

Religious Giving to Welfare Infrastructure: ZISWAF and Muhammadiyah's Institutional Philanthropy in Indonesia

Muhammad Ihsan Dacholfany

Universitas Muhammadiyah Metro Lampung, Indonesia

mihsandacholfany@yahoo.com

Abstract

This article examines how Muhammadiyah converts zakat, infak, sedekah, and waqf (ZISWAF) from religious acts of giving into an institutional architecture of social welfare. Rather than treating ZISWAF as a single financial pool, the study investigates the distinct temporal, legal, and distributive capacities of its component instruments and the organizational mechanisms through which they are connected to education, health care, livelihood support, disaster response, and durable public assets. The research uses qualitative historical-institutional documentary analysis. Its primary corpus consists of Muhammadiyah organizational documents, Lazismu's 2020 annual report and audited financial statements, the Indonesian legal frameworks for zakat and waqf, and selected program documents. Historical and field-based scholarship is used for triangulation. The analysis identifies three complementary welfare functions. Zakat supplies targeted redistribution and protection for eligible recipients; infak and sedekah provide flexible resources for emergencies, services, and innovation; and waqf preserves assets and generates long-term institutional capacity. Muhammadiyah's distinctive contribution lies in converting these instruments through a nationwide network of philanthropic, educational, health, and social-service organizations. Yet integration remains incomplete. Liquid ZIS funds and long-duration waqf assets are often governed through separate organizational channels, while reporting remains stronger for financial inputs and immediate outputs than for longitudinal welfare outcomes. The article develops the concept of integrated welfare intermediation to explain how faith-based organizations can combine redistribution, capability formation, and durable public goods. It concludes that ZISWAF contributes most effectively to social welfare when instrument differentiation is preserved, governance is coordinated, beneficiary agency is protected, and accountability moves beyond disbursement toward measurable changes in security, health, learning, livelihood, resilience, and participation..

Keywords: ZISWAF; Muhammadiyah; Lazismu; Islamic philanthropy; social welfare; zakat; waqf.

INTRODUCTION

Islamic philanthropy occupies an unusual position between religious obligation, voluntary generosity, civil-society organization, and public welfare. Zakat is normatively obligatory and directed toward specified recipient categories; infak and sedekah are more flexible forms of expenditure and giving; and waqf preserves an asset or principal so that its benefits can continue over time. In everyday institutional language these instruments are frequently compressed into the acronym ZISWAF. The acronym is administratively convenient, but it can obscure an important analytical fact: the four instruments do not have identical legal rules, time horizons, beneficiary structures, or welfare functions. An organization that merely aggregates them as "social funds" risks losing the advantages created by their differentiation.

Muhammadiyah provides a particularly important setting for examining this problem. Since the early twentieth century, the movement has translated Islamic teachings into schools, clinics, hospitals, orphan care, disaster response, and community services.

Historical scholarship describes Muhammadiyah as one of the pioneers of modern organized Islamic philanthropy in Indonesia because it shifted giving from dispersed personal transactions toward collective administration and durable institutions (Fauzia, 2013). Its social action was not produced only by fundraising. It depended on religious interpretation, organizational discipline, professional expertise, donated assets, volunteer labor, and a network capable of reproducing services across localities.

The establishment of Lazismu by the Muhammadiyah Central Board in 2002 marked a further stage in the professionalization of zakat, infak, and sedekah management. Lazismu was recognized as a national zakat institution and later consolidated under the post-2011 zakat regulatory framework. By 2020, its program portfolio included education, health, economic empowerment, da'wah, and social-humanitarian interventions. At the same time, Muhammadiyah's schools, universities, hospitals, clinics, mosques, social homes, and productive assets drew on a much longer tradition of waqf and organizational property. The resulting philanthropic field therefore combines a relatively liquid flow of ZIS funds with a durable stock of land, buildings, institutions, and other endowed assets.

This combination matters for social welfare. Immediate poverty and disaster require fast, flexible transfers. Health and education require recurring operational expenditure and professional personnel. Livelihood empowerment requires capital, mentoring, market access, and time. Hospitals, schools, and social facilities require land, buildings, equipment, maintenance, and governance across generations. No single philanthropic instrument is equally suited to all of these tasks. Zakat may be highly effective for targeted redistribution but is constrained by recipient eligibility and annual flows. Infak and sedekah are flexible but may be episodic. Waqf can protect long-term assets, yet an unproductive or poorly documented endowment may generate little benefit. The central question is therefore not whether ZISWAF is valuable in the abstract, but how its different instruments are institutionally combined.

Existing scholarship offers several pieces of the answer. Historical work explains the development of Islamic philanthropy and the role of Muslim civil society (Fauzia, 2013). Studies of Islamic charitable clinics demonstrate how organized giving can expand health access for low-income communities (Latief, 2010). Research on Muslim philanthropy and citizenship shows that non-state welfare provision may generate public value, civic solidarity, and new debates over rights and belonging (Latief, 2016). Local studies of Lazismu document productive-zakat programs, microenterprise support, and community-level distribution (Alyani & Fauzi, 2020; Kholidah & Salma, 2020; Rosyadi, 2020). Research on a Muhammadiyah branch in Penatarsewu also illustrates how productive waqf in agriculture can be connected to farmer welfare (Rahman & Widiastuti, 2020).

These studies, however, are commonly organized around a single instrument, institution, sector, or locality. Zakat studies emphasize collection and distribution; waqf studies emphasize asset preservation and productivity; service studies examine health or education; and historical accounts focus on organizational development. Less attention is given to the institutional relationship between the instruments. This article addresses that gap by asking: How does Muhammadiyah differentiate and combine zakat, infak,

sedekah, and waqf in the production of social welfare? What organizational mechanisms convert religious resources into protection, services, capabilities, and durable public goods? What tensions limit the development of an integrated philanthropic architecture? The argument is that Muhammadiyah's social-welfare contribution is best understood as a form of integrated welfare intermediation. The organization does not simply transfer resources from donors to recipients. It interprets religious norms, mobilizes funds and assets, selects and accompanies beneficiaries, coordinates professional services, protects institutional property, and embeds philanthropy in a broad associational network. This intermediation can connect short-term relief to medium-term capability formation and long-term welfare infrastructure. Its effectiveness, however, depends on coordination between ZIS management and waqf governance, as well as on accountability systems capable of measuring more than money collected and beneficiaries reached.

ZISWAF should be treated as a family of related but non-interchangeable institutions. Zakat is a mandatory transfer governed by rules concerning liability, calculation, collection, and eligible beneficiaries. Its welfare strength lies in redistribution: resources are moved from those with qualifying wealth toward persons and purposes recognized within the zakat framework. Because zakat is recurring and morally obligatory, it can provide a relatively stable foundation for social protection. Yet its targeted character also requires careful jurisprudential and administrative decisions about eligibility, priority, and productive utilization.

Infak and sedekah operate with greater flexibility. They can be given in response to emergencies, public campaigns, institutional needs, or locally defined forms of hardship. This flexibility is indispensable in disasters and pandemics, when an institution must respond before detailed beneficiary classification is complete. It also allows experimentation in education, health, disability support, environmental action, and other fields that may not fit neatly within a restrictive understanding of zakat distribution. The weakness of voluntary giving is not normative rigidity but unpredictability: donations may rise during highly visible crises and decline during long periods of recovery, maintenance, or accompaniment.

Waqf introduces a different temporal logic. Instead of exhausting the resource through distribution, waqf seeks to preserve an asset or principal while directing its use or yield toward socially beneficial purposes. Land for a school, a clinic building, agricultural property, cash waqf, and income-producing facilities can all support welfare over an extended period. Waqf therefore functions as patient philanthropic capital. Its effectiveness depends on secure legal status, competent stewardship, maintenance, investment discipline, and the ability to adapt benefits without violating the endowment's purpose. A waqf asset that is legally insecure, idle, or poorly governed may possess symbolic value but produce limited welfare.

The analytical importance of differentiation is temporal complementarity. Zakat can protect households now; infak and sedekah can fill gaps and finance innovation; waqf can secure the physical and financial bases of future services. Integration does not mean dissolving legal distinctions. It means assigning each instrument to the welfare function it performs best, coordinating their administration, and creating pathways through which a

recipient of emergency assistance can later gain access to education, health care, livelihood development, or durable community assets.

Social welfare is broader than consumption support. It includes protection from hunger, illness, displacement, and catastrophic loss, but also access to education, productive opportunity, care, voice, and institutions that allow people to pursue lives they value. Sen's (1999) capability approach is useful because it shifts attention from resources alone to the substantive freedoms those resources make possible. Nussbaum (2011) similarly emphasizes that human development requires social and institutional conditions through which capabilities can be exercised.

This perspective distinguishes four welfare levels. The first is relief: immediate transfers of food, cash, medicine, shelter, or emergency goods. The second is social protection: interventions that prevent a household from falling further into deprivation, such as health access, school continuity, or debt relief. The third is capability formation: education, skills, productive assets, mentoring, networks, and participation that expand future options. The fourth is welfare infrastructure: enduring organizations, facilities, rules, and assets that make services repeatedly available to communities.

Muhammadiyah's philanthropic importance lies in its capacity to operate across these levels. A humanitarian campaign can deliver emergency assistance, Lazismu can finance a scholarship or productive enterprise, and a waqf-supported school or clinic can provide services over decades. The same organizational network can mobilize donors, volunteers, professionals, local leaders, and institutional assets. This does not automatically produce integration, but it creates the organizational possibility of moving from episodic charity toward a welfare system embedded in civil society.

METHOD

This study employs qualitative historical-institutional documentary analysis. The method was selected because the research object is not a population of previous studies but a set of organizational, legal, financial, and program texts that record how Muhammadiyah defines, governs, and deploys philanthropic resources. Documentary analysis treats texts as situated institutional products. Documents communicate formal claims, classifications, priorities, and accountability practices, while their silences and inconsistencies also reveal organizational limits (Bowen, 2009).

The primary corpus consists of five source groups. First, Muhammadiyah's statutes and historical organizational narratives were used to identify the movement's stated mission and the institutional genealogy of social service. Second, Lazismu's institutional profile, 2020 annual report, and audited financial statements for 2019 and 2020 were used to analyze organizational mandate, program pillars, reported disbursement, reach, and formal accountability. Third, Law No. 23 of 2011 on Zakat Management and Government Regulation No. 14 of 2014 were examined to clarify the legal position of zakat institutions, while Law No. 41 of 2004 on Waqf provided the legal framework for asset-based philanthropy. Fourth, published case studies of Lazismu productive-zakat programs and Muhammadiyah productive waqf were used to triangulate institutional claims with local

implementation. Fifth, historical and conceptual scholarship on Islamic philanthropy, welfare, and citizenship provided interpretive context.

Documents were selected purposively rather than through a systematic-literature-review protocol. Inclusion required direct relevance to one of four analytical questions: the normative differentiation of ZISWAF instruments; the institutional conversion of resources; the delivery of welfare interventions; or the governance tensions affecting continuity and impact. The study therefore does not claim exhaustive coverage of every Muhammadiyah branch or philanthropic program. National reports provide an organizational overview, while local studies reveal mechanisms and variation that national documents may not show.

The unit of analysis was a statement, classification, program description, financial category, legal provision, or empirical finding that explained how a philanthropic resource was collected, governed, allocated, converted into a service, or evaluated. Coding proceeded in three stages. Open coding identified instrument characteristics, institutional actors, beneficiaries, program functions, and accountability mechanisms. Axial coding organized these materials into relief, protection, capability, and infrastructure pathways. Comparative coding then examined where zakat, infak, sedekah, and waqf complemented one another or remained institutionally separated.

Validity was strengthened through source triangulation. Official reports were read as evidence of institutional representation and reported output, not as independent proof of impact. Audited financial reports were treated as evidence of formal financial accountability, not as proof of beneficiary welfare. Local field studies were used to test whether mechanisms described at the national level were visible in implementation. Negative-case analysis focused on dependency, weak mentoring, idle assets, fragmented governance, exclusion, and the gap between beneficiary counts and durable outcomes. An audit table was maintained to distinguish source-derived findings from conceptual interpretation.

RESULTS AND DISCUSSION

1. From Personal Giving to Organized Welfare

Muhammadiyah's philanthropic architecture emerged from a reinterpretation of piety as organized social responsibility. The movement's early history linked religious instruction to education, health care, poor relief, and humanitarian response. The creation of PKO and related services shifted the meaning of giving in two ways. First, assistance was collectivized: donors, volunteers, professionals, and organizational leaders coordinated their contributions rather than acting only as isolated benefactors. Second, compassion was materialized in institutions. A clinic, school, or social home preserved an act of giving beyond the moment of donation and created a repeatable service.

This institutional shift is central to the later development of ZISWAF. Zakat and voluntary donations supplied operational resources, but buildings, land, equipment, and organizational property allowed services to continue. The distinction between a donation and an institution therefore became less rigid in practice. Repeated gifts could finance an institution, while endowed assets required recurring donations to pay staff, medicines, scholarships, utilities, and maintenance. Muhammadiyah's model evolved through this interaction between flows and stocks: money and goods moved through campaigns, while assets and organizations accumulated over time.

Fauzia (2013) situates Muhammadiyah within the modernization of Islamic philanthropy in colonial and postcolonial Indonesia. Modernization did not mean the abandonment of religious giving. It meant the development of committees, records, legal entities, professional roles, public campaigns, and service organizations. The organizational form expanded the social radius of giving. Beneficiaries did not need a personal relationship with an individual donor; they could encounter a school, clinic, disaster team, or zakat institution operating through standardized procedures.

The establishment of Lazismu in 2002 extended this logic into a nationally recognized zakat institution. It created a specialized organizational channel for collecting and utilizing zakat, infak, sedekah, and other benevolent resources. Specialization offered advantages in professional fundraising, program design, reporting, and regulatory compliance. It also produced a structural challenge: the specialized ZIS institution and the bodies responsible for waqf and organizational assets could develop separate databases, planning cycles, and accountability routines even though their welfare objectives overlapped.

Institutionalization of Muhammadiyah Philanthropy

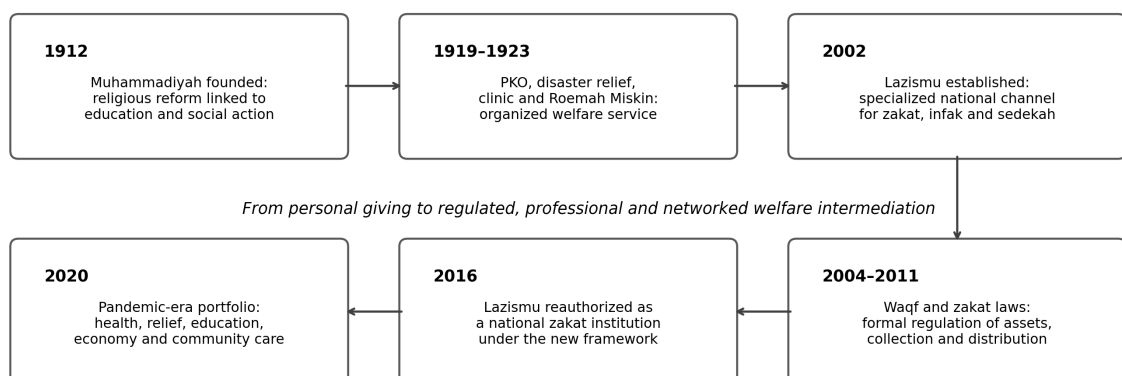


Figure 1. Historical institutionalization of Muhammadiyah philanthropy

2. The Distinct Welfare Capacities of Zakat, Infak, Sedekah, and Waqf

The documents reveal that ZISWAF contributes to welfare through differentiated capacities. Zakat is the most explicitly redistributive instrument. Its moral force arises from obligation, while its social legitimacy depends on reaching eligible recipients with fairness and dignity. In Muhammadiyah practice, zakat can finance both consumptive protection and productive initiatives. The latter may include business capital, equipment, or livelihood support. Productive use does not eliminate the need for immediate consumption. Local studies show that low-income recipients may redirect business assistance toward food, health, rent, or other urgent needs. This is not necessarily evidence of irrationality; it may indicate that productive programs were introduced before basic security was achieved.

Infak and sedekah provide discretionary space. They can support beneficiaries who fall outside a narrow zakat classification, finance institutional operations, respond to disasters, and subsidize innovations whose outcomes are uncertain. During the COVID-19 crisis, this flexibility became especially important. Muhammadiyah and Lazismu mobilized food, medical supplies, protective equipment, and other forms of assistance across organizational networks (Ichsan, 2020). Flexible giving allows rapid response, but it also increases the importance of transparent program criteria because donor intention and organizational discretion can vary considerably.

Waqf supports welfare through continuity. A school site, clinic building, agricultural field, or productive asset can generate a stream of benefits without being consumed in a single distribution cycle. The Penatarsewu case illustrates the potential of productive agricultural waqf to connect asset stewardship with farmer welfare (Rahman & Widiastuti, 2020). Yet the case also demonstrates that productive waqf is not simply a legal label. It requires operational management, agreements with cultivators, production knowledge, risk allocation, and a distribution mechanism for benefits.

The instruments are therefore complementary but not automatically integrated. Zakat can pay for qualified students or impoverished patients; infak can finance flexible subsidies and emergency costs; waqf can provide the school, clinic, land, or endowment capital; and organizational units can supply professional staff and governance. The strongest welfare outcome occurs when these elements are planned together. The weakest occurs when an asset exists without operational funds, when funds are distributed without access to services, or when productive assistance is provided without mentoring and market support.

Table 2. Differentiated welfare functions of ZISWAF

Instrument	Core logic	Welfare strengths	Governance risks	Most suitable role
Zakat	Obligatory redistribution to eligible recipients	Predictable moral claim; targeting of deprivation; consumptive and productive use	Eligibility errors, stigma, overly narrow categories, pressure to demonstrate quick conversion from mustahik to donor	Income protection, basic needs, scholarships, health support and carefully designed productive assistance
Infak	Voluntary expenditure with broad discretion	Flexible allocation; rapid response; support for operations and innovation	Volatile donations, donor-driven priorities, weak continuity	Emergency response, service subsidies, program gaps and community initiatives
Sedekah	Voluntary benevolence in money, goods, time or service	Broad participation; solidarity; volunteerism; low entry barrier	Fragmentation, episodic campaigns, symbolic giving without follow-up	Community mobilization, relief, care and participation
Waqf	Preservation of asset or principal with continuing benefit	Long time horizon; durable facilities; intergenerational public goods; productive yield	Idle assets, legal insecurity, maintenance deficits, weak investment and data fragmentation	Land, buildings, schools, clinics, agricultural assets and endowment capital

3. Lazismu's Liquid Philanthropy Portfolio in 2020

Lazismu's 2020 annual report provides a national-level picture of how liquid philanthropic resources were converted into program activity during a year of severe crisis. The report organizes disbursement through education, health, economy, da'wah, and social-humanitarian pillars. Total reported program disbursement was approximately Rp32.12 billion, reaching 122,297 individual beneficiaries and 2,538 institutions. These figures should be interpreted as reported outputs rather than causal evidence of welfare impact, but they show the breadth of the intermediation task.

Health and social-humanitarian programs accounted for the largest reported disbursement. This pattern is consistent with the conditions of the pandemic, when medical protection, treatment access, food security, sanitation, and emergency response became urgent. The education pillar supported school continuity, scholarships, teachers, and learning facilities. The economic pillar was smaller in monetary reach but analytically

important because it represented the transition from transfer to livelihood formation. The da'wah pillar reached a large number of individuals, indicating that philanthropic activity remained embedded in religious education, community organization, and pastoral networks rather than functioning as a purely secular welfare bureaucracy.

The portfolio demonstrates that ZIS administration can perform multiple welfare functions, but it also reveals the limitations of aggregate reporting. A scholarship, protective-equipment distribution, business-capital grant, disaster shelter, and religious-learning activity cannot be evaluated through the same outcome indicator. Financial totals and beneficiary counts are useful for accountability, yet they do not show whether students completed school, patients obtained sustained care, enterprises survived, disaster-affected households recovered, or participants gained greater agency.

Audited financial statements strengthen confidence that financial flows are subject to formal accounting and external review. Nevertheless, financial audit and social-impact evaluation answer different questions. An audit asks whether funds were recorded and presented according to applicable standards. Welfare evaluation asks whether resources were timely, accessible, equitable, dignified, and capable of producing durable improvement. An integrated ZISWAF system needs both.

Table 3. Lazismu's reported 2020 program portfolio

Program pillar	Disbursement	Individual beneficiaries	Institutional beneficiaries	Primary welfare pathway
Education	Rp3,341,303,600	2,839	99	Learning continuity, scholarships, teacher support and educational facilities
Health	Rp10,665,900,595	27,327	2,266	Treatment access, prevention, pandemic protection, sanitation and bodily security
Economy	Rp2,587,459,350	979	3	Productive assets, enterprise support, training and livelihood development
Da'wah	Rp2,739,608,332	67,186	50	Religious literacy, community networks, pastoral support and civic organization

Program pillar	Disbursement	Individual beneficiaries	Institutional beneficiaries	Primary welfare pathway
Social-humanitarian	Rp12,784,422,224	23,966	120	Relief, disaster response, disability support, housing and basic protection
Total	Rp32,118,694,101	122,297	2,538	Combined relief, protection, services, capability formation and resilience

4. Waqf and the Production of Durable Welfare Assets

The welfare role of waqf is less visible in annual disbursement tables because its principal contribution is often recorded as an asset rather than an expenditure. A waqf-supported school, hospital, clinic, mosque, farm, or social facility may serve beneficiaries for decades, but the value of its service cannot be inferred from the original land or building value alone. Asset preservation is necessary but insufficient. Welfare depends on whether the asset is legally secure, physically maintained, professionally managed, accessible to intended communities, and connected to sustainable operating finance.

Muhammadiyah's service network illustrates the productive relationship between philanthropic assets and professional organizations. Health facilities require land and buildings, but also medical personnel, licenses, medicines, equipment, information systems, and subsidy mechanisms. Educational institutions require campuses and classrooms, but also teachers, curricula, student support, and governance. Waqf can reduce long-term capital costs and protect the public purpose of facilities, while ZIS and service revenue can finance operations and access for disadvantaged groups.

The productive-wakaf case in Penatarsewu shows another pathway. Agricultural land can be managed to provide work, income, and community benefit rather than remaining idle. The welfare effect arises through the institutional arrangement surrounding the land: selection of cultivators, production inputs, risk sharing, oversight, and distribution of proceeds. This supports a broader conclusion. Waqf productivity should not be measured only by financial return. A lower financial yield may still generate high social value when it provides stable livelihoods, affordable services, ecological protection, or access for populations excluded from commercial markets.

The institutional separation between asset governance and ZIS program management can nevertheless create gaps. A local branch may possess land but lack capital to develop it. Lazismu may possess mobilized funds but lack a pipeline of legally secure, professionally

assessed waqf projects. A hospital or school may have an endowed origin but operate without a transparent mechanism linking philanthropic subsidies to poor users. Integration therefore requires shared asset data, project appraisal, sharia and legal review, financing plans, service-access criteria, and outcome monitoring.

5. Muhammadiyah's Network as a Welfare Conversion Mechanism

ZISWAF becomes socially consequential through organizational conversion. Donors do not directly produce education, health, livelihoods, or disaster resilience. Institutions convert resources into these outcomes by combining money, assets, information, professional knowledge, and relationships. Muhammadiyah's multi-level structure and extensive service network give it an important conversion capacity. A fundraising campaign can be linked to local branches, schools, hospitals, universities, disaster teams, women's organizations, youth organizations, and community leaders.

This network reduces some transaction costs. Local actors can identify needs, national institutions can mobilize resources, professional organizations can deliver specialized services, and established branches can maintain relationships after a campaign ends. The network can also support universal service. Historical and contemporary accounts emphasize assistance beyond narrow religious boundaries, especially in health and disaster response. Such inclusivity transforms Islamic philanthropy into a form of public theology: religiously motivated resources are expressed through services whose benefits are not confined to organizational members.

Network strength, however, can produce complexity. Different organizational units may maintain separate donor records, beneficiary databases, accounting practices, and program priorities. Decentralization permits contextual responsiveness, but it can also make consolidated impact measurement difficult. A beneficiary may receive assistance from multiple Muhammadiyah units without a coordinated recovery plan, while another household may remain invisible because it is outside established networks. Integration must therefore balance local discretion with shared standards, interoperable data, and clear referral pathways.

The network is also a source of civic value. Philanthropic institutions recruit volunteers, train amil, create professional and community roles, and allow citizens to participate in welfare provision. Latief (2016) argues that Muslim philanthropy can shape debates about citizenship because non-state organizations do more than provide aid: they define public responsibility, deservingness, solidarity, and the relationship between religious community and nation. Muhammadiyah's welfare institutions can strengthen civic trust when services are fair, transparent, inclusive, and responsive. They can weaken trust when access is opaque, donors dominate decisions, or beneficiaries are treated as passive objects.

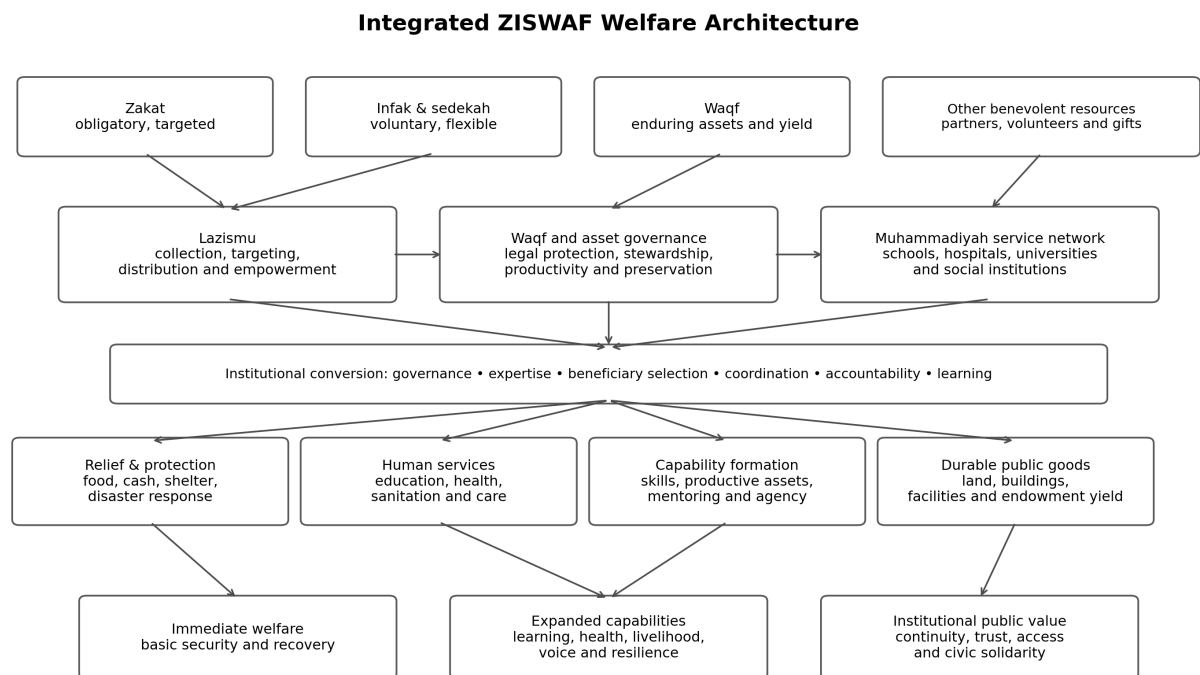


Figure 2. Integrated ZISWAF welfare architecture

Discussion

1. Integrated Welfare Intermediation

The findings support the concept of integrated welfare intermediation. Intermediation refers to the institutional work between donor and beneficiary: interpretation, collection, safeguarding, targeting, program design, service delivery, monitoring, and learning. Integration refers to coordination across instruments and time horizons. A philanthropic system is integrated when emergency support, social services, capability programs, and durable assets are planned as connected components rather than isolated projects.

This concept differs from the idea of a single ZISWAF fund. Legal and theological distinctions should not be erased. Zakat must retain its rules of obligation and eligibility; waqf must protect the endowed principal and purpose; infak and sedekah retain voluntary flexibility. Integration occurs at the level of welfare strategy. For example, zakat can cover the living costs of a poor student, infak can finance learning devices and counseling, and a waqf-supported institution can provide the educational facility. In health care, zakat can subsidize eligible patients, sedekah can finance emergency assistance, and waqf can preserve land or capital for a clinic.

Integrated welfare intermediation also creates a temporal sequence. Relief stabilizes life; protection prevents deterioration; capability programs expand future options; and welfare infrastructure makes support continuously available. The sequence is not strictly

linear. A productive-zakat recipient may need food assistance during a market shock, and a graduate may return for health support. The point is not to force beneficiaries through a standardized ladder but to coordinate interventions around changing needs and agency.

2. From Beneficiary Counts to Welfare Outcomes

The strongest documentary evidence concerns organizational reach, program categories, and financial reporting. The weakest concerns long-term change. This asymmetry is common in philanthropy because institutions can count disbursements and recipients more easily than they can measure security, learning, health, income stability, empowerment, or social participation. Yet the distinction is methodologically decisive. A program may reach many beneficiaries while producing shallow or temporary change; a smaller program may generate durable transformation.

Outcome measurement should be instrument-sensitive. Zakat-based income support can be assessed through adequacy, timeliness, coverage, and reduction of acute deprivation. Productive-zakat programs require indicators of business survival, income volatility, asset control, mentoring quality, and beneficiary decision-making. Education programs require attendance, completion, learning, and transition. Health programs require access, continuity, prevention, and financial protection. Waqf projects require legal security, utilization rate, maintenance, yield, beneficiary access, and preservation of public purpose.

Beneficiary agency should be an accountability dimension rather than an optional ethical addition. Programs described as empowerment should show how recipients participate in diagnosis, design, implementation, and evaluation. Capital without voice may reproduce dependency on institutional decisions. Training without market access can transfer risk to poor households. A productive asset registered or controlled by someone other than the intended beneficiary may increase output without increasing agency. Capability-oriented welfare therefore requires both material resources and meaningful control.

3. The Integration Gap between ZIS and Waqf

The most important institutional weakness is the gap between liquid philanthropy and asset-based philanthropy. ZIS institutions are usually organized around annual collection, campaigns, disbursement, and program reporting. Waqf bodies focus on legal documentation, asset protection, land certification, stewardship, and long-term utilization. Their professional languages, accounting categories, and planning cycles differ. These differences are rational, but without a coordinating mechanism they can produce underused assets and short-lived programs.

An integrated planning process would begin with welfare problems rather than instruments. A community lacking health access may need land, construction finance, medical equipment, recurring subsidies, and a referral system. The solution may combine waqf, infak, institutional revenue, zakat for eligible patients, and public or corporate partnerships. Similarly, an agricultural-waqf project may require working capital, technical training, insurance or risk reserves, market contracts, and temporary household support. No single instrument provides the complete package.

Integration also requires consolidated but ethically governed data. Asset maps should identify legal status, current use, maintenance needs, development potential, and beneficiary communities. ZIS data should identify program reach, unmet needs, repeat assistance, and referral outcomes. Interoperability must not become unrestricted surveillance. Donor and beneficiary data should be protected, access should be role-based, and vulnerable people should not be required to surrender excessive personal information in exchange for assistance.

4. Welfare Pluralism and the State

Muhammadiyah's philanthropy operates within a plural welfare system involving the state, families, markets, religious organizations, corporations, and local communities. The zakat and waqf laws formalize public oversight while recognizing roles for non-state institutions. This arrangement can expand welfare capacity, but it also raises questions about responsibility. Philanthropic organizations should not become a justification for inadequate public services, nor should state regulation eliminate the associational autonomy that enables innovation and trust.

The most constructive relationship is complementary and rights-oriented. Philanthropy can reach groups missed by public programs, test new models, mobilize volunteers, and create culturally legitimate services. The state can provide universal entitlements, regulation, infrastructure, and redistribution at a scale voluntary giving cannot guarantee. Muhammadiyah's institutions can act as partners and critical civic actors, using their proximity to communities to identify exclusion and advocate policy improvement. In this sense, philanthropy contributes not only by filling gaps but by making welfare needs publicly visible.

5. Risks of Institutional Philanthropy

Professionalization generates both capacity and risk. Formal management, audits, digital fundraising, and specialized staff can improve accountability and scale. They can also distance organizations from beneficiaries, privilege donor-friendly programs, and convert moral relationships into administrative transactions. Institutions may pursue

visible expansion while neglecting maintenance, accompaniment, and difficult structural problems. The challenge is to professionalize without bureaucratizing compassion.

Mission drift is particularly relevant when welfare institutions rely on commercial revenue. Schools and hospitals require sustainable finance, but pricing and growth strategies can weaken access for poor communities. Waqf-based institutions may retain a nonprofit legal identity while operating in ways that resemble commercial providers. The appropriate response is not to reject revenue generation, but to make the social mission measurable through transparent subsidy policies, beneficiary composition, service quality, and reinvestment.

Another risk is substituting entrepreneurship for social justice. Productive zakat is often presented as superior to consumptive assistance, yet poor households face structural constraints including unequal markets, care burdens, disability, insecure housing, and limited public services. Not every recipient should become an entrepreneur. Welfare requires a portfolio: unconditional protection where necessary, accessible services, employment pathways, collective enterprise, and advocacy against structures that reproduce poverty.

Table 4. Governance requirements for an integrated ZISWAF welfare system

Dimension	Key question	Minimum evidence	Common failure
Instrument integrity	Is each resource used consistently with its legal and religious character?	Separate accounting, eligibility rules, donor/endower restrictions and sharia review	Treating all funds as interchangeable
Coordination	Are ZIS programs, waqf assets and service institutions planned together?	Joint needs assessment, referral protocols, shared project pipeline and role clarity	Idle assets beside short-lived programs
Welfare outcome	What changed beyond distribution?	Instrument-specific outcome indicators and longitudinal follow-up	Equating beneficiary counts with impact
Beneficiary agency	Do affected people influence decisions and control benefits?	Participation records, grievance channels, consent and evidence of asset/control rights	Passive recipients and imposed entrepreneurship
Financial and asset accountability	Are flows and stocks secure and transparent?	Independent audit, asset registry, legal documentation, maintenance and investment reporting	Audited cash but undocumented or underused assets
Inclusion	Who is excluded by eligibility, geography, gender, disability or organizational networks?	Disaggregated access data, accessibility standards and outreach strategy	Universal rhetoric with selective reach

Dimension	Key question	Minimum evidence	Common failure
Data ethics	Is information proportionate, secure and used for welfare purposes?	Data minimization, role-based access, retention rules and complaint mechanisms	Digital fundraising or targeting that compromises privacy
Public value	Does philanthropy complement rights and strengthen civic trust?	Coordination with public services, transparent subsidy rules and policy feedback	Replacing state duties or creating clientelism

Theoretical Contributions

This study makes three contributions. First, it replaces the undifferentiated category of ZISWAF with a theory of temporal complementarity. Zakat, infak, sedekah, and waqf contribute differently because they combine obligation, flexibility, preservation, targeting, and duration in distinct ways. Their value lies not only in total volume but in matching instrument characteristics to welfare problems.

Second, it develops integrated welfare intermediation as an organizational concept. Islamic philanthropy is not simply a moral transfer or financial sector. It is a conversion system linking religious norms, civil-society networks, professional services, assets, beneficiaries, and public institutions. The quality of intermediation determines whether giving produces temporary consumption, social protection, capabilities, or durable public goods.

Third, the article conceptualizes Muhammadiyah's network as civic welfare infrastructure. Schools, clinics, hospitals, social institutions, branches, volunteers, and philanthropic bodies create channels through which citizens can contribute to and access public welfare. This infrastructure can strengthen solidarity and citizenship when it is inclusive and accountable. It can reproduce inequality when services become inaccessible, organizational membership shapes access, or beneficiaries lack voice.

Practical and Institutional Implications

Muhammadiyah should develop a joint ZISWAF welfare-planning mechanism linking Lazismu, waqf authorities, social-service councils, health and education institutions, disaster bodies, and local branches. Coordination should begin with a territorial welfare diagnosis and an inventory of existing assets, services, funding flows, and unmet needs. Projects can then be designed with an explicit financing mix rather than being assigned retrospectively to whichever fund is available.

A shared project pipeline is especially important for productive waqf. Each proposal should contain legal due diligence, technical feasibility, beneficiary analysis, operating

finance, risk management, maintenance, expected social return, and an exit or adaptation plan. Lazismu funds should not be used merely to activate an asset without ensuring that the project can operate after the initial grant. Conversely, waqf assets should not remain idle because no mechanism exists to connect them to flexible philanthropic finance.

Accountability dashboards should separate input, output, outcome, and public-value indicators. Financial data should be linked to service results without compromising privacy. Local units require simple tools and training so that impact measurement does not become an administrative burden disconnected from program improvement. Beneficiary feedback, grievance resolution, and negative outcomes should be reported alongside success stories.

Finally, an integrated system should protect plurality in welfare pathways. Some households need unconditional support; others need health or educational access; some can benefit from enterprise assistance; and communities may require shared infrastructure. Success should not be defined exclusively as transforming every mustahik into a muzakki. Dignity, security, care, learning, participation, and resilience are legitimate welfare outcomes in their own right.

Limitations

This study is based on documentary evidence and therefore cannot directly observe program implementation or beneficiary experience. The national annual report aggregates diverse local practices and may conceal variation in targeting, service quality, and follow-up. The study uses selected local research for triangulation, but these cases cannot represent the entire Muhammadiyah network.

The analysis of waqf is constrained by the absence of a consolidated, publicly accessible historical dataset covering asset origin, legal status, utilization, value, yield, beneficiaries, and maintenance. Consequently, the article explains institutional mechanisms rather than estimating the total welfare value of Muhammadiyah waqf. Future research should combine documentary analysis with asset mapping, organizational ethnography, beneficiary interviews, and longitudinal outcome data.

The 2020 portfolio was shaped by the COVID-19 crisis and should not be interpreted as a normal-year distribution pattern. The article also does not compare Muhammadiyah with other zakat or waqf institutions. Comparative research could determine whether integrated welfare intermediation is specific to Muhammadiyah's associational structure or characteristic of other large faith-based networks.

CONCLUSION

Muhammadiyah's ZISWAF practice demonstrates how religious giving can become welfare infrastructure. Zakat provides targeted redistribution, infak and sedekah supply flexibility, and waqf preserves assets and benefits across time. Their social value emerges

through institutional intermediation: collection, legal protection, program design, professional service, local knowledge, accountability, and long-term stewardship.

The movement's organizational network creates a rare capacity to connect emergency relief, education, health care, livelihood development, humanitarian action, and durable facilities. Yet the existence of multiple instruments and institutions does not automatically create integration. Separate governance systems, incomplete asset data, output-oriented reporting, and weak longitudinal evaluation can prevent resources from forming coherent welfare pathways.

An effective Muhammadiyah ZISWAF architecture must preserve the integrity of each instrument while coordinating them around human needs. It should connect immediate protection to capability formation and durable public goods, treat beneficiaries as participants, measure welfare rather than distribution alone, and maintain a transparent relationship with public services. Under these conditions, ZISWAF is more than a collection of charitable payments. It becomes a civil-society system for producing security, opportunity, institutional continuity, and public solidarity.

REFERENCES

- Alyani, D. N., & Fauzi, R. M. Q. (2020). Empowering micro-enterprises with an interest-free loan: A case study of Lazismu Surabaya. *Jurnal Ekonomi Syariah Teori dan Terapan*, 7(6), 1164–1177. <https://doi.org/10.20473/vol7iss20206pp1164-1177>
- Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative Research Journal*, 9(2), 27–40. <https://doi.org/10.3316/QRJ0902027>
- Fauzia, A. (2013). Faith and the state: A history of Islamic philanthropy in Indonesia. Brill. <https://doi.org/10.1163/9789004249202>
- Huda, S. (2011). Teologi mustad'afin di Indonesia: Kajian atas teologi Muhammadiyah. *Tsaqafah*, 7(2), 345–374. <https://doi.org/10.21111/tsaqafah.v7i2.8>
- Ichsan, M. (2020). Islamic philanthropy and Muhammadiyah's contribution to the COVID-19 control in Indonesia. *Afkaruna: Indonesian Interdisciplinary Journal of Islamic Studies*, 16(1), 114–130. <https://doi.org/10.18196/AIJIS.2020.0116.114-130>
- Kholidah, N., & Salma, A. N. (2020). Filantropi kreatif: Pemberdayaan ekonomi umat berbasis zakat produktif pada program 1000 UMKM Lazismu Kabupaten Pekalongan. *Cakrawala: Jurnal Studi Islam*, 14(2), 93–101. <https://doi.org/10.31603/cakrawala.v14i2.3080>
- Latief, H. (2010). Health provision for the poor: Islamic aid and the rise of charitable clinics in Indonesia. *South East Asia Research*, 18(3), 503–553. <https://doi.org/10.5367/sear.2010.0004>
- Latief, H. (2013). The politics of benevolence: Political patronage of party-based charitable organizations in contemporary Indonesian Islam. *Al-Jami'ah: Journal of Islamic Studies*, 51(2), 337–363. <https://doi.org/10.14421/ajis.2013.512.337-363>
- Latief, H. (2016). Philanthropy and Muslim citizenship in post-Suharto Indonesia. *Southeast Asian Studies*, 5(2), 269–286. https://doi.org/10.20495/seas.5.2_269
- Lazismu. (2020). Laporan keuangan Lazismu tahun 2019. Lazismu.
- Lazismu. (2021a). Laporan keuangan Lazismu tahun 2020. Lazismu.

- Lazismu. (2021b). Laporan tahunan Lazismu 2020: Filantropi Islam, krisis dan ketahanan hidup di era pandemik COVID-19. Lazismu.
- Muhammadiyah. (2015). Anggaran dasar dan anggaran rumah tangga Muhammadiyah. Suara Muhammadiyah.
- Nussbaum, M. C. (2011). *Creating capabilities: The human development approach*. Harvard University Press.
- Pemerintah Republik Indonesia. (2004). Undang-Undang Republik Indonesia Nomor 41 Tahun 2004 tentang Wakaf.
- Pemerintah Republik Indonesia. (2011). Undang-Undang Republik Indonesia Nomor 23 Tahun 2011 tentang Pengelolaan Zakat.
- Pemerintah Republik Indonesia. (2014). Peraturan Pemerintah Republik Indonesia Nomor 14 Tahun 2014 tentang Pelaksanaan Undang-Undang Nomor 23 Tahun 2011 tentang Pengelolaan Zakat.
- Qodir, Z. (2008). Islam, Muhammadiyah dan advokasi kemiskinan. *La_Riba*, 2(1), 133–144. <https://doi.org/10.20885/lariba.vol2.iss1.art9>
- Rahman, I., & Widiastuti, T. (2020). The model of productive waqf management in the agriculture sector to increase the farmer's welfare: Case study of Penatarsewu Sidoarjo Muhammadiyah Branch Management. *Jurnal Ekonomi Syariah Teori dan Terapan*, 7(3), 486–498. <https://doi.org/10.20473/vol7iss20203pp486-498>
- Rosyadi, I. (2020). Model pemberdayaan zakat produktif Lazismu Solo. *Tajdida: Jurnal Pemikiran dan Gerakan Muhammadiyah*, 18(1), 28–42.
- Ruhat, T. (2020). Strategi pendayagunaan zakat produktif untuk pengentasan kemiskinan: Implementasi indeks zakat di Lazismu. *MALIA*, 11(2), 277–288. <https://doi.org/10.35891/ml.v11i2.1873>
- Sen, A. (1999). *Development as freedom*. Oxford University Press.
- Wibawanthi, A., Hidayat, A. R., Hardiyanto, F., & Ridwan, M. (2020). Analisis program dan pendayagunaan zakat, infaq, dan shadaqah (ZIS) pada Lembaga Amil Zakat Muhammadiyah (Lazismu) Kabupaten Cirebon. *Jurnal Indonesia Sosial Sains*, 1(1), 1–8. <https://doi.org/10.59141/jiss.v1i01.5>