



An overview of institutional philanthropy and its evolution in Indonesia

 Fitriya^{1*}  Anur Hikmah¹  Mohammad Ridwan¹

¹ Faculty of Economics and Business, Bunga Bangsa Islamic University, Cirebon, Indonesia

*Corresponding E-mail: ffitriya196@gmail.com

Abstract:

Philanthropy in Indonesia has evolved since the early 20th century with the establishment of organizations such as *Boedi Oetomo*, *Sarekat Islam*, *Muhammadiyah*, and *Nahdlatul Ulama*. Numerous non-governmental organizations (NGOs) were founded during the New Order era, including *PKBI*, *Yayasan Dian Desa*, *LP3ES*, *P3M*, and *WALHI*. Following the fall of Soeharto, corporate and religious philanthropic organizations emerged, such as *Dompot Dhu'afa (DD) Republika*, *Pos Keadilan Peduli Umat (PKPU)*, *Yayasan Penguatan Partisipasi dan Kemitraan Masyarakat Indonesia (YAPPIKA)*, and *Yayasan Tifa*. This study employs a literature review method, utilizing data from various books and journals. Traditional philanthropy in Indonesia was primarily based on charity and compassion, while modern philanthropy focuses on structural changes and policies that support marginalized and minority groups. Modern philanthropic approaches incorporate social engineering techniques to address social issues such as poverty and inequality.

Keywords:

*Islamic Philanthropy;
History;
Institutions;
Politics.*

INTRODUCTION

Robert L. Payton (1926–2011) was a key figure who popularized and advanced the study of philanthropy. He began this work in 1988 by founding the Center on Philanthropy at Indiana University, where he served as its leader from 1988 to 1993. Several researchers involved in this project included Dwight F. Burlingame, Albert B. Anderson, Karen J. Blair, Dennis Young, Gregory Eiselein, Marcos Cueto, Jerome L. Himmelstein, Thomas H. Jeavon, Mike W. Martin, Mary J. Oates, J.B. Schneewind, David H. Smith, Warren F. Ilchman, Stanley Katz, and Queen II (Payton, 2011).

Payton also played a major role in redefining the meaning, existence, and significance of philanthropy to improve public life and welfare. From his ideas, various creative and innovative philanthropic institutions emerged, delivering services to

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society to achieve shared prosperity. In addition to Payton, Anheier contributed to developing various approaches used by philanthropic institutions from the classical to contemporary and future eras (Payton, 2011).

Anheier categorized the study of philanthropy into four approaches: the charity approach, the scientific philanthropy approach, the new scientific philanthropy approach, and the creative philanthropy approach. The charity approach is the original form of philanthropy that developed globally under different names and originates from religious beliefs such as tithing in Christianity, *Zakat*, *Infaq*, and *Sadaqah* (ZIS) in Islam, and *Dana Punia* in Hinduism. The charity approach is typically not regulated by specific laws and remains the most dominant form of philanthropy in many countries, despite its limitations such as temporary and limited impact (Anheier, 2005).

In the 20th century, the scientific philanthropy approach was adopted by many institutions. This approach applies social engineering techniques to address social issues such as poverty and inequality, assuming that these problems can be solved if their root causes are understood and identified. The main focus of this approach is education and research rather than direct social services. However, this approach often faces challenges such as long timeframes and high costs (Payton, 2011).

Following the scientific era, a new scientific philanthropy approach emerged, emphasizing broader and more sustainable impacts than the previous approach. Nevertheless, this approach also faced stagnation and later transitioned to what Anheier called the creative philanthropy approach. Creative philanthropy emphasizes the freedom and creativity of philanthropic institutions to make breakthroughs in service delivery. To achieve creative philanthropy, several prerequisites must be met: philanthropic institutions must be independent, free, and neutral, and they must be established for the common good, not for the interests of a few individuals or specific groups (Hladka, 2013).

Modern philanthropy has become an important topic with the rise of the concept of civil society, particularly due to its relevance to the independence of civil society. This independence is necessary to control authoritarian governments, empower communities, mitigate the negative impacts of the market, demand public accountability, and improve the quality and inclusiveness of governance (Hladka, 2013).

The term philanthropy comes from the Greek words "*Philos*" (love) and "*Anthropos*" (human), meaning love for humanity. Philanthropy refers to the practice of voluntary giving, service, and association to help those in need as an expression of compassion. The term emerged in the West during the 18th century when states and individuals began to feel responsible for caring for the weak. Although different in concept and practice, philanthropic traditions have existed in every culture throughout history.

In general, philanthropy is defined as voluntary action for the public good. There are two types of philanthropy: traditional philanthropy and modern philanthropy. Traditional philanthropy is based on charity or compassion, typically involving the giving of alms to the poor for basic needs such as food, clothing, and shelter. This orientation is often more individual, where donors are motivated by the desire to elevate their status and prestige in the eyes of the public, thus reinforcing the power relationship between the rich and the poor. Traditional philanthropy often only addresses the symptoms of poverty caused by structural injustice (Fauzia, 2020).

In contrast, modern philanthropy, also known as philanthropy for social development and social justice, aims to bridge the gap between the rich and the poor. This is done by mobilizing resources for activities that challenge the structural injustices that cause poverty and inequality. Social justice philanthropy holds that poverty is caused by inequities in resource allocation and access to power. Therefore, modern philanthropy seeks to promote structural changes and policies that favor the marginalized and minorities (even in Indonesia, the weak and the majority) (Farhan, 2017).

Modern philanthropy focuses on institutional and systemic change, with resources mobilized for activities that lead to social change through community organizing, advocacy, and public education. This orientation aligns with social movement organizations, which are typically represented by civil society organizations.

METHOD

This study is qualitative research conducted through a literature review approach (Sugiyono, 2017). The researcher relied on various literature sources to gather data, adopting a qualitative approach as the data produced are in the form of words or descriptions. Literature or library research refers to a study in which the primary source of analysis is drawn from books, journals, and other documented materials. In this research, the analysis was conducted by utilizing similar or related studies to the subject under investigation.

After gathering various relevant literature on the topic, the collected materials were analyzed through multiple library sources, including books, scientific journals, digital data, documents, and more. These resources were used to analyze the history and development of philanthropic institutions in Indonesia.

RESULTS AND DISCUSSION

The Evolution of Philanthropic Organizations in Indonesia

Indonesia, as a democratic nation, aims to ensure the welfare of its citizens, as outlined in the fourth paragraph of the 1945 Constitution's Preamble: "to form an Indonesian Government that protects all the people of Indonesia and the entire homeland of Indonesia and to promote the general welfare" (UUD 1945). This objective serves as a guiding principle for the country in its governance and requires active participation from its citizens to fulfill their needs and achieve welfare. The role of citizens as social actors is crucial in national life, ensuring that the state's goal of welfare is collectively realized.

Furthermore, the Indonesian state guarantees its citizens the freedom to live and meet their needs, including the freedom to associate and gather to pursue common goals. This right is enshrined in Article 28E, paragraph (3) of the 1945 Constitution, which states, "Everyone has the right to freedom of association, assembly, and expression." These constitutional guarantees provide a solid foundation for the development of civil society, empowering individuals and organizations to form groups aimed at addressing societal issues. As a result, non-governmental organizations (NGOs) have flourished in Indonesia.

The history and theory of organizational development in Indonesia indicate a significant evolution in the structuring of power and the roles of organizations. Organizations in Indonesia are broadly classified into formal and informal organizations (Saripudin, 2016). Formal organizations typically include government institutions, while informal organizations consist of private institutions, community organizations, and NGOs. Both types of organizations play pivotal roles in shaping the socio-political landscape of the country and addressing the needs of the population.

The evolution of NGOs in Indonesia can be divided into three distinct phases. The first phase began in 1945, with the establishment of non-profit organizations focusing on social issues such as education, health, and religion. Key examples include *Boedi Oetomo*, *Sarekat Islam*, *Muhammadiyah*, and *Nahdlatul Ulama*. These organizations played an important role in the early days of the Republic by addressing the immediate social needs of the population and laying the groundwork for future civil society efforts. They also fostered a culture of philanthropy through their religious and social missions.

The second phase occurred during the New Order under President Suharto, when many NGOs emerged to address issues related to industrialization and development. Organizations like *PKBI*, *Yayasan Dian Desa*, *LP3ES*, *P3M*, and *WALHI* were established in response to government-led development initiatives. These organizations often relied on international funding and focused on issues such as poverty alleviation, political participation, environmental sustainability, and community empowerment. During this period, NGOs became essential in promoting democracy, human rights, and grassroots mobilization.

After the fall of Suharto in 1998 and the onset of the Reform Era, the third phase of NGO development began. Corporate and religious philanthropic organizations, such as *Dompot Dhu'afa (DD)* and *Pos Keadilan Peduli Umat (PKPU)*, emerged as a response to the 1998 economic crisis and increasing ethnic and religious tensions. These organizations sought to leverage domestic resources, such as individual and corporate donations, to address the nation's social and economic challenges. The Reform Era saw a surge in civil society organizations due to increased freedom of expression and association.

The continuous evolution of philanthropic organizations in Indonesia reflects the growing awareness of the need for collective social responsibility. With the increasing complexities of societal challenges such as poverty, education, and healthcare, the role of NGOs and civil society organizations becomes even more critical. These organizations have not only adapted to the changing political and social environments but have also been instrumental in shaping national policies related to social welfare. As the state continues to support civil liberties and the freedom of association, the potential for further growth and innovation in the philanthropic sector remains high. This ongoing evolution is a testament to the resilience and adaptability of Indonesian civil society in addressing the ever-changing landscape of social issues.

The Role and Challenges of Modern Philanthropy in Indonesia

Since the Reform Era, the freedom to express opinions and organize has allowed non-governmental institutions to grow rapidly. Six years after the Reform movement, the Directorate of Politics and Communication reported that 470 civil society organizations were operating in 26 provinces across Indonesia. These organizations became a driving force in the nation's development, working alongside the government

and the private sector to advance societal welfare. Non-profit organizations, including philanthropic institutions, fulfill a variety of roles, such as interest mobilization, legal advocacy, civil service provision, and promoting social welfare (Afifudin, 2020).

The potential for the growth of philanthropic organizations in Indonesia is immense, as seen in the increasing number of institutions working in this field each year. However, the management and operational practices of these organizations are still developing, and they face challenges related to long-term planning and sustainability. Many organizations struggle with maintaining consistent funding, developing effective management strategies, and aligning their missions with broader national goals (Abror, 2015). Despite these challenges, Indonesia continues to see a rise in modern philanthropic institutions.

Many modern philanthropic organizations have adopted models first popularized in the United States, such as the Ford Foundation and the Rockefeller Foundation. These foundations, which have operated for over a century, have shifted from family-controlled entities to public trusts, disbursing funds for the greater public good. Their influence extends to Indonesia, where their donations have supported sectors like education, healthcare, and community development (Jusuf, 2007). The philanthropic spirit these organizations represent continues to grow, with thousands of grant-giving institutions now operating worldwide, including those that benefit Indonesia.

Indonesia's philanthropic history has deep roots in religious traditions, with both Christian and Islamic organizations playing crucial roles in missionary and dawah activities. These activities focused on providing social services such as education, healthcare, and social welfare. Muhammadiyah, an Islamic organization founded in 1912, exemplifies the role of religion in community-based philanthropy. Muhammadiyah manages thousands of educational institutions, hundreds of hospitals, and numerous social welfare facilities across Indonesia, highlighting the long-standing tradition of religious philanthropy (Bahjatullah, 2016).

In the 1970s, a second wave of philanthropy emerged with the development of civil society organizations, commonly referred to as NGOs. These NGOs arose in response to modernization and the social problems it caused, including poverty, environmental degradation, gender inequality, and human rights violations. Unlike traditional philanthropic organizations, these NGOs not only provided services but also engaged in advocacy, pushing for systemic change in governance and resource allocation. Under Suharto's regime, ideas of community participation, empowerment, and human rights gained increasing importance (Farhan, 2017).

The economic crisis of 1997, which led to Suharto's downfall, prompted the emergence of corporate philanthropic organizations. The crisis triggered a new spirit of philanthropy, encouraging long-term initiatives designed to empower communities to become self-sufficient (Fauzia, 2016). By 2003, approximately 30 corporate foundations were operating in Indonesia. Some of the most prominent modern philanthropic foundations include *Dompot Dhu'afa (DD) Republika*, which manages Islamic philanthropic funds; *Pos Keadilan Peduli Umat (PKPU)*, which addresses social issues with a professional and accountable approach; *Yayasan Penguatan Partisipasi dan Kemitraan Masyarakat Indonesia (Yappika)*, which focuses on institutional capacity building; and *Yayasan Tifa*, which promotes pluralism, justice, and equality (Fauzia, 2016).

While the modern philanthropic landscape in Indonesia has made significant strides in addressing systemic issues such as poverty and inequality, it still faces challenges related to transparency, accountability, and the effective use of resources. The integration of modern management practices with traditional philanthropic values can enhance the sustainability of these organizations. Moreover, collaboration between philanthropic institutions, the government, and the private sector can create a more structured approach to tackling long-term social issues. As modern philanthropy continues to evolve, it will be essential for these institutions to focus on strengthening their organizational capacities to ensure that their efforts create lasting social impact.

CONCLUSION

The conclusion and findings of the study reveal that philanthropic institutions have played a vital role in shaping and developing various aspects of social life and public welfare in Indonesia. Initially driven by religious initiatives such as Muhammadiyah and Christian missionary organizations, philanthropy later evolved into non-governmental organizations (NGOs) during the 1970s and 1980s. These NGOs responded to modern issues such as human rights, environmental conservation, and social inequality, demonstrating philanthropy's capacity to adapt to existing social and economic dynamics.

The study also highlights the crucial role of corporate philanthropy in responding to the economic crisis of the late 1990s, which motivated businesses to become more actively engaged in sustainable development and community empowerment. This evolution not only transformed the landscape of philanthropy in Indonesia but also represents a significant shift in how these institutions contribute to national development.

Furthermore, the findings indicate that philanthropy in Indonesia today extends beyond the provision of social services, acting as a driver of public policy and innovation in social development. Strong collaboration between philanthropic institutions, the government, the private sector, and civil society has been key in addressing the complex challenges faced by the nation, such as poverty, inequality, and environmental sustainability.

This study underscores the immense potential for philanthropy to continue playing a strategic role in achieving inclusive and sustainable development goals in Indonesia. With strong commitments from all relevant stakeholders, philanthropy can become a powerful force in accelerating positive social transformation and enhancing the overall quality of life for Indonesian society.

AUTHOR CONTRIBUTION STATEMENT

The article was produced through the collaborative efforts of three authors, each contributing in distinct ways. As the lead author, Fitriya was responsible for conceptualizing and designing the research. She spearheaded the primary writing process, which included gathering historical data from various primary and secondary sources related to the evolution of philanthropic institutions in Indonesia. Fitriya also conducted a thorough analysis of the collected data, developing the historical narrative and contextualizing the growth of these institutions over time.

Anur Hikmah, the second author, played a key role in collecting additional data and performing quantitative analysis. Anur conducted fieldwork and interviews with multiple stakeholders in the philanthropy sector to enrich the research with diverse perspectives. Furthermore, Anur took charge of revising the manuscript, incorporating the latest literature, and assisting in constructing the theoretical framework that underpins the article's analysis.

As the third author and supervising lecturer, Mohammad Ridwan provided overarching guidance and supervision throughout the research and writing phases. He ensured that the methodology met rigorous academic standards and contributed valuable feedback, corrections, and insights to improve the academic quality of the manuscript. Additionally, he played an essential role in shaping the article's arguments and interpretation of data while ensuring coherence and consistency across all sections.

The authors collaborated closely at each stage of the project, from designing the study and collecting data to analyzing findings and finalizing the manuscript. They jointly approved the final version for publication, underscoring their commitment to the academic integrity and quality of the work. This partnership reflects a shared goal of contributing to a deeper understanding of the history and development of philanthropic institutions in Indonesia.

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