as independent proof of causal impact. Academic field studies are used as triangulating evidence for particular local programs rather than as units in a review corpus.

Three questions guide the analysis. First, how does Lazismu organize charitable resources into development-oriented program pathways? Second, what documentary and field evidence supports a shift from transfer to capability formation? Third, what limitations and accountability requirements arise when a religious philanthropic institution claims a contribution to national development? The central argument is that Lazismu represents capability-oriented Islamic philanthropy: a model in which religious resources are converted through professional governance, partnerships, and accompaniment into opportunities for health, learning, livelihoods, protection, and civic participation. The model is promising but incomplete because reported reach and expenditure do not establish durable outcomes, beneficiary agency, or structural change.

Charity is commonly understood as voluntary assistance to persons in need. In Islamic contexts, however, the field includes both obligatory and voluntary transfers and is embedded in legal, devotional, and social traditions. Zakat allocates claims to specified categories of recipients, while infaq and sadaqah permit broader discretionary giving. Institutional Islamic philanthropy transforms these resources by aggregating them, defining programs, selecting beneficiaries, negotiating partnerships, and reporting results. This process makes the institution a moral and developmental intermediary rather than a passive conduit.

Immediate relief should be recognized as a component of social protection. A household that cannot eat, obtain medicine, evacuate from disaster, or maintain schooling cannot wait for an enterprise-development cycle. Social protection preserves minimum

functioning and prevents irreversible losses. The 2020 pandemic made this function especially visible. Lazismu reoriented priorities toward food security, health response, and resilience while maintaining educational, economic, and religious programs (Lazismu, 2021).

Empowerment begins when recipients become agents rather than only objects of distribution. It includes access to productive assets but also knowledge, confidence, bargaining power, networks, voice, and the ability to influence decisions. An empowerment program therefore requires more than changing the label on a grant. It must consider whether recipients have meaningful choice, whether assistance addresses constraints they identify, whether accompaniment is sustained, and whether gains continue after the program ends.

The capability approach provides a useful analytical bridge. Resources matter because they enable functionings such as being healthy, educated, secure, economically active, and socially respected. The same resource can produce different outcomes depending on disability, gender relations, location, market access, household burdens, and institutional discrimination. A capability-oriented analysis therefore asks what people are effectively able to do and be, not only what they receive (Nussbaum, 2011; Sen, 1999).

National development is a broad and politically contested concept. In this article it refers to the expansion of human capabilities, reduction of poverty and vulnerability, development of human capital, strengthening of inclusive economic participation, and production of trustworthy social institutions. A philanthropic organization contributes to national development when its activities complement public systems, reach underserved groups, innovate in service provision, and strengthen citizens' capabilities. It does not replace the state's constitutional responsibility for welfare and equitable development.

Islamic philanthropy can contribute through several channels. Scholarships and school support protect educational continuity. Health services reduce preventable illness and catastrophic expenditure. Productive finance and mentoring can expand livelihoods. Disaster relief protects assets and social resilience. Support for community organizations can strengthen civic infrastructure. These channels are developmentally relevant because they address interconnected deprivations rather than a single income deficit.

The relationship is nevertheless conditional. Philanthropy may fragment services, privilege donors' preferences, avoid politically difficult causes of poverty, or measure success by disbursement rather than change. Religious organizations may also reinforce dignity and trust that bureaucratic programs fail to generate. The task is therefore not to celebrate or dismiss faith-based philanthropy, but to identify the institutional mechanisms through which it expands or constrains capability.

METHOD

The study used qualitative historical-conceptual documentary analysis. The research object was Lazismu's institutional construction of charity, empowerment, and development, not the cumulative findings of previous publications. Documentary analysis is appropriate because annual reports, audited statements, program descriptions,

regulations, and institutional histories define categories, authorize priorities, allocate resources, and present organizational claims (Bowen, 2009).

The primary corpus had four components. First, the Lazismu Annual Report 2020 served as the focal program document. It provides disbursement, geographic coverage, beneficiary counts, donor development, partnerships, and descriptions of education, health, economy, da'wah, and social-humanitarian pillars. Second, Lazismu's audited financial reports for 2019 and 2020 were used to establish the institution's commitment to formal financial accountability. Third, institutional and regulatory texts were used to locate Lazismu within Muhammadiyah and Indonesia's zakat governance framework. Fourth, selected empirical studies of Lazismu programs in Surabaya, Pekalongan, and Solo were used to challenge or corroborate institutional claims about productive-zakat empowerment (Alyani & Fauzi, 2020; Kholidah & Salma, 2020; Rosyadi, 2020).

Documents were selected purposively rather than through systematic database screening. Inclusion required direct relevance to Lazismu's program architecture or empowerment practice, traceable provenance, sufficient methodological or institutional detail, and relevance to the period up to 2020. Official documents were treated as evidence of institutional self-representation and reported activity. They were not treated as neutral evaluations. Field studies were treated as bounded local evidence and were not generalized to the national network.

The unit of analysis was a documentary passage, program record, or numerical entry connecting four elements: a form of religious resource, an institutional mechanism, a program intervention, and a claimed outcome. Coding categories included relief, protection, service access, productive assets, training, accompaniment, beneficiary participation, geographic reach, partnership, accountability, and outcome measurement. Numerical data were transcribed from the 2020 report and checked by reconciling pillar totals with the reported overall disbursement and beneficiary figures.

Analysis proceeded in four stages. The first mapped Lazismu's institutional development and national positioning. The second reconstructed the 2020 portfolio and identified the development function of each pillar. The third compared documented program design with field evidence on productive zakat. The fourth conducted a critical capability assessment, distinguishing inputs, outputs, intermediate outcomes, and durable empowerment. Trustworthiness was strengthened through source differentiation, numerical reconciliation, comparison between official claims and empirical cases, and explicit treatment of missing evidence.

Table 1. Documentary sources and evidentiary use

Source type	Representative material	Use in the analysis	Limitation
Focal primary document	Lazismu Annual Report 2020	Program pillars, disbursement, beneficiaries, regions, donors, partnerships and crisis response	Self-reported institutional output; no counterfactual impact evidence
Financial accountability	Audited financial reports for 2019 and 2020	Evidence of formal reporting and audited governance	Financial compliance does not establish social impact
Institutional and legal context	Lazismu profile; Law No. 23/2011; Government Regulation No. 14/2014; ministerial recognition	Explains national status, mandate, and governance environment	Formal mandate may differ from local implementation
Local field studies	Surabaya BMW, Pekalongan 1000 MSMEs, Solo productive zakat	Triangulates mechanisms and reported beneficiary-level changes	Small, local and mostly qualitative studies
Conceptual literature	Islamic philanthropy, empowerment and capability scholarship	Provides analytical criteria for interpreting development claims	Theory cannot substitute for outcome data

Table 2. Capability-oriented coding framework

Analytical level	Question	Indicators
Input	What resources enter the program?	Zakat, infaq, sadaqah, donors, volunteers, Muhammadiyah networks, corporate partners
Institutional conversion	How are resources governed and targeted?	Amil roles, audits, digital fundraising, partner selection, beneficiary criteria, coordination
Intervention	What is delivered?	Cash or goods, scholarships, health services, equipment, productive capital, training, mentoring
Output	What immediate reach is reported?	Disbursement, recipients, institutions, territories, services, assets distributed
Capability outcome	What durable freedom may expand?	Learning, health, livelihood security, agency, participation, resilience, dignity
Development contribution	How might outcomes affect wider society?	Poverty reduction, human capital, inclusive economy, social protection, civic trust
Critical risk	What can undermine empowerment?	Dependency, token participation, mission drift, weak follow-up, gender barriers, market failure

RESULTS AND DISCUSSION

1. From Muhammadiyah Philanthropy to a National Zakat Institution

Lazismu's institutional identity connects two histories: Muhammadiyah's long tradition of organized social service and the professionalization of zakat governance in post-authoritarian Indonesia. Muhammadiyah had already demonstrated that religious giving

could be pooled and converted into schools, clinics, orphan care, and disaster assistance. Lazismu introduced a specialized organizational form for mobilizing ZISKA funds within that broader welfare infrastructure.

Professionalization altered the scale and language of giving. Donors became data, fundraising became a managed function, programs were grouped into pillars, external partnerships were formalized, and financial statements were audited. The 2020 report records rapid donor growth from 2017 to 2020: individual donors increased from 2,500 to 11,196, while community donors rose from 35 to 131. Community donations grew from approximately Rp 156 million to Rp 731 million. These figures indicate expanded mobilization capacity, though they do not reveal donor retention, concentration, or the distribution of giving across regions (Lazismu, 2021).

National status creates developmental potential through reach and standardization. It also introduces governance complexity. Lazismu operates through a network embedded in Muhammadiyah's regional organizations, educational institutions, health facilities, youth and women's organizations, disaster structures, and local communities. Such embeddedness can reduce delivery costs and increase trust. At the same time, local capacity and program quality may vary, making national branding an incomplete indicator of institutional consistency.

The 2020 report names 36 implementing partners from inside and outside Muhammadiyah. This partnership model extends capacity beyond a single zakat office. Universities, 'Aisyiyah, youth organizations, disaster teams, corporations, community groups, and public agencies can supply expertise and access. Partnership therefore functions as an institutional conversion mechanism: financial resources become programs through organizations that possess local knowledge, facilities, and professional competence.

2. The 2020 Portfolio: Relief, Services, and Development Pathways

The 2020 annual report records Rp 32,118,694,101 in program disbursement across five pillars. Social-humanitarian programs received the largest allocation, followed by health. This pattern reflects the exceptional conditions of the pandemic, during which food security, emergency response, sanitation, protective equipment, and health access became urgent. Education, economy, and da'wah remained active, showing that crisis response did not entirely displace longer-term programming.

The reported portfolio reached 122,297 individual beneficiaries and 2,538 institutions in 127 cities or regencies across 30 provinces. International activity was reported in eight countries. Geographic spread is developmentally relevant because national averages often hide local deprivation and disaster exposure. Yet territorial presence does not reveal depth, continuity, or equity. One region may receive an intensive multi-year program while another receives a single distribution event.

The distribution profile also shows that beneficiary counts and expenditure are not directly comparable across pillars. Da'wah reported the highest number of individuals, while health and social-humanitarian programs absorbed much larger funds. Health interventions may have high unit costs or include institutional support. Economic programs reached fewer individuals because productive assistance and mentoring can be more intensive. This variation demonstrates why performance cannot be reduced to the largest beneficiary number or lowest cost per person.

The five pillars correspond to distinct development functions. Social-humanitarian work provides protection and resilience. Health programs preserve bodily capability and reduce crisis exposure. Education supports human capital and intergenerational mobility. Economic programs seek livelihood capability through assets and accompaniment. Da'wah programs provide religious and civic infrastructure, including support for mosques, preachers, converts, and community formation. Their developmental relevance depends on whether they strengthen inclusive social participation rather than only organizational reproduction.

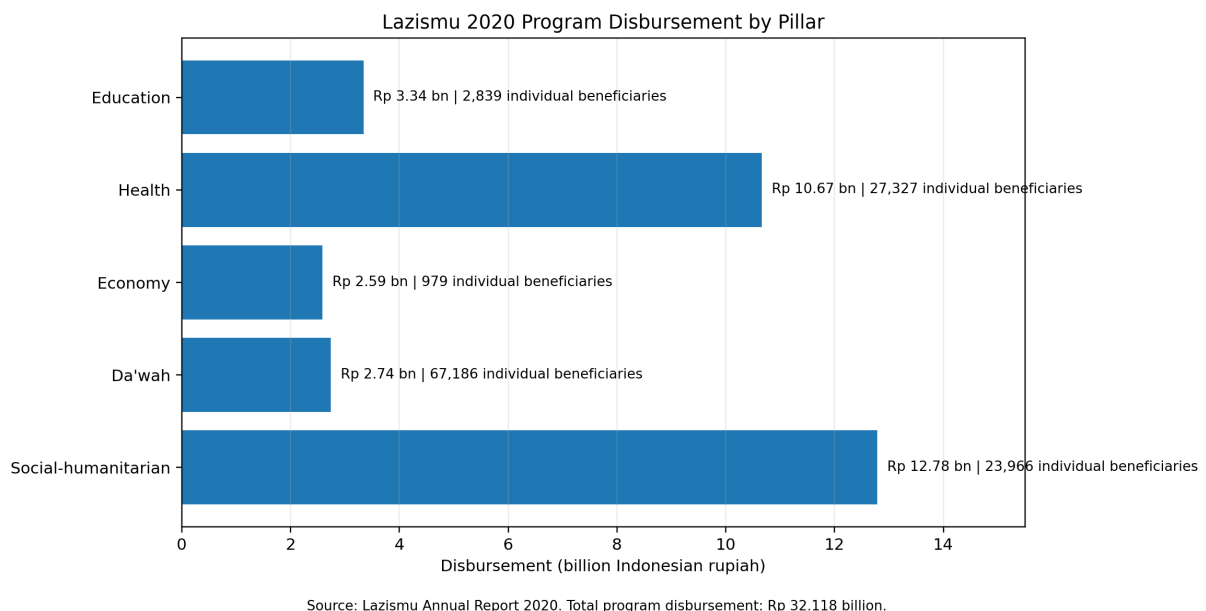


Figure 1. Lazismu 2020 program disbursement and reported individual beneficiaries by pillar.

Table 3. Reported 2020 pillars and development interpretation

Pillar	Disbursement	Individuals	Institutions	Capability pathway
Education	Rp 3,341,303,600	2,839	99	School continuity, scholarships, teacher support, facilities and learning opportunity
Health	Rp 10,665,900,595	27,327	2,266	Treatment access, prevention, pandemic protection, sanitation and bodily security

Pillar	Disbursement	Individuals	Institutions	Capability pathway
Economy	Rp 2,587,459,350	979	3	Productive assets, entrepreneurship, income generation, training and accompaniment
Da'wah	Rp 2,739,608,332	67,186	50	Religious literacy, community organization, pastoral accompaniment and civic networks
Social-humanitarian	Rp 12,784,422,224	23,966	120	Emergency relief, disaster recovery, disability support, housing and basic protection
Total	Rp 32,118,694,101	122,297	2,538	Combined social protection, service access, capability formation and resilience

3. Social Protection as a Precondition of Empowerment

The dominance of humanitarian and health expenditure in 2020 illustrates a fundamental point: empowerment is impossible when households are exposed to acute shocks without protection. Pandemic-related loss of work, illness, disrupted schooling, and mobility restrictions could destroy assets and force harmful coping strategies. Food aid, health equipment, sanitation, and cash assistance therefore protected existing capabilities. Relief was not the opposite of development; it was a condition for preventing developmental reversal.

The report describes reorientation of collection, distribution, and priority setting during the pandemic. Institutional adaptability is itself a developmental asset. Organizations with trusted networks can mobilize rapidly when state systems are overwhelmed or uneven. Lazismu's connection to the Muhammadiyah COVID-19 Command Center allowed philanthropic funds to interact with medical, educational, and community infrastructures (Ichsan, 2020).

However, emergency visibility can create an output bias. Photographs, packages, and beneficiary counts are easier to document than restored income, reduced debt, mental well-being, or long-term resilience. A capability approach would follow households after assistance and ask whether they recovered assets, returned to school, accessed health care without catastrophic cost, and regained control over decisions. Such evidence is largely absent from annual output reporting.

The developmental lesson is that a philanthropic portfolio needs a protection-to-recovery pathway. Emergency assistance should be linked, where appropriate, to referral, livelihood restoration, psychosocial support, disability inclusion, and access to public

entitlements. This prevents beneficiaries from repeatedly returning to emergency categories without changes in the conditions producing vulnerability.

4. Education and Health as Capability Infrastructure

Education programs in the 2020 portfolio included scholarships, school support, learning equipment, assistance to teachers, and campus-related initiatives. These interventions can affect development through multiple mechanisms. Scholarships protect participation, school repair improves learning conditions, and teacher support sustains instructional capacity. The importance of such assistance increased when household income shocks threatened educational continuity.

Yet educational empowerment requires more than attendance. The relevant outcomes include completion, learning achievement, confidence, transition to further study or work, and the capacity to participate in society. Future Lazismu reporting could connect scholarships with longitudinal indicators and beneficiary narratives that reveal whether support changes educational trajectories. It should also examine gender, disability, rural location, and institutional type to identify unequal conversion of assistance into learning.

Health programs received Rp 10.666 billion and reported 27,327 individual and 2,266 institutional beneficiaries. The portfolio combined treatment support, prevention, public health response, and institutional assistance. This reflects a broad understanding of health as both individual care and collective protection. Muhammadiyah's health infrastructure offers Lazismu a strategic advantage because philanthropic funds can be connected to existing professional facilities and networks (Latief, 2010).

Health philanthropy also illustrates a tension between access and market pressures. Professional services require staff, equipment, medicines, and sustainable finance. Charitable funding can widen access but may be insufficient to offset structural health costs. Lazismu's developmental contribution is strongest when it complements universal public provision, supports neglected groups, and finances prevention or access gaps without normalizing the withdrawal of state responsibility.

5. Productive Zakat and the Conditions of Livelihood Empowerment

Economic programs are the clearest site for testing the shift from charity to empowerment. The 2020 report describes micro and small enterprise support, independent livestock, ecoprint, and assistance targeted to persons with disabilities and women affected by violence. Beneficiaries received entrepreneurial training, accompaniment, and family-, community-, or individual-based capital. This design recognizes that productive assets require knowledge and support.

The field study of Lazismu Surabaya's Bina Mandiri Wirausaha program examined approximately 100 microenterprises and interviewed 12 informants. It evaluated capital,

income, sales volume, independence, religiosity, and the ability to give. The authors reported success across those indicators, suggesting that interest-free financing can expand business capacity when conventional credit is inaccessible (Alyani & Fauzi, 2020). The evidence is promising but bounded by a small qualitative sample and absence of a comparison group.

The Pekalongan 1000 MSME program similarly combined productive zakat with enterprise support. Kholidah and Salma (2020) found that the program assisted microbusinesses facing development constraints and identified supporting factors and implementation obstacles. Rosyadi's (2020) study of Lazismu Solo also reported positive effects from business capital assistance. Together these cases show recurring institutional mechanisms: selection of mustahik entrepreneurs, capital provision, monitoring, and an expectation of greater independence.

Capital alone is not sufficient. Microenterprises may face weak demand, unstable prices, household illness, care burdens, digital exclusion, lack of legal permits, and gendered restrictions. A capability-oriented program therefore needs market linkage, skills, peer networks, savings and risk management, accessible technology, and pathways to social protection. It should define failure without blaming recipients and allow programs to adapt when an enterprise is not the most suitable route.

The frequently stated aspiration to transform mustahik into muzakki has symbolic power, but it should not become the only measure of success. A person may achieve greater food security, control over income, reduced debt, dignity, and resilience without immediately crossing the zakat threshold. Empowerment should be evaluated through multidimensional gains and recipient-defined goals rather than a binary status transition.

6. Da'wah, Civic Infrastructure, and Public Trust

Da'wah is sometimes separated from development because its outputs are religious. Lazismu's portfolio suggests a broader role. Support for urban preachers, mosque revitalization, converts, and community religious activities creates networks through which information, volunteering, mutual aid, and public ethics circulate. Such networks can constitute civic infrastructure when they are inclusive and responsive to community needs.

The developmental value of religious infrastructure depends on content and governance. Programs that strengthen literacy, solidarity, anti-violence norms, environmental responsibility, or support for marginalized groups can expand participation. Programs that reproduce exclusion or prioritize organizational loyalty over public benefit may have limited developmental value. Annual reporting should therefore move beyond counting participants to describe civic outcomes and inclusion.

Trust is a crucial resource in zakat mobilization. The growth of donors recorded between 2017 and 2020 suggests increasing confidence or visibility. Audited financial reporting,

recognizable Muhammadiyah identity, and local relationships can lower the social distance between donor and institution. Trust, however, must be renewed through transparency about administrative costs, allocation decisions, complaints, program failure, and beneficiary rights.

Discussion

1. Capability-Oriented Islamic Philanthropy

The documentary evidence supports a model of capability-oriented Islamic philanthropy. In this model, zakat and voluntary giving are inputs rather than outcomes. Their social meaning is produced through institutional conversion: governance, professional amil work, program design, partnerships, targeting, and accountability. Programs then produce immediate outputs, but empowerment depends on whether those outputs expand durable capabilities.

This model clarifies the relationship between relief and empowerment. They are not mutually exclusive categories. Relief protects basic functioning and prevents capability loss; empowerment expands agency and future options. A mature institution needs both, connected through referral and recovery pathways. The 2020 pandemic portfolio demonstrates the necessity of such integration because humanitarian response, health protection, school continuity, and livelihoods were interdependent.

The model also shows why program pillars should not become administrative silos. A low-income entrepreneur may need health care, childcare, digital literacy, market access, and protection from violence. A scholarship recipient may live in a household facing food insecurity. A disaster survivor may need capital replacement and psychosocial support. National development problems are multidimensional, while budget categories are organizational conveniences.

Lazismu's network offers an opportunity for integrated intervention. Muhammadiyah schools, universities, hospitals, disaster organizations, women's organizations, youth groups, and local branches can create referral systems and shared data. Integration must be governed carefully to protect privacy, prevent favoritism, and ensure that non-Muhammadiyah beneficiaries receive equal dignity and access.

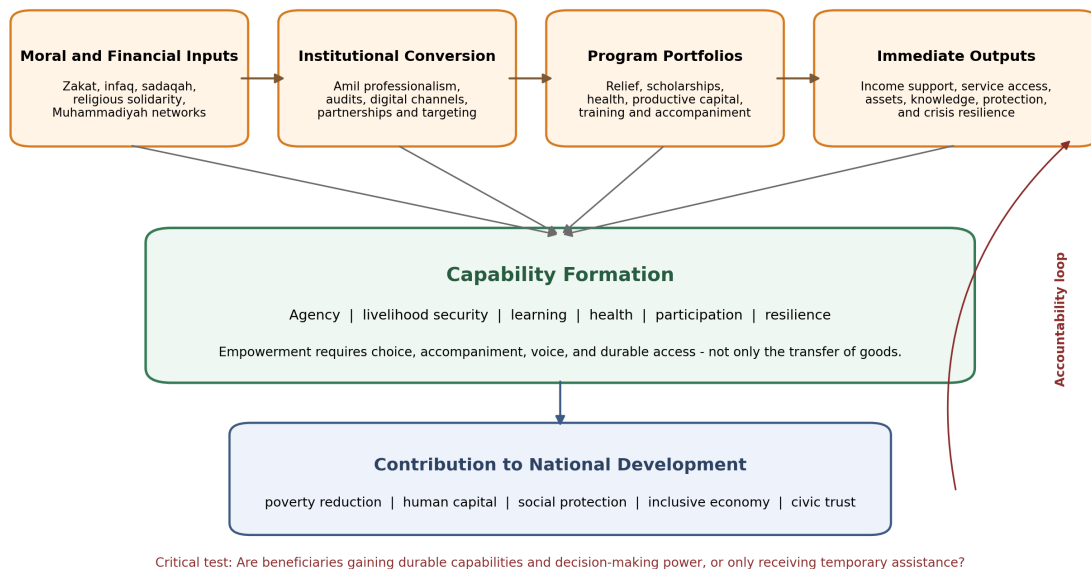


Figure 2. Capability-oriented Islamic philanthropy and Lazismu's pathways to national development.

2. How Lazismu Contributes to National Development

Lazismu's contribution to national development is best described as complementary, infrastructural, and catalytic. It is complementary because it addresses needs alongside state programs rather than replacing them. It is infrastructural because it mobilizes trusted organizations, volunteers, facilities, data, and partnerships. It is catalytic when small grants or targeted services unlock wider capability, such as keeping a student in school, enabling treatment, restoring a livelihood, or supporting community recovery.

The 2020 figures demonstrate meaningful scale: more than Rp 32.118 billion in program disbursement, activity in 127 localities across 30 provinces, and reported benefit to more than 122,000 individuals and 2,500 institutions. These outputs matter because they show mobilization and reach. Yet national development is an outcome domain, not a synonym for national distribution. Strong causal claims would require longitudinal data, independent evaluation, comparison, and analysis of additionality relative to public or private alternatives.

The most defensible contribution claims relate to pathways. Education spending may contribute to human capital. Health and humanitarian programs may contribute to social protection and resilience. Economic programs may contribute to livelihood security and inclusive enterprise. Da'wah and community programs may contribute to civic trust and organization. Whether these pathways produce durable national effects must be evaluated rather than presumed.

Religious philanthropy may also contribute by identifying groups who fall between administrative categories or lack documentation. Flexible funds can respond more quickly than formal budgets. This flexibility is valuable, but it requires safeguards. Discretion without transparent criteria can produce unequal treatment, personalization, or concentration in visible locations.

3. Accountability Beyond Financial Audit

Audited financial statements are an important institutional achievement. They protect donor trust, improve internal control, and demonstrate compliance. Nevertheless, financial audit answers whether money is recorded and managed according to applicable standards; it does not answer whether a program is effective, equitable, empowering, or experienced with dignity.

A development-oriented accountability system should include four layers. The first is fiduciary accountability: legality, audit, safeguarding, and transparent allocation. The second is operational accountability: timely delivery, eligibility, service quality, and complaints. The third is outcome accountability: change in education, health, income, resilience, or participation. The fourth is downward accountability: whether beneficiaries can define priorities, challenge decisions, and influence evaluation.

Beneficiary participation is especially important because philanthropy involves unequal control over resources. Consultation after program design is weaker than shared problem definition. Participation may become tokenistic when people are invited to validate external plans. Lazismu can strengthen empowerment by including beneficiary representatives in local assessments, program adaptation, and exit decisions, while recognizing that the most marginalized may need accessible and protected forms of participation.

Outcome measurement should avoid excessive administrative burden. A small set of meaningful indicators, combined with qualitative follow-up and sampling, may be more useful than large reporting systems. The institution should also publish failure and learning. Transparent acknowledgment of unsuccessful enterprises, discontinued programs, or regional gaps can build more mature trust than promotional reporting alone.

Table 4. Evaluation matrix for distinguishing charity, protection, and empowerment

Dimension	Resource transfer	Protective intervention	Capability-oriented empowerment
Time horizon	Immediate and episodic	Short-to-medium stabilization	Medium-to-long-term expansion of options
Beneficiary role	Recipient	Protected rights-holder or service user	Co-designer, learner, producer and decision-maker

Dimension	Resource transfer	Protective intervention	Capability-oriented empowerment
Typical instrument	Cash, food, goods	Health access, shelter, debt relief, school continuity	Assets, training, mentoring, networks, market access and voice
Primary indicator	Number and value distributed	Crisis avoided or functioning maintained	Durable agency, livelihood, learning, health, resilience and participation
Institutional risk	Dependency narrative or stigma	Repeated emergency without recovery pathway	Overburdening recipients, market failure, exclusion from decisions
Accountability need	Correct and dignified delivery	Accessibility, timeliness and referral	Longitudinal outcomes and beneficiary-controlled feedback

4. Inclusion, Gender, Disability, and the Unequal Conversion of Resources

Capability formation is shaped by differences in gender, disability, age, location, and household position. The 2020 economic portfolio explicitly mentions persons with disabilities and women affected by violence, while social-humanitarian programs included disability support and senior care. These categories indicate an institutional awareness that poverty is not homogeneous. Nevertheless, aggregate reporting does not show who controlled assets, who completed training, or whether program design accommodated mobility, communication, care, and safety needs.

Gender is especially important in productive-zakat programs. A grant formally delivered to a woman may be controlled by another household member, while unpaid care work may limit the time available for enterprise development. Conversely, women may use small enterprises to increase household security and bargaining power. Evaluation should therefore examine control over income, workload, exposure to violence, mobility, and participation in household and community decisions rather than reporting female participation alone.

Disability inclusion also requires more than designated assistance. Equipment, capital, or training must be accessible, and local markets may contain physical and social barriers. Capability-oriented philanthropy would involve disabled persons' organizations in program design, provide reasonable accommodation, and measure participation and dignity. Such an approach transforms disability from a charitable category into an issue of rights and social inclusion.

Geographic inequality creates a further conversion problem. The same amount of support may have different value in an urban market, an isolated village, or a disaster-affected region. National standardization should therefore establish minimum safeguards while

permitting contextual adaptation. Local offices need discretion, but transparent criteria and comparable outcome indicators are necessary to prevent uneven quality.

5. Scaling, Sustainability, and Institutional Learning

Scaling a philanthropic program can mean expanding the number of recipients, replicating a standardized model, strengthening local institutions, or influencing policy. These forms should not be conflated. Rapid numerical expansion may weaken accompaniment, while a smaller program may generate deeper capability. Lazismu's national network creates opportunities for replication, but local variation in staff, partnerships, markets, and monitoring must be treated as an empirical condition rather than an implementation defect alone.

Sustainability has at least three meanings. Financial sustainability concerns whether collection and administrative systems can support continuing programs. Program sustainability concerns whether services and partnerships persist. Beneficiary sustainability concerns whether people maintain gains after assistance ends. An institution may be financially stable while recipients remain vulnerable, or a short intervention may generate durable capability even when the project itself closes. Reporting should distinguish these levels.

Exit strategies are central to empowerment. Programs should explain when direct support will end, what milestones guide graduation, what safety nets remain, and how recipients can return if shocks occur. A rigid graduation narrative may punish households whose progress is interrupted by illness or disaster. A flexible model combines aspiration toward independence with recognition of recurrent vulnerability.

Institutional learning requires data that can travel across the network without erasing local context. Lazismu could maintain a small common results framework while allowing branches to document local theories of change. Cross-regional learning forums could compare successful and unsuccessful cases, identify implementation conditions, and revise program standards. The purpose of data should be improvement and accountability, not only promotional aggregation.

6. Digitalization and the Ethics of Philanthropic Data

Digital fundraising and reporting can broaden access to donors, reduce transaction costs, and enable rapid crisis response. Donor growth between 2017 and 2020 occurred alongside greater use of institutional and digital channels. Digitalization also changes the relationship between donor, institution, and beneficiary by making stories, images, and metrics central to mobilization.

This development creates ethical risks. Beneficiaries may be represented through images of suffering without meaningful consent, personal data may be shared across partners, and algorithms may privilege campaigns that generate emotional response rather than

less visible structural needs. Capability-oriented philanthropy requires data minimization, informed consent, secure storage, and dignity-preserving communication.

Digital systems can also strengthen downward accountability. Beneficiaries could track applications, receive explanations, report service problems, and participate in follow-up. Yet digital channels must be supplemented by accessible offline mechanisms because the people most in need may face poor connectivity, disability barriers, or low digital literacy. Technological innovation should expand voice rather than create a new eligibility barrier.

Theoretical Contributions

First, the article shifts analysis from the charity-empowerment binary to a capability continuum. Direct assistance can protect capabilities, while productive programs can fail to empower. Classification should therefore depend on function, process, and outcome rather than on whether funds are labeled consumptive or productive.

Second, it conceptualizes zakat institutions as conversion organizations. Lazismu does not merely transfer pre-existing religious resources. Through governance and program design it converts money, trust, networks, and religious motivation into specific opportunities and constraints. Institutional quality determines the conversion rate from donation to capability.

Third, it distinguishes developmental reach from developmental impact. National coverage, beneficiary counts, and disbursement demonstrate scale, but impact requires evidence of durable change and additionality. This distinction allows a positive interpretation of Lazismu's role without overstating what annual reporting can prove.

Fourth, the study identifies downward accountability as a theological and developmental requirement. Zakat institutions are accountable not only upward to regulators, auditors, and donors but also to people whose lives are categorized and affected by programs. Beneficiary voice is therefore part of amanah, not merely a contemporary management technique.

Practical Implications

Lazismu should develop integrated capability pathways across pillars. Local offices could use case management or referral protocols connecting emergency assistance with health, education, livelihood, disability, and legal services. Integration would make the network more than a collection of separate projects.

Productive-zakat programs should establish a clear accompaniment standard. Capital support should be preceded by recipient-led assessment and followed by mentoring, peer groups, market linkage, and risk planning. Programs should permit alternative pathways when entrepreneurship is unsuitable.

Annual reports should separate outputs, intermediate outcomes, and impact claims. Disbursement, regions, and recipients are outputs. Business continuity, school completion, health recovery, or reduced vulnerability are outcomes. Poverty reduction or national development is an impact claim requiring stronger evaluation.

A beneficiary accountability mechanism should be publicly visible and accessible through local offices, digital platforms, and non-digital channels. It should allow anonymous complaints, explain eligibility decisions, and publish how feedback changed programs.

Partnerships with universities can support independent evaluation and longitudinal studies. Muhammadiyah higher education institutions are well positioned to develop ethical data systems, assess local programs, and train amil in participatory and capability-based evaluation.

Limitations

The study is based on selected documents and does not evaluate the entire Lazismu network. The 2020 annual report is a crisis-year snapshot whose allocation pattern may differ from normal years. Official publications emphasize programs and achievements, while audited financial statements focus on financial rather than social performance. The local field studies are small and cannot establish national representativeness or causality.

The article does not include interviews with beneficiaries, amil, or partner institutions, nor does it independently verify beneficiary counts and geographic claims. It also cannot determine how resources were distributed among demographic groups or whether local programs followed common standards. The capability-oriented model should therefore be tested through multi-site field research, participatory evaluation, and longitudinal outcome data.

CONCLUSION

Lazismu demonstrates how Islamic philanthropy can move beyond episodic giving by organizing religious resources through professional governance, partnerships, and program portfolios. Its 2020 activities combined humanitarian protection, health, education, livelihood support, and religious-civic programming at significant reported scale. The institution's developmental importance lies not only in the amount distributed but in its ability to connect donors, Muhammadiyah infrastructure, local organizations, and vulnerable communities.

The central argument is that the transition from charity to empowerment is not achieved by labeling zakat productive. It occurs when assistance protects basic functioning and expands durable capabilities: agency, knowledge, health, livelihood security, participation, and resilience. Field studies of Lazismu's microenterprise programs provide initial evidence that capital combined with training and accompaniment can improve business and independence, but national impact remains under-evaluated.

Lazismu's contribution to national development should therefore be understood as

complementary and infrastructural. It can fill gaps, innovate, mobilize trust, and strengthen capabilities, but it should not substitute for public responsibility. Its future legitimacy depends on audited finance, integrated recovery and empowerment pathways, beneficiary participation, transparent reporting of failure, and independent evidence of outcomes. From this perspective, the most important question is no longer how much charity was distributed, but what freedoms people gained and whether those gains endured.

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