

Zakat-Based Community Driven Development: Cognition Development in the Field of Zakat Practice in Indonesia

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ABSTRACT

This study investigates the cognition development in the phenomena of zakat-based community driven development (CDD) in Indonesia. Comparing with the previous and contemporary practice of zakat, this paper identifies that formation of institutional forces and distant field from social networks on actors contribute some influences in the cognition development in zakat practice, especially in zakat disbursement for empowering the beneficiaries of zakat (mustahiq). This study contributes not only to contemporary zakat practices by re-conceptualizing a new model in zakat disbursement program which were practiced in several zakat organizations, but also to neo-institutional studies on the cognition development of actors and conditions of change in the strategic action field from the experience on zakat practice in Indonesia.

Keyword: cognition, strategic action field, zakat, Indonesia

INTRODUCTION

Contemporary in Islamic perspective, zakat institution becomes a promising institution to overcome the poverty problem (Sirageldin, 2000; Ahmed, 2004). Zakat, one of the five pillars of Islam, is the right of the poor from the wealth of the rich. Practically, zakat is paid by zakat payer (*muzakki*) to zakat worker (*amilin*) and then handed over to the rightful of zakat (*mustahiq*). There are eight categories of rightful on zakat which is stated in the Quran (9:60). They are commonly lack of economic capital and powerless in social relation. Within zakat disbursement, they are expected to be socially empowered.

Recent observation suggest that the performance of zakat practice has been relatively poor. According to Kahf (2000), the ratio of zakat revenue to national income (GDP) in countries with obligatory zakat system (Saudi Arabia, Yemen and Pakistan) was only between 0.3% to 0.4%. This is too

small portion of amount that is needed for the national poverty alleviation program. This ratio is getting smaller in the non-obligatory zakat system. Ahmad (2004) study suggests that the highest ratio of zakat revenue is in Mali and Niger, approximately 1.8% of GDP, which are poor countries with low national income.

Almost identical trend occurred in Indonesia. Zakat practice in Indonesia adheres to a non-obligatory system. Since formalized in 1999 with Zakat Act (38/1999) and renewed in 2011 with Zakat Act (23/2011), zakat in Indonesia is organized by two actors from semi-government organization (BAZNAS) and civil society organization (LAZ). During this period, zakat that collected both by BAZNASs and LAZs was estimated growing by 67.2%, with an average growth around of 25 percent per year (BAZNAS RI, 2019). In 2018, BAZNAS (2019) claimed that national zakat collection, both BAZNASs and LAZs, has significantly

increased and reached IDR 8,1 trillion (USD 575.1 million).

Compared to national income, national zakat collection in Indonesia is still too small, equal to 0.06% of GDP. Kahf (2000) had estimated before that zakat potential in Indonesia was only 1%-2% from the GDP. More optimistic study by Firdaus et.al. (2012) indicated that the potential could reach IDR 217 trillion in 2011 or equal to 3.4% of GDP. Potential projection was bigger because it was included potential from industries and financial sector. But, recent report of zakat collection is still so far from its potential (BAZNAS RI, 2019). These achievements are certainly not beneficial for zakat practice positioning in reducing poverty and moderating social inequality in national agenda.

Limited resources available forces some zakat organizations make the innovation in zakat disbursement to increase the impact of zakat practice. In previous-traditional practice, zakat fund was distributed as direct cash assistance. This practice model did not significantly improve the socio-economic condition of *mustahiq*. This model of zakat disbursement, moreover, made dependence on *mustahiq* from zakat aid. Based on this experience, some zakat disbursement practices, then, was changed as a new resource for community driven development (CDD) program. By this program, zakat practices are expected to provide more significant change for social welfare on *mustahiq*.

This study investigates how the cognitions are developed in the zakat practice. Zakat for economic empowerment such as zakat-based CDD program is something new and not recognized in the previous-tradition of zakat distribution. This investigation includes why it happened, what factors influenced and how process of the cognition development in zakat practice occurred. This study uses observation in

some zakat organization practice, reports and interviews. To account for the limitation of these study, it refers to data from BAZNAS's collection of zakat organization reports from 2011. Since 2011, BAZNAS was designated by Zakat Act as the coordinator for all Indonesian zakat organization in which they have to submit their annual report to BAZNAS.

This study finds that zakat practitioners' networks and their abilities to interpret institution gives some influence to modernize zakat organization management and its product on zakat collection and disbursement. This study argues that the cognition development was influenced by dynamics of social networks and institutional forces in the field of zakat practice in Indonesia. In discussing this subject, the article is divided into four main section: 1) zakat practice as strategic action field; 2) traditions in zakat collection and disbursement; 3) zakat-based community driven development; 4) cognition development in zakat practice in Indonesia; and 5) some concluding remarks.

ZAKAT PRACTICE AS A STRATEGIC ACTION FIELD

This paper borrows strategic action field (SAF) theory (Fligstein & McAdam, 2011) and Jens Beckert' (2010) framework regarding change in the field to examine the development progress of zakat practice in Indonesia. In this perspective, zakat practice is assessed as a field. According to Bourdieu (1984), field is an arena of contention in which there are actors competing for positions and resources. In Indonesia context, there are some actors in zakat practice that is represented by BAZNASs and LAZs. They are contesting for zakat funds as the resource of their programs.

SAF theory provides an analytical description of the process of change

(Fligstein & McAdam, 2011). In the field, there are competing actors that are categorized into incumbents, challengers, and governance units. Each actor has social skill that provide actors strategic actions in making contention. The contestations in the field are regulated in norms socially constituted that accepted by all actors (Martin, 2003), called institution (Beckert, 2010). However, field is not immune from external intervention. It has broader field environment that are influencing each other with certain variation.

In the field, actor tries to make a beneficial change for themselves. Incumbents are actors that have dominant influences and resources. While, challengers are actors that have minor influence and resources. Those actors interact each other and form a social network in the field (Beckert, 2010). Incumbents and challengers are not always openly confronting. Sometimes, they are collaborating and making coalition in utilizing resources (Fligstein & McAdam, 2011). However, competition still occurs between them for better condition for each actor.

This perspective sees contestation among actors as something neutral. It is natural for every actor to win the contention in the field (Fligstein & McAdam, 2011). Actors calculate their strategic action based on capital and *habitus* (Bourdieu, 1984). Strategic action is developed by cognitive frame of actor. Cognitive frame can be defined as knowledge and skill possessed by actors in interpreting the norms contained in institution and making relation with other actors (Beckert, 2010). At the end period of contention, it will make a new settlement repositioning the position of each actor.

Beckert' (2010) framework suggest that the dynamics of fields are influenced by three interrelated social structures. They are social networks, institutions, and cognitive frames. This interrelated social structure

affects the tendency for change in the field. The change most often occurs due to change in institution, that influences the change in the social network and cognitive frame among actors. Beckert also suggest that the change in social network or cognitive frame among actors will affect to institutional change in the field and vice versa.

In zakat practice, BAZNASs and LAZs as zakat organization in Indonesia are regulated by Zakat Act and its derivatives as formal institution and fatwas of Indonesian Ulama Council (MUI), an Indonesia' top muslim clerical body, as informal institution. Those zakat organization are competing in collection and disbursement of zakat fund. They are developing their strategic actions to attract the attention of *muzakki* and other donors to pay their zakat to each zakat organization. They are competing to become the biggest zakat organization in collection and disbursement of zakat.

TRADITIONS IN ZAKAT COLLECTION AND DISBURSEMENT

Historically in Islamic tradition, zakat was collected by *amil* appointed by state from *muzakki*. Thereafter, *amil* disbursed zakat directly to *mustahiq* in the form of goods or money. *Amil* has no interest in zakat disbursement, unless the zakat fund is correctly disbursed to *mustahiq*. With the zakat that is disbursed as means of consumption, *mustahiq* is expected to be able to fulfill their basic and needs. This practice model of zakat collection and disbursement refers to zakat practice in early period of Islam. This model widely spread in almost all muslim countries in the world (Kahf, 2000).

A relatively similar trend appears in Indonesia. Fauzia (2013) found that zakat was practiced since the beginning of Islamization in Indonesia. However, zakat practice was generally voluntary activity. Exception in Aceh Sultanate territory, zakat

collection was implemented not as an obligation for *muzakki* from the state, or charity activity in all entire Nusantara islands. Event, some findings revealed that *muzakki* tended to give zakat directly to *mustahiq* without going through *amil*. While in disbursement, zakat was distributed in the form of money or goods to meet basic consumption needs of *mustahiq*.

These tradition in zakat as charity was continuing into era colonialization and post-colonialization in Indonesia (Fauzia, 2013). Majority practices of zakat tended to be practiced privately and non-formal. *Muzakki* paid their zakat to *kyai* or *ustadz*, a religious teacher, which acts as *amil*, henceforth distributed to *mustahiq* to be consumed. Muhammadiyah, one of the largest Islamic mass organization, was the first actor in 1920 which collects zakat collectively from its members (Nakamura, 1983). This organization also used zakat to fund for *da'wah* and to pay the incentives of religious teacher, besides to give generally for the consumption needs of the poor people.

Zakat practice in the era of authoritarianism in Indonesia occurred similarly with the previous era. It was practiced in traditional model by non-obligatory system in collection. Salim (2006) argued that the governance policies are largely influenced by colonial perspective which tended to keep a distance from the practice of Islam in the public sphere, including zakat. Zakat in this era was collected by several informal actors, such as BAZIS which designed by some local governments, *masjids*, Islamic boarding non-formal school called *pesantrens*, foundations as civil society organization, and other individuals who act as *amil*. They were collecting zakat voluntarily from the *muzakki*.

Disbursement models during the era of authoritarianism were commonly charity activities. BAZISs and other foundations

distributed zakat to *mustahiq* in the form of direct cash assistances. After identifying the criteria of beneficiaries as *mustahiq*, *amil* determines the amount of zakat to be given in cash. On *mustahiq* hand, zakat were consumed for foods, clothings, and housing. In some cases, zakat was also used to pay for children school fees, medical expenses and daily consumption debt of *mustahiq* (IMZ, 2010). The purpose of this zakat disbursement model is to help *mustahiq*, generally from poor, to meet their consumption adequacy limit (*had ul-kifayah*).

Formalized in 1999, the Zakat Act regulated that *amil* must be a formal organization. It was represented by BAZ and LAZ. This is new norm in zakat practice which it was commonly practiced by individuals before. BAZs was designed by government and local governments in each level. They are BAZ national (BAZNAS), BAZ provincials, BAZ cities/regencies, and BAZ districts. They are semi-government organizations which employ the civil servants on a part time basis to organize zakat practices. BAZs generally collected zakat from civil servants, especially during Ramadhan in a technical committee, and distributed to the poor.

Different with BAZs, LAZs were commonly formed by professionals who works in state-owned enterprises (BUMN) or who engaged in civil society activism. Therefore, they were mostly emerged in urban areas. LAZ seen that zakat is not just a religious service activity, but rather a fundamental instrument for achieving socio-economic justice (Retsikas, 2014). They collected zakat from *muzakki* voluntarily and distributed zakat to *mustahiq*. However, the coming of LAZs have modernized zakat organization and its practices in three important ways: 1) legal reform, 2) reform in management, and 3) reform in programs (Fauzia, 2017).

In 2011, the Zakat Act was renewed. Now BAZNAS is positioned as main actor in zakat collection and disbursement. While, LAZs are designed as sub-ordinate actor to support BAZNAS. Some corporate-based LAZs are forbidden and are merged into a zakat collection unit (UPZ) under BAZNAS. Local BAZNASs were also established in each provincial and city/regency level. In disbursement, the New Act mentions a concept of zakat productive. This was intended to accommodate the practice of zakat-based CDD in few LAZ programs before. Though, most of disbursement practices in zakat organizations were still in the traditional model, by direct cash assistances for *mustahiq* consumptions.

In this traditional model, zakat in Indonesia is collected voluntarily by *amil*. For some cases, *muzakki* would like to pay zakat directly to *mustahik*. In disbursement process, *amil* or *muzakki* tends to give zakat to *mustahiq*, in form of cash. *Mustahiq* is expected to spend with the cash to fulfill their basic needs and consumptions. Before giving zakat to *mustahiq*, *amil* or *muzakki* first identify whether they really deserve for zakat because of condition of poverty and/or other conditions as *mustahiq*. This is the common cognitive frame on traditional practice of zakat disbursement which is carried out by most muslim community in Indonesia.

ZAKAT-BASED COMMUNITY DRIVEN DEVELOPMENT

LAZ was the important actor who contributes in modernizing the zakat practices for the social-justice (Fauzia, 2017). It was manifested in the program zakat-based CDD programs. They evaluated that the tradition in zakat practices was ineffective to empower the poor and to realize the social-justice. Therefore, some LAZs benchmarked to non-government organizations (NGOs) activities in their social development programs

(Utama, 2006). They claimed that it is difficult to realize the purpose of zakat if only practice by traditional models. Then, few LAZs innovated the zakat-based CDD which was inspired from the NGO's as new model in zakat disbursement.

Since the renewal of zakat act in 2011, BAZNAS played the important role in zakat practice in Indonesia as stipulated in the new zakat act. Benchmarking to several leading LAZs, BAZNAS made reform in its organization and programs. One of these reforms is adopting CDD model program in zakat disbursement. The zakat-based CDD program in BAZNAS was also the implementation of zakat productive concept which is referred in new zakat act. Launched in 2012, zakat-based CDD in BAZNAS was named Zakat Community Development (ZCD). Then, the ZCD was widely disseminated to all entire BAZNASs in provincial and city/regency levels.

Defining Zakat-based CDD Models

Distributing zakat into zakat-based CDD program in LAZ and BAZNAS is a new practice in zakat disbursement. As mentioned before, zakat was disbursed as direct cash assistance in the form of money or good to be consumed. In zakat-based CDD model, zakat is no longer distributed directly for consumption, but it is re-allocated for empowering *mustahiq* through certain stages. The stages are determined through planning and assessment process in the beginning phase of the zakat disbursement. Those stages are oriented to intervene the basic problems of the *mustahiq* and to make them empower.

Common zakat-based CDD model in zakat organizations has at least 6 types of activity. They contain planning, need-assessments, capacity building, asset reform, assistance and monitoring-evaluation activity. In zakat-based CDD model, zakat is no longer distributed directly in one time, but

it could be distributed by installments in multi-years. Therefore, zakat-based CDD requires the planning document which is prepared in the beginning stages. The planning document is important for the project roadmap, sequence of stages and achievement indicator the project implementation guideline.

The planning document contains at least need-assessment analysis and the detailed activities of the project plan to intervene the needs. In making this planning document, zakat-based CDD model adopted the concept of logical framework (Logframe) analysis and need-assessment approaches which was commonly used in several NGOs in their empowerment project. Logframe originated from USAid in 1960s in its development projects (Centre for International Development and Training, 2002). It has since become a standard approach required by donors for any grant applications. By using Logframe, it should make it easier to manage the project in order to lead actions into the overall goals.

Table 1: A standard Logframe template

	Project Summary	Indicators	Means of Verification	Risk/ Assumption
Goals				
Outcomes				
Outputs				
Activities				

Zakat-based CDD model also adopts the participative approaches of the need-assessment methods from the NGO' projects. The method is known as participatory rural appraisal (PRA), then participatory learning action (PLA). This need-assessment method posits the beneficiaries as the subject of the project. Adopting this appraisal, zakat disbursement is not strictly determined by

zakat organization, but it depended on the actual needs of the *mustahiq* which are identified during the appraisal process. Therefore, the forms of zakat disbursement develop not only in cash or goods, but also in services for *mustahiq* such as capacity building, assistance and monitoring-evaluation activities.

In capacity building, zakat is distributed as the knowledge and skills for *mustahiq*. Most problems for *mustahiq* in empowering process are that they have limited knowledge and ability to act. For that, it is important to resolve these problems in zakat disbursement by upgrading their knowledge and skills. These activities in zakat disbursement on zakat-based CDD model is known as capacity building. That are implemented by training and assistance activities. The point is to build the knowledge and skill capacity of *mustahiq* in doing their activities better during the project implementation period and afterward.

Asset reform in zakat-based CDD has two objectives. First target is to fulfilling the basic consumption needs of *mustahiq*. Second target is to supply the productive asset for the beneficiaries. This asset distribution is proposed to develop the production capacity of *mustahiq*. In the second target, zakat is distributed in the form of production raw materials and equipment. This productive asset distribution depends on need-assessment report which is prepared in the planning stage. The productive assets are generally distributed after the capacity building activities are implemented.

To ensure that every stages of planning document has been carried out properly, monitoring and evaluation are needed in zakat-based CDD model program. Monitoring helps to control that each activity in project implementation is in accordance with the planning document. Monitoring is undertaken at certain times during the project implementation. While, evaluation helps to

confirm that the project implementation is relevant with the expected changes that is designed at the beginning. Evaluation is carried out at the end phase of the project implementation.

Zakat-based CDD Programs in LAZ

Concept of zakat-based CDD was firstly implemented by LAZ Dompot Dhuafa, a leading LAZ in Indonesia. It was named *Masyarakat Mandiri* or Self-Sufficient Society. Historically, it was started as pilot project program in 2000, named *Program Pengembangan Kemandirian Masyarakat* (P2KM) or Development Program on Self-Sufficiency Society. It was proposed to integrate social-charity program and financial-economic program in Dompot Dhuafa. The pilot projects were implemented in ten villages which is located in three regencies in Bogor, Tangerang and Bekasi. Succeeded in pilot project period, the program, then, was launched in 2005 as *Masyarakat Mandiri*.

Dompot Dhuafa evaluated that their zakat disbursement as venture capital for *mustahiq* was not work properly as expected. It needed an approach that can effectively identify the basic problem of *mustahiq* and how to intervene it correctly. Benchmarking to NGO' programs, *Masyarakat Mandiri* adopted Logframe and PRA method in developing the planning document as the guideline in the zakat disbursement. In this way, zakat is mostly distributed in the form of capacity building agenda for *mustahiq*, through training and assistance activity, besides in the form of asset for productive activities.

Objective of *Masyarakat Mandiri* as zakat-based CDD program is to develop the community enterprise that can make *mustahiq* as self-sufficient community. In this perspective, zakat disbursement is oriented to develop the capacities of *mustahiq* as learning community. So that, they can learn by themselves how identify their

problem and breakthrough it. *Masyarakat Mandiri* was the first practice of zakat disbursement to *mustahiq* in a group, not in individual. It was proposed to make easier in assistance and controlling the project. This time, *Masyarakat Mandiri* categorizes their project in three sectors. They are urban and coastal area empowerment, agricultural empowerment and livestock empowerment.

Another leading program of zakat-based CDD is Zakat (for) Poverty Reduction with Integrated Development and Empowerment or Zakat PRIDE. This program was initiated by LAZ Al-Azhar. Inspired by *Masyarakat Mandiri* concept in zakat-based CDD, Zakat PRIDE formulated zakat as the integrative resource to alleviate poverty. The program contains several activities for assessing the basic need of *mustahiq*, developing the capacity of *mustahiq* and accompanying the process of *mustahiq* development. Zakat PRIDE runs its projects in agricultural sector to empower the poor farmer families.

Implementing zakat-based CDD, Pos Keadilan Peduli Ummat (PKPU), a national humanity organization, also develops Initiative for Empowerment concept. This concept expands the practice of zakat disbursement as the resources for empowerment project in the level of individual, family and community. PKPU makes experiment this model of zakat-based CDD when integrating the zakat and corporate social responsibility (CSR) funds into an empowerment project. They learn from NGO' experiences how to manage the CSR funds properly. They also adopt Logframe and participative appraisal in making planning document as the project implementation guideline.

In corporate-based LAZ program, Baitulmaal Muamalat (BMM) developed an identical zakat-based CDD. It was named *Komunitas Usaha Mikro Muamalat berbasis Masjid* (KUM3) or Masjid-based Micro

Business Community of Muamalat (Bank). This program disburses zakat as resources to develop the community of small and micro enterprises (SMEs) capacity based on masjid. The concept originated from the Muamalat Bank in funding the SMEs that some failures in SMEs funding are caused of lack in supervising and capacity building. Therefore, they use the zakat to supervise and to develop the capacity of *mustahiq* in starting and developing their business. After well developed, Muamalat Bank would like to fund the *mustahiq* community business.

In non-economic empowerment project of zakat-based CDD, there is Community Lead Total Sanitation (CLTS) of LAZ Harapan Dhuafa (Harfa) in Banten Province. This zakat-based CDD project has objective in developing the healthy behavior of *mustahiq*, so that they can be optimal in perform their functions in the society. In developing CLTS, LAZ Harfa makes cooperation with Caritas Australia, a Catholic relief organization. Before running the project, LAZ Harfa makes PRA in the targeted location and designs the project planning based on Logframe. CLTS project concerns to develop knowledge and skill of *mustahiq* and does not distribute zakat in form of money or goods anymore.

Zakat-based CDD Programs in BAZNAS

Zakat-based CDD program in BAZNAS is known as Zakat Community Development (ZCD). Launched in 2012, ZCD model in zakat disbursement integrates five aspects of social development in BAZNAS perspective. They are Islamic spirit (*da'wah*), economic, education, health and humanity. In ZCD model, those five aspects of social development shall be upgraded so that *mustahiq* can get social welfare. Running the program, ZCD is concerned to empower and to generate new income for *mustahiq*. Therefore, ZCD is trying to develop a local commodity of local community.

Historically, ZCD in BAZNAS was developed in order to realize the concept of zakat productive as mention in the new zakat act. The concept of zakat productive refers to the zakat disbursement activity that is allocated for socio-economic empowerment. By this concept, zakat should be used for upgrading the capacity production of *mustahiq* so that they can increase their income and pass over the poverty line. Benchmarking to LAZ earlier experiences in zakat-based CDD programs and the implementation of *Program Nasional Pemberdayaan Masyarakat* (PNPM) or National Program on Community Development, BAZNAS created its own model of zakat-based CDD.

In ZCD, BAZNAS introduces *Caturdaya Pemberdayaan* or four pillars of zakat-based empowerment. They are spiritual, economic, education and health aspect. Those four aspects shall be developed in ZCD project in order to increase the wealth of *mustahiq*. Similar with the stages of zakat-based CDD in LAZ' experiences, ZCD implementation requires four steps of empowerment. They are need-assessment, capacity building, asset redistribution and assistance. In the need-assessment process, BAZNAS develops the form of assessment to identify potentials and constraints of the targeted location of ZCD projects.

ZCD project was categorized into three types of local characteristic. They are rural area, coastal area and urban area. Starting in three provinces in West Sumatra, South Sumatra and East Kalimantan as pilot project, ZCD projects have been implemented in 114 locations that are spread in 26 provinces in Indonesia. Most of ZCD projects are implemented in rural areas. In 2014, ZCD was considered to be adopted by Islamic Development Bank (IDB) for a new models of zakat disbursement in Organization of Islamic Cooperation (OIC). In the same year, IDB tried to channel ZCD

project with *Kota Tanpa Kumuh* (KOTAKU) or No Slum City Program from Ministry of Public Work and Housing (MPWH) in five cities in Indonesia.

In 2016, the United Nations Development Programme (UNDP) Indonesia had made a partnership with BAZNAS to integrate ZCD into Sustainable Development Goals (SDGs) achievement in a project in Jambi Province. In this project, ZCD project is designed to develop *mustahiq* capacity and to support them with a renewable energy plan, so that they can produce coffee as new commodity. In local practices, some provincial and city/regency BAZNAS had also developed its local models of ZCD project. In Banten Province and Tarakan City, local BAZNAS made a partnership with local's entrepreneurs in developing the local ZCD concept to produce new commodities in agriculture. A similar practice of local ZCD implemented in Berau Regency by local BAZNAS. They innovate ZCD project which is relevant with local tourism activities.

In advance, BAZNAS develops a thematic zakat-based CDD in some program units. In livestock empowerment, there are *Lembaga Pemberdayaan Peternak Mustahik* (LPPM) or Empowerment Unit for *Mustahiq* Stock-Farmer, which is making capacity building and assistance for the stock-farmer. In microfinance, BAZNAS developed the *Lembaga Pemberdayaan Ekonomi Mustahik* (LPEM) or Empowerment Unit for Financing *Mustahiq*, which is making capacity building and assistance to upgrading the financial capacity of *mustahiq*.

COGNITION DEVELOPMENT IN ZAKAT PRACTICE

Cognition development in zakat practice, from zakat-based CDD experiences, at least contains three determinant factors. They are: 1) institutional forces, 2) key actors in the field and 3) distant field influences. The first

factor is institutional forces. Zakat Act No 38 in 1999 which is later amended with Zakat Act No 23 in 2011 is the formal institution that regulated the actor in the field of zakat practice. In the previous zakat act (38/1999), it set that BAZ and LAZ had an equal position as zakat organization. BAZ and LAZ openly conducted competition in zakat collection and disbursement. To win the competition, some leading LAZs have modernized their managements and programs (Fauzia, 2017). One of those modernization in program is zakat-based CDD which was firstly introduced by Dompot Dhuafa.

In the new zakat act (23/2011), the regulation posited BAZNAS as main actor in zakat collection and disbursement. While, some functions of LAZ are reduced to assist BAZNAS in zakat practice. This institutional change significantly given an impact to most of LAZs. They started to develop the Islamic philanthropy (Fauzia, 2017) to substitute zakat fund as the resources of their program. It can be easily found in the financial report of many LAZs after 2011 that the composition of zakat collection was significantly reduced. Most of LAZs then started to develop CSR programs and other program-based donations.

The second factor is key actors in the field. An increasing amount of non-zakat fund, it makes actors in zakat practices, particularly in LAZs, to develop programs that are more effective and easier to account for the donors. Especially in CSR funds, where many NGOs have been involved, the disbursement program of zakat organizations must be developed to be more competitive. Most of LAZs currently more deeply involved in CSR programs and elaborated with zakat disbursement project. It is difficult for LAZs to compete in CSR program if they can not improve their zakat disbursement model.

The new zakat act generally benefits for BAZNAS position in field of zakat

practice. However, the regulation provides new challenge whether BAZNAS can develop the trust of *muzakki* that previously stand on LAZs (IMZ, 2011). To resolve this challenge, BAZNAS then make some innovations in zakat disbursement. BAZNAS tries to prove that its zakat disbursement programs are effectively reducing the poverty problems. This campaign in zakat of BAZNAS is important that zakat in Indonesia are still in voluntary system. *Muzakki* needs more encouragement to pay their zakat to BAZNAS. One that is considered effective is proof of zakat for poverty alleviation through zakat-based CDD.

The third factor is distant field influences. Interaction with NGO' program in social development makes zakat organizations, particularly for LAZs and later for BAZNAS, gain new experience in zakat disbursement approach. In SAF perspectives, there is broader field environment. NGOs in zakat practice can categorized as distant field in broader field of zakat practice. They have similar activity with zakat organization, but located in distant field. However, they experience in CDD project, such using the Logframe analysis and participatory appraisal tools, inspires the zakat actor cognition in develop zakat-based CDD.

For those zakat organizations, both BAZNASs and LAZs, cognitive development that implemented in zakat-based CDD can be seen as their strategic action in two ways. First, the zakat-based CDD is strategy in zakat disbursement. In this way, the limited amount of zakat that is collected by zakat organization should be effectively used for *mustahiq* empowerment programs. For that reason, zakat organization, then, adopted the cognitions, that is something new in field of zakat practice, to integrate CDD model program in zakat disbursement. In the initial experience, zakat-based CDD programs are claimed more effective in improve the capacities of

mustahiq than previous-traditional zakat disbursement model (PUSKAS, 2017).

In the second way, zakat-based CDD was considered for the improvement of zakat collection in BAZNASs and LAZs. As mentioned before, zakat practice in Indonesia adheres to a non-obligatory system in collection. The zakat system is open for non-state actor to collect zakat, which is represented in LAZs. This situation makes a competition condition between BAZNAS and LAZ. They are competing to attract the attention of *muzakki* to pay zakat and other donations to their organization. In this framework, cognition development in zakat-based CDD is oriented to attract *muzakki* that affects in BAZNASs and LAZs zakat collection.

CONCLUDING REMARKS

The experience of zakat-based CDD programs shows that formation of institutional forces significantly influences the cognition of the actors in field. It can be seen that the shifting of regulation in zakat act affected to action strategy of the actors to win the contention by developing new cognition in zakat disbursement as known as zakat-based CDD. Nevertheless, the development of new cognition does not just happen. The most influential factor in the cognition development is knowledge from distant field. Here, the NGO's experience in social development project for LAZs, SMEs financing experiences of bank institution for LAZ BMM and PNPM project on community development for BAZNAS were captured as its distant field knowledge.

This finding is reminiscent of the concept of the strength of weak ties from Grannovetter (1973). NGO, bank institution and PNPM projects for zakat organizations can be identified as their weak ties in zakat practice. It is located in distant from the field, but it potentially develops new cognition for

zakat disbursement. Practice of Logframe and participative appraisal is something usual in NGO' programs and PNPM projects. It was the same things in the practice of supervision in SMEs financing in banking institution. When those concepts come to zakat practice, it can develop a new model for zakat program that is assessed more effective to improve the socio-economic condition of *mustahiq*.

Zakat-based CDD as new cognitive in zakat practice not only is considered as impact of institutional and field change which was predicted by Beckert (2010), but also can be seen as social skill in producing the strategic action in the field (Fligstein & McAdam, 2011). In this way, cognitive development process can be understood as the process of re-interpreting the institution to produce the strategic action for the actors. The cognitive development ability is most influenced by distant field environment of the actors. Therefore, by this experience, the future of cognitive development in the field of zakat practice in Indonesia seems to be strongly influenced by its broader field environment in political situation that influences the regulation, financial activities from banking institution and the existence of civil society that is represented in NGOs.

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