

Management of Sadaqah through social enterprises: A study on Anjuman Mufidul Islam Bangladesh

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Abstract

Islam prefers a society where justice and equity is maintained and any business upholding the social justice and equity by ensuring social and environmental sustainability may be considered as a business in accordance with Islamic principles. In fact, social enterprises are such business concerns in modern context. Instead of scatter contribution of Sadaqah, its efficient use through the establishment of social enterprises may help ensuring social justice and uphold the prime purpose of Islamic financial systems. Anjuman Mufidul Islam, Bangladesh is one of such enterprises and the study is an endeavor to evaluate the management of Sadaqah by this enterprise. The research also attempts to propose a model for efficient management of Sadaqah through social enterprises. The secondary sources of data collected from the annual report of Anjuman Mufidul Islam, Bangladesh have been used to evaluate how well it is managing Sadaqah and a model for efficient use of Sadaqah has been proposed based on the existing models of social enterprises.

Keywords Sadaqah Management, Social enterprises, Anjuman Mufidul Islam, Bangladesh

Paper type Research paper

1. Introduction

Isolated wealth creation is forbidden in Islam as it does not support the Islamic economic framework. Economic justice, social welfare and equitable society are some of the important features. Islam allows people to do business and enrich themselves but at the same time it warns about the social responsibilities of the entrepreneurs (Shazad, 2009). Again, Sadaqah or voluntary charity has been promoted in Islam and



thought to be a splendid activity. In the holy Qur'an the importance of Sadaqah is narrated. It is said that giving charity either in day or night, in public and in secret only to please Almighty Allah will be rewarded. (Qur'an, 2:274) Necessity of Sadaqah has also been narrated in several hadith. For example, Prophet Mohammad (SAWS) says, "Sadaqah extinguishes sin as water extinguishes fire" (Tirmidhi). He also says, "The believer's shade on the Day of Resurrection will be his Sadaqah." (Ahmad). Towards the establishment of social justice through Islamic Financial Systems, two important sources of fund are thought to be important; one is Zakah and another is Sadaqah. In recent years, the institutional management of such funds has been given much importance and some institutions are seen to put steps forward in this regard in Bangladesh. Anjuman Mufidul Islam Bangladesh is such a social enterprise which manages charity fund for the social welfare. Keeping the importance of institutional management of Sadaqah, this study is an effort to explore the ways in which Anjuman Mufidul Islam works, and to evaluate its activities of fund management.

2. Objectives of the study

The study is an attempt to explore the management of Sadaqah by Anjuman Mufidul Islam, Bangladesh. The research also attempts to propose a model for efficient management of Sadaqah through social enterprises.

3. Literature review

A vivid picture of social injustice can be drawn from the statistics of Global income statistics where it is found that 40% of the world's population enjoys 94% of the total world income while the rest of the 6% goes to the 60% of the world's population (Shazad, 2009). Poverty is declared as a threat to peace by Dr. Yunus in 2006. He proposed a new model of social business (SB) for poverty alleviation and argued the features of such an organization is the concentration on solving social problems. In term of operating business, there is no difference between a social business and a traditional business but the difference lies in the aim of doing business. A social business is meant for serving the society and trying to improve the lot of the deprived people. It sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor. It also differs from the NGOs as most of such non-government organizations depend on donors and invest their time and energy in search of fund whereas a social business is self-sufficient due to its nature of operations. Mair and Marti

(2006) argue that the social businesses can be treated as a subset of social entrepreneurship that helps in innovative use of social resources to address a social problem or to pursue as a catalyst of social changes. Though social enterprises include both profit and not-for-profit initiatives, there is a difference between such organizations and traditional business. Social wealth creation gets the priority in a social enterprise while creation of social wealth is a by-product of creation of economic value. Environmental and social cultures are the part and parcel of social enterprises that are achieved through both of nonprofit and voluntary institutions (Thompson, 2002). However, it is to be remembered that social businesses are operated by social entrepreneurs though all the social entrepreneurs are not involved in social business.

Though SB is meant for changing the so called profit motive of a capitalist company, the initiator Dr. Yunus has argued a SB is not to substitute or challenge the traditional business model; rather it is a supplement to mitigate the gaps that the traditional business, NGOs and nonprofit organizations fail to achieve alone.

Kabir (2013) identifies challenges and problems of the traditional social enterprises which include difficulties in capital accumulation, lack of competent entrepreneurs, fund management crisis, absence of religious motivations etc. To overcome the above mentioned challenges, management of sadaqah through social enterprises could be an effective way.

As Sadaqah is thought to be a glorious deed in Islam, Allah's rewards can be expected through sadaqah both in the material world and the life after hereafter. In fact, giving charity increases the wealth of a person instead of decreasing it. The following verses of the holy Qu'an give the above message,

“Allah will deprive usury of all blessing, but will give increase for deeds of charity: for He loves not creatures ungrateful and sinner.” (2: 276)

“That which you give in usury for increase through the property of (other) people, will have no increase with Allah: but that which you give for charity, seeking the Countenance of Allah, (will increase); it is those who will get a recompense multiplied.” (30:39).

Similarly, the importance of sadaqah and Zakah for poverty alleviation and eradication of social discrimination has been mentioned in Al-Hadith as,

"Had there been two mountains of wealth for the son of Adam, he would have sought the third one; nothing but the earth can fill the belly of the son of Adam" (Bukhari).

Islam considers all good deeds as sadaqah because it is not limited within giving of a share of wealth. In this regard, Abu Musa reported the Muhammed (s.a.w.s.) said, "Every Muslim has to give in sadaqah (charity)." Sahabas asked, "O Allah's Messenger (s.a.w.s.)! If someone has nothing to give, what will he do?" He replied, "He should work with his own hands and benefit himself and also give in charity (from what he earns)." The Shahabas asked again, "If he cannot do even that?" The Prophet further announced, "Then he should help the needy who appeal for help." The Sahabas argued, "If he cannot do that?" The Prophet replied, "Then he should perform all that is good and keep away from all that is evil and this will be regarded as charitable deeds" (Bukhari). Thus, people can also contribute for the welfare of society without contributing money or money's worth. Hence, working for social enterprises will be considered as Sadaqah.

4. Methodology of the study

Since the aim of the study is to evaluate the performances of Anjuman Mufidul Islam Bangladesh as a Social Enterprise and to propose a model for sadaqah management through social enterprise to eradicate poverty, secondary sources of data have been used.

The annual reports of Anjuman Mufidul Islam Bangladesh have been explored to discover their working procedure and to evaluate performances.

To propose a model for sadaqah management through social enterprises, the existing models from both traditional model of Social Business and Waqf model have been critically analyzed. On the basis of analysis and literature survey, a unique model has been proposed which is expected to work for the eradication of extreme poverty.

5. Sadaqah management by Anjuman Mufidul Islam Bangladesh

5.1 Overview of Anjuman Mufidul Islam Bangladesh

The meaning of Anjuman Mufidul Islam is "Islamic human welfare body". This organization was founded in 1905 by a resourceful and deeply religious minded person of Surat of Indian Northern province, Sheith Ibrahim Mohammad Duplay, whose basic foundation took deep root in Calcutta, India. He noticed that in those days many businessmen and traders, coming

from various parts of the subcontinent in the commercial center of Calcutta, used to meet with the tragic end of their lives after suffering from various kinds of diseases. In those days contacts and communication with one another, along with transportation were very difficult. Sheith Mohammad Duplay, at his own cost, took upon himself the vast responsibility to arrange for the burial of those ill-fated dead people, coming from far flung areas. Later on, being attracted by such human-oriented activities, many distinguished personalities became involved in such activities. Prominent among them were Prince Golam Mohammad Shah, Nawab Sir Sallimullah (Nawab of Dhaka & founder of All India Muslim League), Hossain Shahid Suhrawardy (former Chief Minister of undivided Bengal & former Prime Minister of Pakistan), Khaja Nazimuddin (former Prime Minister of Pakistan), A.K. Fazlul Hoque (Chief Minister of then undivided Bengal & Chief Minister of East Pakistan) and many others. When India was attacked in the World War II in 1943, famine broke out throughout the whole sub-continent and thousands of people died of hunger. Anjuman Mufidul Islam took upon their shoulder the responsibility of the burial of those hunger caused dead bodies.

One S.M. Salauddin has been termed as the bright star of Anjuman Mufidul Islam. Responding to the call of A.K. Fazlul Hoque, he (S.M. Salauddin) left his high ranking Govt. job of India and involved himself whole heartedly to the service of the suffering and distressed humanity. He took great pains in searching out the dead bodies of Muslims in the 1946 communal riots in Calcutta. After partition of India in 1947 S.M. Salauddin came to Dhaka and, after establishing Anjuman Mufidul Islam, took the responsibilities as the chief administrative officer of this organization. Being inspired by the human service oriented activities of the organization, many distinguished and good hearted persons got themselves involved with Anjuman and among them were eminent writer Habibullah Bahar Chowdhury, Justice Hamudur Rahman, Justice Syed Mahabub Morshed, Justice Aminul Islam, Former President, Justice Ahsan Uddin Chowdhury, Justice Abdur Rahman Chowdhury and others.

This organization maintains its active involvement and role with International Red Cross and Bangladesh Red Crescent during national crisis and disaster of various natures.

5.2 Aims and objectives of Anjuman Mufidul Islam

- i. To endorse responsive relations among the associates of the Muslim and people from different communities
- ii. To entomb unknown corpses of the hospitals according to the rules laid down in Islamic.

- iii. To offer medical assistance for the needy deserving people of different caste, creed and religion
- iv. Arranging shelter, maintenance and training for poor people
- v. To take short term relief measures to meet unforeseen natural calamities in the country
- vi. To provide free ambulance service to the needy
- vii. To run poverty alleviation programs
- viii. To help distressed, orphaned, poor, infirm, helpless and widows for making them active workforce through education, training and rehabilitation programs
- ix. To assist disadvantaged families by promoting technical, scientific and religious education

(Source: Annual Report of 2013 of Anjuman Mufidul Islam, Bangladesh)

5.3 Sources of fund

The sources of income of Anjuman are (1) Zakat and Fitra. (2) Skin of sacrificial animal during Qurbani Eid. (3) Donation from general Muslims. (4) Members' Subscription. (5) Small charge for Ambulance and Mortuary service.

5.4 Establishment of Chittagong branch of Anjuman Mufidul Islam

After Independence of Bangladesh this concern Anjuman Mufidul Islam rapidly expanded and opened up 44 branches all over the country, of which Chittagong is also one of its most vital branches, that formally started activities in 1979.

Anjuman, Chittagong branch is being run by a 19- Member Executive Committee as per constitution and Police Commissioner of the Chittagong Metropolitan Police is the President. Senior-Vice President is Janab M. Abdul Malek, Editor of The Daily Azadi, Chittagong.

In addition to official works, Corpse's Center and other relevant activities are being conducted in 36.69 decimals of land at 21.M.M.Ali Road in a two-storied building. This 36.69 decimals of land was transferred to Anjuman Mufidul Islam, Chittagong branch, by the Govt. in 2005 by a registered deed by showing a token amount of Tk.1001/= only.

At present, Chittagong branch has its two plots of land. One two-storied Building has been constructed as orphanage for providing residential accommodation with the facility of feeding and educating 60 orphans free of charge.

(Source: Annual Report of 2013 of Anjuman Mufidul Islam, Bangladesh)

5.5 Performance evaluation of Chittagong branch of Anjuman Mufidul Islam

Burial of unclaimed Dead Body

The list of burial of unclaimed death figures of last 10(ten) years are 272 in 2003, 357 in 2004, 358 in 2005, 331 in 2006, 349 in 2007, 305 in 2008, 296 in 2009, 280 in 2010, 260 in 2011, 286 in 2012, and 300 in 2013.

Ambulance Service

The number of ambulance trip for unclaimed dead body in 2013 was 162. It renders such services with three AC Ambulances.

Mobile Freezer Mortuary

To ensure such service a Hiace Micro was converted into mobile freezer mortuary in 2013. In its first year of operations 34 dead bodies were preserved.

Static Freezer Mortuary

Anjuman Mufidul Islam Bangladesh, Chittagong Branch has a Four cabinet static mortuary established in 2006 in its local building. The number of dead bodies preserved in the last 7 (seven) years are 2 in 2007, 5 in 2008, 1 in 2009, 3 in 2010, 6 in 2011, 11 in 2012, and 4 in 2013.

Orphanage

With the donation of local people a two-storied orphanage has been built for a cost of Tk.60,00,000 (Sixty Lac) at Hali Shahar in Chittagong on a land donated by a person of the inhabitants. Besides, recently a female muslim orphanage has been built at Roufabad in Chittagong.

Technical Institute

To make a skilled group of people among the poor and deprived people it has recently established a technical institution which is expected to play role in the eradication of extreme poverty, at least, in the locality.

Others

Along with the above mentioned social services, this social enterprise takes part in rehabilitation programs during natural disasters. It offers special medical campaign from time to time for the poor people of Chittagong. In winter it also distributes warm clothes among the floating street people.

6. Model of social enterprise

6.1 Existing model of social enterprises

Baraka (2012), has proposed a model based on the waqf and showed how the model is better than social business model. He has presented a model

of Waqf management against the traditional SB model. He argues the self-reliance of the waqf income is created by a Waqf land itself. Figures 1 and 2 below represent waqf and SB models, respectively.

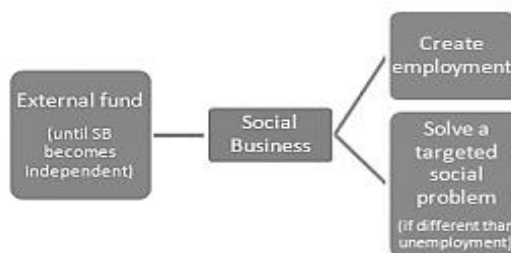


Figure 1: Social business model



Figure 2: Waqf model (where the waqf is a land)

Therefore, it goes “faster” with waqf system: it does not need a period to become self-sufficient. One will only have to wait for the land to be self-reliant as it is profit generating from the first stage. Again, Anjuman Mufidul Islam runs as a social enterprise on the basis of the following model.

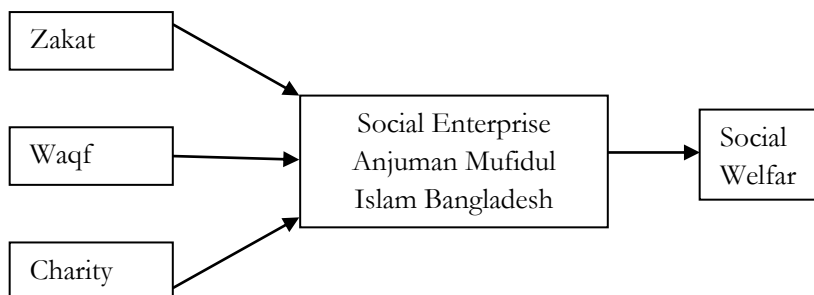


Figure 3: Working Model of Anjuman Mufidul Islam Bangladesh

6.2 Proposed Model for Sadaqah Management through Social Enterprise

Based on the model provided by Baraka for Waqf Managemt, a model has been proposed in this paper where both mandatory sources (Zakat) and voluntary sources of sadaqah will be utilized for establishing a social enterprise.

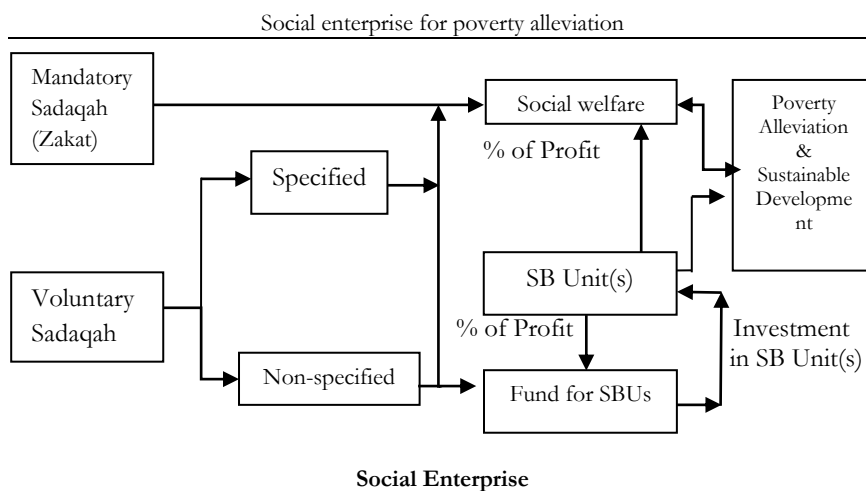


Figure 4: Sustainable Sadaqah model

The proposed model for Sadaqah management in above figure shows the ways in which both the mandatory (Zakat) and voluntary source of sadaqah (waqf. and other charity) can be used for the welfare of the society through a Social Enterprise (SE).

6.2.1 Sources and uses of fund

As zakat cannot be used for business, the fund collected from zakat by the SE may be used for various social purposes as per Islamic Shariah. The non-mandatory sadaqah may be available both in the form of cash and assets other than the cash. Whatever the form is, if the donor donates his property for a specific social welfare under a SE, the property should solely be used for that particular purpose under the supervision of the SE. In this case, the SE will work as the manager to ensure the proper management. On the other hand, if the donor is made without restriction to a SE, the property (either cash or other assets or both) may be kept in the fund for Social Business Units (SBUs). The sadaqah (other than Zakah and specified donation) fund may directly be used for a specific Social Business Unit (SBU) or it might be kept in fund for SBUs, or alternatively,

a portion of the fund may be used for a specific SBU and other portion may be set aside as the fund of SBUs.

The profit of the Social Business Unit(s) may be utilized both for social welfare and expansion of existing SBU and for the development of new SBUs. In this case, a certain portion of profit (say 50%) may be reinvested in SBUs and the rest of the profit (50%) could be used for social welfare and poverty reduction. It is worth mentioning that the entrepreneurs of the SBUs will participate in the business without taking any dividend out of the profit because their works will also be considered as sadaqah.

Social welfare mentioned in the model may include all sorts of activities as done by Anjuman Mufidul Islam nowadays along with activities like building of shades for homeless in different places where they can pass night instead of sleeping in streets. It may also include the activities of providing foods for the needy who usually beg for foods, arranging works like cleaning, washing and such other works requiring no or less skills on the basis of daily payments. Offering training regarding sewing clothes, establishing nursery, rearing goats and cows and so on along with necessary funds to the interested poor people could have a tremendous impact on the society for poverty reduction. On the other hand, Social Business Unit(s) will play dual roles for reduction of poverty. First, it will create employment opportunities in the society; secondly, it would contribute to the national economy through its business. It would have a non-financial benefit as well. Since, the main purpose of a social business is social development instead of making profit, the business will ensure halal products without any contamination which is the burning issue at present.

6.2.2 Management of fund for social enterprise

Fund of the social enterprise will be managed by voluntary representatives of the donating and participating institution(s) who possess entrepreneurship skills with very good knowledge on social enterprise whose contributions of skill are also a kind of charity as it is mentioned in the earlier part of this paper with reference from Quran and Hadith. Social entrepreneurs with successful training will also participate in the fund management.

Since there is lack of competent social entrepreneurs, as found in the earlier studies and described above, a training institution will be established with SE fund. Prospective poor will be selected after careful screening by the expert social entrepreneurs. Proper training will be provided to the prospective people as selected after screening. The

successfully passed trainees will be deemed as skilled social entrepreneurs and they will be assigned to run social business unit(s) for a certain portion of profit or for salaries. A few numbers of the top ranked entrepreneurs among them will also get the opportunity to participate in the fund management team with the institutional representatives.

Thus, the sadaqah (charity) fund management through social enterprises will ensure social welfare as well as establishment of social businesses; the synergic effort of which is expected to guarantee a sustainable and poverty free society as shown in the above 'Sustainable Sadaqah Model'.

7. Conclusion and recommendations

Though the demand for social investment is growing, the traditional debt based financing system has failed to mitigate the gap between the demand and supply of such social financing. On the other hand, the traditional social business suffers from problems like lack of motivation of the entrepreneurs and large capital accumulation. Again, people are often seen to participate in voluntary charity through sadaqah and waqf as well as the financially able Muslims are bound to pay zakat to the needy. At present such contributions are made in scattered ways which is rarely contributing to the society for the alleviation of poverty. An institutional effort of managing such voluntary and mandatory sources of fund through social enterprises may make it an efficient tool to fight against poverty.

In this regard, Anjuman Mufidul Islam Bangladesh is playing a vital role by managing charity fund for the welfare of the poor people in the society. It has branches throughout the whole country among which Chittagong Branch is playing an exemplary role by providing burial service to unclaimed death, ambulance service to the poor, mobile and static mortuary services. Chittagong Branch also runs two orphanages, one for boys and another for Muslim girls. Though, the performance of Anjuman Mufidul Islam Bangladesh is remarkable, its present work procedure could be transformed into a more dynamic and effective one. Instead of managing the funds and applying it for social welfare, it could apply the model proposed in this study which will enable it to generate more fund through social business units in addition to the fund raised through charity.

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