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Strategic Innovation in Philanthropic Institutions to Reduce Poverty Due to the Impact of COVID-19

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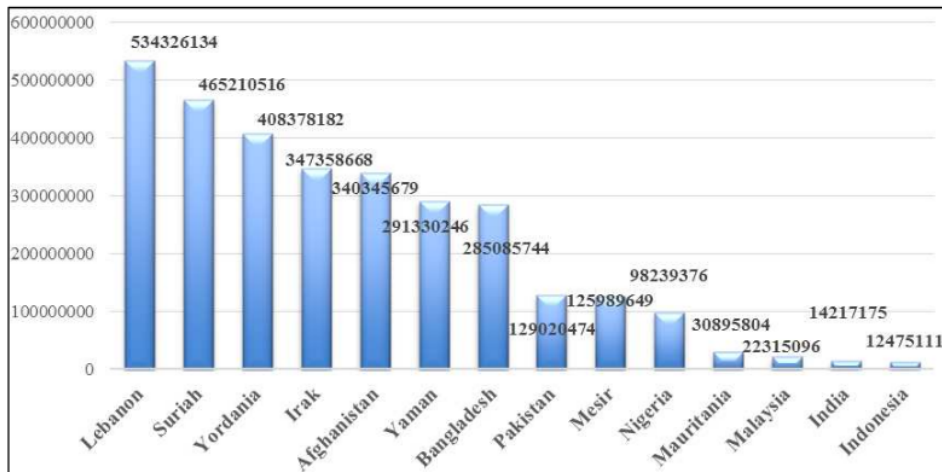
Abstract: The impact of COVID-19 is one of the causes of current world inflation, in addition to the war in Ukraine and climate change. To overcome the world crisis, UNHCR collects zakat and alms funds from organizations and institutions. The global Muslim community then distributed zakat funds to 134,432 families in various countries. Indonesia is one of the recipients of zakat funds. In Indonesia, zakat and alms programs are managed by philanthropic institutions. When the pandemic case broke out, philanthropic institutions changed their strategies and programs to help the government reduce the coronavirus's transmission rate and poverty. The research method is qualitative, and the selection of informants uses a purposive method. The informant is the head of a philanthropic institution and was interviewed. The results of the interviews were analyzed with QSR N Vivo 12. This study identifies changes in philanthropic institutions' adaptation and innovation strategies during the pandemic. Of the two programs implemented before the pandemic, during the pandemic, there were eleven innovation programs. There are two strategic changes, namely changing organizations that can adapt during the COVID-19 pandemic to provide additional benefits for vulnerable and poor community groups. The expected outcome of the strategy is behavior change to follow health protocols, and funds are given to continue their MSMEs. The second way is to increase the number of program and activity targets, namely education, disaster, empowered villages, farmer awakening, food security, SMEs, public health, the role of women, sanitation, social religion, and street vendors.

Keywords: Strategic Innovation, Organizational Adaptation, Philanthropic Institutions, COVID-19, Poverty

1. Introduction

The impact of COVID-19 is one of the causes of world inflation today, in addition to the war in Ukraine and climate change [1, 2]. Inflation occurred due to increased world food and energy commodity prices, triggering high inflation in many countries. Indonesia experienced annual inflation of 4.35% (YoY) in June 2022, the highest in the last five years [3]. In the October 2022 edition of the World Economic Outlook report, the International Monetary Fund (IMF) projects that Indonesia's inflation rate will continue to increase to 4.6% in 2022, then rise to 5.5% in 2023. Compared to other countries, Indonesia's inflation is still low [4]. To overcome the world crisis caused by COVID-19, war, and poverty, UNHCR collects

zakat and alms funds from global Muslim organizations and communities, then distributes them to families in various countries [5]. This activity has been carried out through the Refugees Zakat Fund program since 2019 [6]. In 2021, UNHCR distributed zakat funds to 134,432 families across various countries [7]. Yemen is the largest zakat recipient country, with 49,016 families. The largest recipient countries of global zakat funds are Bangladesh, with 43,478 families receiving zakat, Lebanon 20,225, Jordan 15,056, India 1,913; and Indonesia 857 families. UNHCR sees zakat as having a significant role in dealing with the world crisis. Global Islamic philanthropic institutions have become partners that are expected to help UNHCR. The figure below describes the UNHCR distributing Zakat Funds in 14 Countries.



Source: [3], Databoks, Katadata.co.id

Figure 1. UNHCR Distributes Zakat Funds in 14 Countries (in US \$).

In Indonesia, zakat and alms programs are managed by philanthropic institutions that have a legal basis and are non-governmental organizations [8]. Among the institutional philanthropic are Muhammadiyah, Nahdlatul Ulama, Aisyiyah, LazisMu, Indonesian Christian Women, MNC Peduli, Elshinta Peduli Humanity Foundation, Kompas Humanitarian Fund Foundation, Pundi Amal Peduli Kasih Foundation, Salman Amal House. Based on data from the Directory of Philanthropic Institutions in Indonesia 2022, the total number of members of philanthropic institutions is 88 [9]. Muhammadiyah, Nahdlatul Ulama, and Aisyiah are the three largest philanthropic institutions in Indonesia, with a total fund of more than 600 billion rupiahs, which Muhammadiyah had collected around 21,871,629.06 US dollars with 28,570,831 beneficiaries as part of the pandemic COVID-19 response program.

The government admits that the COVID-19 pandemic in Indonesia that has occurred since the beginning of 2020 has forced the public to make various changes [10]. Large-Scale Social Restrictions (PPKM) were officially announced and enforced on March 31, 2020. PPKM was enforced on January 11-25, 2021, which later changed to PPKM Micro on February 9, 2021, and Emergency PPKM on January 11, 2021. 3-20 July 2021, PPKM will be leveled from level 1 to 4 by adjusting regional conditions. Enforcement of these regulations has effectively reduced the spread of the virus but has impacted all areas of society [11, 12]. As a result of the enactment of these regulations, not a few private companies and Micro, Small, and Medium Enterprises (MSMEs) were forced to lay off their employees and threatened to go bankrupt. Previously, MSMEs had absorbed 112 million workers, or 95% of Indonesia's total workforce, and contributed \$568 billion (57%) to Gross Domestic Product [13]. Data from the Central Statistics Agency (BPS) for 2020 explains that there has been an increase in the number of

poor people from 24.79 million as of September 2019 to 27.55 million as of September 2020 [14]. The impact of this pandemic is also a severe challenge to the sustainability of the government and society [15].

PPKM causes employees to be forced to work from home [16] and time restrictions for employees working in the office [17]. Business organizations must consider the safety and health of their employees [18] and ensure that health protocols are strictly enforced [19], thereby limiting mobility [20]. On the other hand, the COVID-19 pandemic has driven the digital acceleration process and has changed the attitude of most people toward information technology [21]. The rapid development of technology and innovation [22, 23] also demands acceleration in adaptation. Technology and digitization are essential in helping organizations survive during a pandemic [24, 25]. Various technological innovations have had a real impact on changing the world [26]. In the new normal era, with various restrictions on the application of health protocols, technology has become necessary for every organization.

Before the COVID-19 pandemic, the activities of Philanthropic institutions in Indonesia focused on collecting zakat and alms funds and distributing them to help groups of poor people [27]. After the pandemic, they tried to innovate strategies [28]. This study aimed to determine the extent to which the adaptation and innovation strategy was carried out, how they implemented the innovation strategy effectively, and how the results were.

2. Literature Study

Innovation addresses social challenges, such as income inequality, unemployment, and climate change [35]. It seeks to discover, develop, and implement new ideas to solve problems faced by individuals and community groups [26].

McGowan argues that social innovation depicts relational, developing, promoting, and implementing new solutions in a way that is directed to bring about significant change [36]. These new solutions emerge through cross-sector collaboration, collaboration, and resource sharing aimed at helping and empowering communities to solve complex social challenges and create change [37]. Social challenges, such as health problems, COVID-19, climate change, urban mobility, poverty, income inequality, and violent conflict, require new, sustainable and innovative solutions [38]. Successful social innovation has innovation theories' resilience, scale, and transformative impact. [39]. Beyond organizational and management studies, theory and applications also occur in nonprofit studies, public administration, and public policy. A platform that challenges and, over time, changes the routines and resources of a more comprehensive social system.

Philanthropic institutions focus on community empowerment issues [40]. Islamic philanthropy activities in Indonesia have received attention from academics, practitioners, and policymakers. Several community organizations and state institutions promote Islamic philanthropic activities to foster social justice. Islamic philanthropy – if managed professionally – can make a real contribution to the development and prosperity of Indonesia [41]. Philanthropy is considered capable of overcoming contemporary human problems. The social values contained in it are part of the prosocial nature of humans. Philanthropic institutions are trying with their programs to eliminate the poor and marginalized [42]. The involvement of the community, the state, and social institutions, is the core goal of the philanthropic movement so that humans are free from misery and poverty.

Zakat is an obligation with a very high philanthropic value because it has helped the poor and reduced social inequality [22]. The strengthening of expectations for the implementation of philanthropic institution programs has a close relationship with the condition of the nation, which has not yet fully risen from adversity due to national economic conditions, health, poverty, and a prolonged pandemic. This condition resulted in the widening of economic disparities between classes in society. Therefore, the vital role of Philanthropic institutions is to help the government overcome economic problems and poverty [43].

3. Research Method

This study uses a qualitative approach to select informants based on the purposive sampling method [29]. This technique allows researchers to determine key informants who understand of the condition of the object of research and understand the roles, strategies, and programs of philanthropy organizations to help the poor during the COVID-19 pandemic. Informants are leaders who represent their institutions. Researchers use probing techniques to obtain confidential and relevant data from informants to enrich information [30]. Researchers prepared interview

sheets to obtain data from research subjects [31]. Then, the interview results were analyzed using QSR N Vivo 12. N Vivo is considered capable of providing a complete and ideal, and complete tool for qualitative data analysis [32]. Qualitative research methods can use CAQDAS (Computer Aided Qualitative Data Analysis Software) software to perform qualitative analysis [33]. CAQDAS can search, link items, code, perform queries, annotate, and map research data [34].

Table 1. Informant Name and Organization.

No.	Organization	Address	Total
1	Lazismu	Jakarta	1
2	Aisyiyah	Jakarta	1
3	Enuma	Central Java	1
4	Muhammadiyah	Jogjakarta	1
5	Christian women	Jakarta	1

Source: Researcher, 2022.

4. Data Analysis

4.1. Word Cloud and Frequency Query with QSR N Vivo 12

Based on the data collected from the informants obtained 23 words based on the highest weight, and the most frequently appearing are government policies implementing PPKM (4.42%); Followed by the role of NGOs (1.47%), the impact of the pandemic (1.47%), the impact of COVID-19 (1.29%), the impact of PPKM on SMEs (1.29), the impact on companies, local government, innovation each (1.10%) distribution and use of zakat and alms funds, health programs, lazismu, new policy, and helping the poor, implementation of philanthropic institution programs (0.92), helping community groups, employment, increasing local programs, improve technology and work (0.74). The word cloud shows that words of significant value indicate the presence of the most outgoing words, words of small value, and the percentage that leaves the least [44].



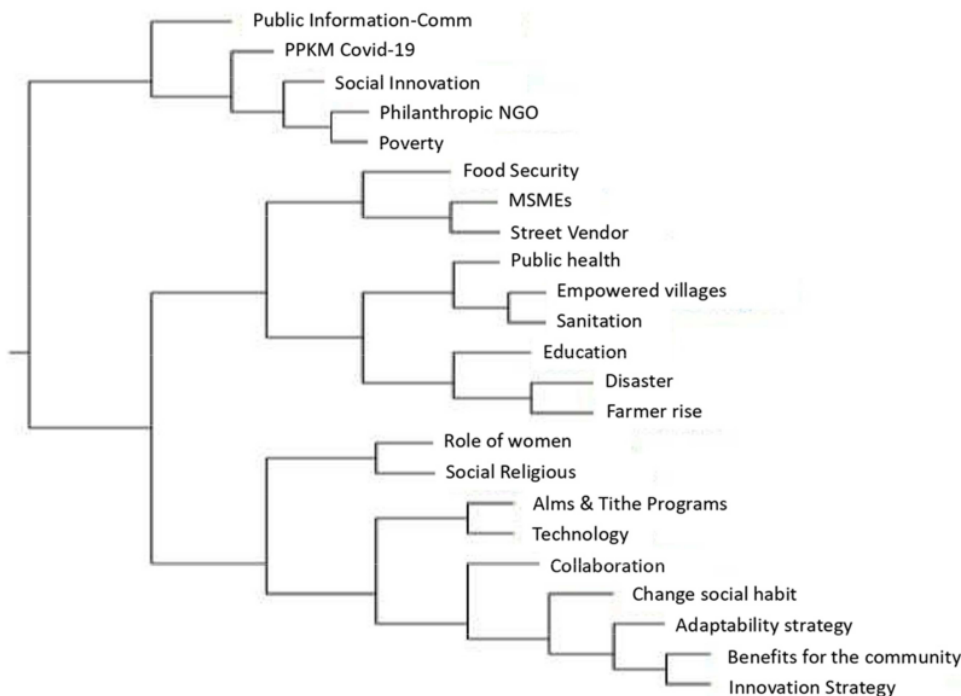
Source: processed from N Vivo 12

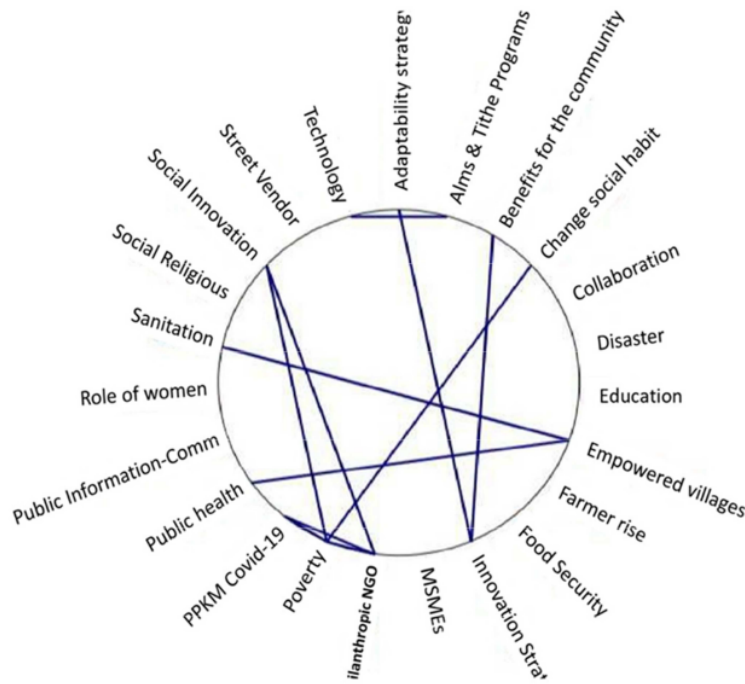
Figure 2. Word cloud data analysis result.

4.2. Word Frequency and Spherical Hierarchy Diagrams

The explore diagram shows a series of philanthropic institution strategies and programs to raise the people's economy from poverty and the need for innovation programs. The hierarchical diagram is used to see the dominance of innovation strategy factors and adaptation strategies of Philanthropic institutions based on the amount of coding in the data source. A hierarchy chart is a diagram showing hierarchical data in rectangles of various sizes and round shapes [45]. The Hierarchy Diagram shows the many factors resulting from the organization's innovation and philanthropic adaptation strategies. For example, the code's coding on the node (number of references) is based on the results of interviews with researchers, articles, and videos [46]. Hierarchy charts should be scaled according to the available space so that the size of the rectangles should be considered against each other, not in absolute numbers [47]. The largest area is shown at the top left of the figure, while the smallest is at the bottom right [48].

The hierarchical chart illustrates that during the COVID-19 pandemic, philanthropy organizations have changed the organization's strategy from 2 programs to 11 programs. The eleven programs for the distribution and utilization of alms and zakat funds are education, disaster, empowered village, farmer rise, food security, SMEs, public health, the role of women, sanitation, social religious, and street vendors. There are two adaptation strategies: change in social habits and poverty. Three informants explained that the government should collaborate with Philanthropic institutions to make new policies to help marginalized (poor) communities, bankrupt SMEs, and companies that collapsed due to the PPKM policy. Philanthropic institutions support the government with limited budgets and collaborate with other Philanthropic institutions collaborating with other Philanthropic institutions to help the poor, MSMEs, mitigation, farmers, sanitation, and others.





Source: Processed from N Vivo 12

Figure 3. Word hierarchy chart and Item cluster by word similarity.

4.3. Cluster Analysis and Pearson Correlation Coefficient Results

Cluster analysis is used to determine the correlation of relationships based on the similarity of words in the data source or node selected for comparison [49]. Data sources (nodes) that have a high degree of similarity are based on the occurrence of nodes, and the frequency of words will be displayed in groups. Data sources (nodes) that have a

lower level of similarity based on the occurrence of nodes and word frequency will be separated. Cluster analysis can be seen in table 2 below. Based on the similarity relationship based on words, the impact of PPKM policies has a close correlation with companies, changes for the poor, MSMEs, helping poor groups, and the government needs Innovation policies and Impacts on NGOs. The next feature is tabulation to display the analysis of correlation numbers. The result is:

Table 2. Pearson correlation coefficient.

Code A	Code B	Pearson correlation coefficient	Interpretation
Nodes\Innovation Strategy	Nodes\Benefits for the community	0.7500250	Strong
Nodes\Social Innovation	Nodes\Philanthropic NGO	0.7347550	Strong
Nodes\PPKM Policy COVID-19	Nodes\Philanthropic NGO	0.7229510	Strong
Nodes\Innovation Strategy	Nodes\Adaptability Strategy	0.7186420	Strong
Nodes\Social Innovation	Nodes\PPKM Policy COVID-19	0.6740970	Strong
Nodes\Benefits for the community	Nodes\Adaptability Strategy	0.6634180	Strong
Nodes\Innovation Strategy	Nodes\Collaboration	0.5447800	Moderate
Nodes\Innovation Strategy	Nodes\Collaboration	0.5447800	Moderate
Nodes\Social Innovation	Nodes\Information to Community	0.5403800	Moderate
Nodes\Social Innovation	Nodes\Innovation Strategy	0.5389770	Moderate
Nodes\Information to Community	Nodes\ PPKM Policy COVID-19	0.5375950	Moderate
Nodes\Phiilanthropic NGO	Nodes\Innovation Strategy	0.5008900	Moderate
Nodes\Technology	Nodes\Adaptability Strategy	0.4809280	Moderate
Nodes\Social Innovation	Nodes\Adaptability Strategy	0.4736060	Moderate
Nodes\Collaboration	Nodes\Benefits for the community	0.4670990	Moderate

Source: processed from N Vivo 12.

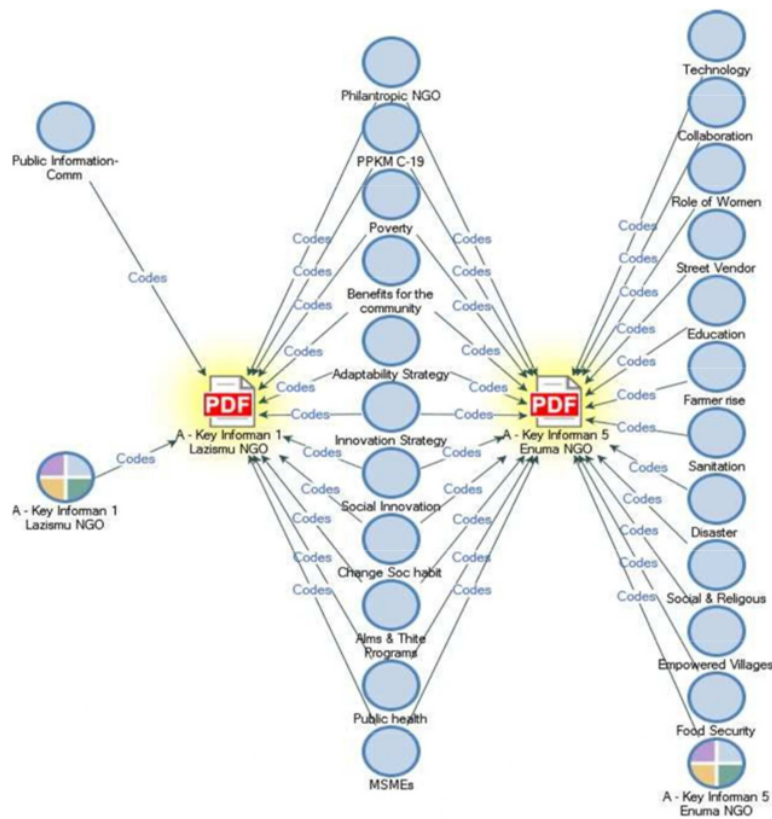
The innovation factor of the institution's philanthropic strategy will be of great benefit to the community. Table 2 illustrates the Pearson correlation coefficient between the innovation strategy of philanthropy organizations and benefits for the community, which is 0.7500, indicating that the correlation between the two factors is strong. Next is the relationship between social innovation and philanthropy organization, where the Pearson correlation coefficient is 0.7348; the relationship is also strong. The correlation coefficient between strategic innovation and strategy adaptation is 0.7186, and the Benefits for the community with Adaptability Strategy philanthropy organization is 0.6634, meaning that the two main strategies of philanthropy organizations receive significant attention for benefits for the community. An interesting factor is the Pearson PPKM Policy COVID-19 correlation coefficient with philanthropy organizations, the value is 0.7229, and the correlation is strong. This value shows the government's hope for Philanthropic institutions to work together to overcome the spread of the corona-virus and asks Philanthropic institutions to carry out social innovations (0.6741) and improve various information to the community (0.5376). So, the innovation

factor of philanthropic institution strategy and social innovation of the philanthropy organization during the COVID-19 pandemic are the main choices that Philanthropic institutions must make.

4.4. Correlation Analysis of N Vivo 12 with Interview

The results of the correlation coefficient need to be accompanied by a narrative, namely the spread of COVID-19 in the regions accompanied by enforcement of activity restriction regulations, effectively reducing the spread of the virus but having an impact on all areas of society, MSMEs, health, and decreasing purchasing power. For this reason, the government and society need an innovative and adaptive philanthropic institution program. The explanation is as described in the interview results below.

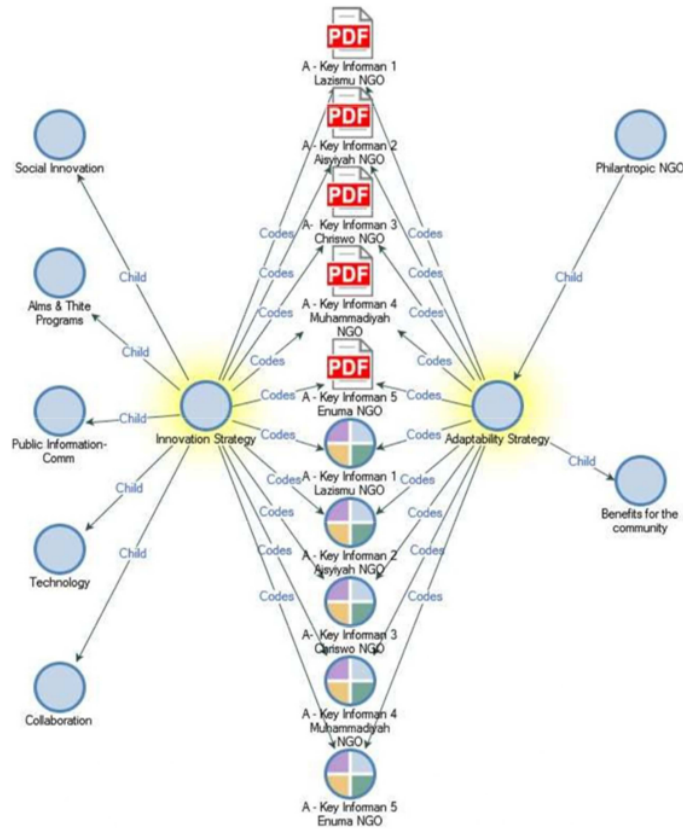
Next is the use of the Comparison feature. This feature produces a comparison diagram of the same two relationships between philanthropic institution programs in analysis projects, for example, items contained in data sources nodes or cases. The relationship between the programs uses Enuma as a comparison program. It can be seen in Figure 4 below.



Source: processed from N Vivo 12

Figure 4. Clustered Analysis Comparison of Philanthropic institution Programs.

Figure 5 below illustrates the opinions of five informants of Philanthropic institutions in implementing innovative and adaptive strategies and programs during the COVID-19 pandemic and benefiting the community.



Source: processed from N Vivo 12

Figure 5. Clustered Analysis of Institutional Philanthropy Strategy and Program Implementation.

5. Discussion

Since the COVID-19 pandemic, Philanthropic institutions in Indonesia have tried to change adaptive strategies and programs. Data from informants shows four basic strategies of philanthropy organization, namely a). Strategy adaptation [50], namely the strategy for utilizing and distributing funds to respond to the pandemic; Involvement of donors and partner cooperation; Financial system management; Communication and coordination, b). Strategic innovation focuses on changing organizational systems to improve efficiency and performance; Fundraising innovation and collaboration; Innovation in developing new programs, and higher-quality services; c). Innovation and adaptation strategies are the key to the survival of Philanthropic institutions in the COVID-19 pandemic, which cannot be predicted when the expiration date, and to continue providing the best benefits for the community [51]. During the COVID-

19 pandemic, Philanthropic institutions have implemented strategic adaptations and innovations. The implementation of the innovation strategy is running effectively. Six of the eleven innovation programs are described below. Meanwhile, adaptive program innovations are included in the interview summary below.

5.1. Educational Programs

The educational program, called EdutabMu, is part of the Transformation of Learning in Digital-Based Schools. The transformation is done by providing a Learning Tablet device. Enuma organized this program with Muhammadiyah and Aisyiyah. Enuma is a start-up and technology company based in Berkeley, California, and South Korea. Since 2012, Enuma has been making learning applications for children with special needs and self-study to help with this program. This program aims to realize the acceleration of advanced, inclusive, and digital learning, as well as to ensure the realization of education for all without dependence on the internet network

for all regions in Indonesia. Starting from the Early Childhood Education Program (PAUD) to grade 2 Elementary School. Edutabmu program includes learning about numeracy and literacy. In 2021, Enuma conducted a pilot, and this program was distributed to beneficiaries in 47 Muhammadiyah and 'Aisyiah schools in Java Island with the following details: Banten and Jakarta provinces 4 schools, East Java 7 schools, Central Java 6 schools, Yogyakarta 17 schools, and West Java 17 schools. In the first year, the beneficiaries of Edutabmu were 200 students, 188 teachers, and 605 tablets containing literacy, numeracy, Indonesian and English strengthening content. The success of this program has received positive responses from various parties; the schools involved said that the Enuma School application was very helpful in improving students' primary literacy achievement and the brand image of Muhammadiyah schools. As a continuation of this program, Lazismu and Enuma then collaborated with The Head Foundation, a Singapore-based NGO, to support program implementation through the provision of grants for two years for broader use of this application, covering several provinces. Outside Java, such as North Sumatra, Bangka Belitung, North Kalimantan, and South Sulawesi, with 2,800 students. The 605 tablets contain strengthening literacy, numeracy, Indonesian and English.

5.2. Farmers Rise Program

The Tani Bangkit program departs from the philanthropic institution's concern for poor farmers in the Klaten area, Central Java Province, with rice yields that are not optimal [52, 53]. From various academic studies, the root cause of farmers' poverty here is the fall in prices at harvest time and the condition of damaged planting land due to chemical fertilizers. The solutions include restoring soil nutrients, training and mentoring organic rice farmers, and building a market network so that this program runs flawlessly. Lazismu works closely with strategic partners such as the Community Empowerment Council, Economic Council, Local Government, Companies, Financial Institutions, farmer group associations, Muhammadiyah, and Aisyiah. Muhammadiyah absorbs the market to anticipate the decline in rice prices during the main harvest and distributes it to millions of its members.

5.3. Sanitation Program

Lazismu implements the sanitation program in Gunungkidul Regency [54]. This district is known to the public as a location that often experiences drought due to sterile natural conditions, rocks and coral reefs, and the high cost of clean water. This location is Lazismu's priority location in implementing a pilot project to construct deep wells to meet the need for clean water for the community. Lazismu collaborated with community groups, Muhammadiyah and Aisyiah, and the local government to build an artesian well in Gunungkidul Regency. The sanitation program benefits for the people here, so that they can meet their clean water needs very cheaply, even for free.

To date, hundreds of wells have been built in Gunungkidul Regency. In addition to building wells, also built water pipe installations to drain water from caves around Gunungkidul Regency which, based on the results of academic research, meet the eligibility standards for consumption.

5.4. Indonesia Siaga Program

Indonesia, an area prone to various natural disasters, has initiated a philanthropic institution to create a disaster program [55, 56]. Muhammadiyah's philanthropic institution established a Disaster Management Center [54] and collaborated with Lazismu in implementing the Indonesia Siaga program. This program involves elements of the school and the community. Our identification is from several disaster events, and the residents' panic is caused by the lack of education about disasters. From this identification, it is necessary to conduct training and disaster simulations, so the community knows what to do during a disaster. This simulation activity has been carried out in various places such as Central Java, East Java, Jogjakarta, West Java, Kalimantan and Sulawesi to foster community preparedness in dealing with disasters. These disasters come from volcanic eruptions, earthquakes, floods, and tsunamis, based on the most significant potential in a location. This program is run in collaboration with the Disaster Management Agency at the local level.

5.5. Healthy Village Program

The Healthy and Empowered Village Program is implemented by Lazismu in the District of Nyalindung Village, Bogor Regency. Starting from Lazismu's concern for the condition of the community in Nyalindung Village, Bogor Regency, an area not far from the National Capital but with lagging conditions and a lack of sanitation facilities and health services for nutrition [57]. The Integrated Health Center service is carried out for three months by visiting the surrounding village communities. The results of the assessment carried out by the Lazismu program team showed that the habits and knowledge of the community were still shallow regarding a clean and healthy lifestyle, so solutions were formulated to overcome this through education, counselling, and health services, as well as training, providing business capital and mentoring. In this Empowered Healthy Village program, integrating several programs in Lazismu which are carried out in one location, such as the community sanitation program, MSMEs, renovation of houses of worship, and health services or Indonesia mobile clinic, with initial assistance in the form of health services, puskesmas equipment, surgery shop, and business capital, sanitation development, and renovation of houses of worship. In implementing this program, the Economic and Entrepreneurship council, Muhammadiyah Central Executive Board, Jakarta Islamic hospital, and elements of the village government are also involved. Health services or Indonesia mobile clinics with initial assistance include health services, health center

equipment, stall surgery, business capital, sanitation development, and renovation of houses of worship. The success of the Healthy and empowered village program in Bogor has been implemented in Tanjong Village, Brebes Regency, Central Java. In implementing this program, the Economic and Entrepreneurship council, Muhammadiyah central executive board, Jakarta Islamic hospital, and elements of the Village Government were also involved.

5.6. *Qurbanmu Program*

Qurbanmu program is a program for Food Security. This program distributes sacrificial meat, which has been done conventionally by some people in Indonesia. Meat is distributed to crowded, slum areas, poor, and still never eat meat. From these problems, Lazismu, in collaboration with home industries, initiated the need for innovative packaging and cans. Processed *qurban* meat is made in *rendang* packaging and can last up to two years. The *qurban* meat is distributed equally to the poor and underprivileged and given to disaster areas throughout Indonesia.

6. Conclusion

Philanthropic institutions have played an essential role during the COVID-19 pandemic. This role can be seen from the changes in their strategy. Before the pandemic, they had two programs, but during the pandemic, it was changed to eleven programs. The eleven programs are education, disasters, empowered villages, emerging farmers, food security, MSMEs, public health, women's roles, sanitation, socio-religious, and street vendors. They also carry out program adaptation strategies. There are two things to do: change social habits and poverty during the pandemic. Philanthropy organizations support the government with limited budgets and work with other Philanthropic institutions to collaborate with other Philanthropic institutions to help the poor, MSMEs, mitigation, farmers, sanitation, and others. Philanthropy organizations also hope the government will collaborate with Philanthropic institutions and NGOs to make new policies to help the marginalized (poor), bankrupt SMEs, and collapsed companies.

The N Vivo 12 QSR program analysis results explain the organization's expected philanthropic program. The most expected program with a strong correlation coefficient is in the correlation of Institutional philanthropy strategy innovations that will significantly benefit the community; the relationship of social innovation with philanthropic institution programs is also a determining factor. The values of the N Vivo correlation coefficient show that philanthropy organizations' strategic innovation factor and social innovation during the COVID-19 pandemic are the main choices that Philanthropic institutions must make. The correlation coefficients of strategic innovation with strategic adaptation, and the correlation of benefits for society with adaptability strategies of Philanthropic institutions, show that both correlations are strong and aim to alleviate poverty. An interesting factor is the Pearson PPKM Policy COVID-19 correlation coefficient with philanthropy organizations; the

correlation is strong. This value shows the government's hope for Philanthropic institutions to work together to overcome the spread of the corona-virus and asks Philanthropic institutions to carry out social innovations and improve various information for the community.

Ethical Issues

This study was approved by the Muhammadiyah University Research Ethics Review Board (010-UC-0011-2021).

Competing Interests

The Authors declare that they have no competing interests.

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