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Islamic Relief Project: Restoring Sustainable Livelihoods Through Islamic Social Enterprise

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ABSTRACT

Post-disaster economic recovery is a complex challenge, requiring a sustainable approach to rebuilding a resilient economic foundation. This study explores the role of the Islamic Relief Project in facilitating post-disaster sustainable livelihood recovery in the Petobo area, Central Sulawesi. This study uses a qualitative descriptive approach with a single case study approach. The results show that Islamic Relief's support is not only limited to material assistance, but also training and mentoring to improve managerial skills and business empowerment. These findings emphasize the importance of a holistic and sustainable approach in ensuring post-disaster economic recovery. Overall, the Islamic Relief Project has made a significant contribution to post-disaster business recovery in the Petobo area, and this approach is expected to be a sustainable and resilient economic recovery strategy for disaster-affected communities.

INTRODUCTION

Efforts that have been made to maximize economic growth can be seen from the establishment of business entities in Indonesia. Indonesia as a developing country with economic growth that is currently experiencing problems in various sectors, especially the economic sector.(Sugiri, 2020). In reality, current economic growth in Indonesia has not been able to solve the economic problems that exist in society at large. This problem situation is what underlies society to live in organizations. There are many forms of organizations in society, one of which operates in the social sector, known as a non-profit organization. A non-profit organization is an organization whose main goal is to support an issue or matter in attracting public attention for a non-commercial purpose, without any attention to profit-seeking matters.(Tinungki & Pusung, 2018).

For each type of organization, the planning system varies depending on the level of uncertainty and stability of the environment that affects the success of the organization.(Mardiasmo, 2009). An

organization is able to move because of many factors that support it. The nonprofit sector carries out various social, political, and economic functions, and has become an indispensable actor. Over the past few decades, the nonprofit sector has experienced unprecedented growth in various regions and countries around the world.(Lu et al., 2020).

In the 21st century, the world is faced with various natural disasters and humanitarian crises that have hit countries around the world. From earthquakes to floods, armed conflicts to global pandemics such as COVID-19, communities are often forced to face widespread destruction. Amid this destruction, recovery efforts are crucial to help affected communities rebuild their lives. In Central Sulawesi, especially the Petobo area, there is still a problem in increasing income after the disaster. Damage to facilities and infrastructure and limited resources are the main obstacles in the recovery process. This economic recovery does not only involve training for business actors, but also the existence of capital or funding which is a major factor after this natural disaster.(Fitriana et al., 2021).

Globalization has brought challenges and opportunities to various economic sectors, including the service sector. Amid the complexity of global change, vulnerable communities are often marginalized or have difficulty accessing the resources needed to improve their quality of life. Islamic-based NGOs(Sathasivam et al., 2021), such as Islamic Relief, plays a role in strengthening the capacity of vulnerable communities, by offering assistance that not only focuses on economic aspects, but also pays attention to Islamic values and principles in helping individuals and groups.(Simbolon et al., 2023). One of the main challenges faced by service sector entrepreneurs is access to adequate capital and resources. Especially in less developed areas, entrepreneurs often have difficulty obtaining initial capital to start or expand their businesses. This requires innovation and improvement in the quality of services to remain relevant in a changing market. However, although NGO assistance has the potential to provide positive impacts for service sector entrepreneurs, there has not been much in-depth research on its effectiveness and real impact.

Business recovery after the earthquake and liquefaction disaster in the Petobo area does require an innovative and sustainable approach. Earthquakes and liquefaction often cause severe damage to physical infrastructure, damage buildings, and disrupt economic activities in the affected areas. In this context, economic recovery requires not only repairing physical infrastructure, but also rebuilding a strong and resilient economic foundation. One organization that plays an important role in providing assistance and supporting post-disaster recovery is Islamic Relief. As a global humanitarian organization based on Islamic values, Islamic Relief has been active in providing humanitarian and development assistance to affected communities around the world. With a focus on the concept of community empowerment and sustainable development, Islamic Relief continues to seek ways to help communities restore their lives in a sustainable and sustainable manner.

The Islamic Relief Project is here to develop and implement an innovative and sustainable recovery model, known as Islamic Social Enterprise. This approach is based on the understanding that economic sustainability is a key element in post-disaster recovery. Short-term assistance is often not enough to address the long-term challenges faced by affected communities. Instead, by empowering communities to participate in sustainable economic activities, they can gradually rebuild their lives, gain financial independence, and increase their resilience to future disasters. Training and mentoring programs are needed for local businesses to adopt sustainable business practices, including the development of skills relevant to the needs of the new economy and

encouraging innovation in business management. To restore Petobo's condition after the disaster, of course, mitigation and emergency response measures are needed.

Recovery is certainly done by providing business capital assistance and business training that must be done as soon as possible. The central government and other institutions such as the private sector, NGOs, and aid donors both from within and outside the country certainly act quickly to improve this condition.(Puspitasarie et al., 2019). Efforts to strengthen or restore can be done through various aspects, one of which is through funding for sustainable businesses (Maryanti et al., 2019). Empowering MSMEs by creating access to finance, training, and marketing involving poor and middle-class communities will increase contributions to household income and environmental development.

One of them is small and medium enterprises (SMEs)(Ardianto & Asngadi, 2022)which is one of the real sectors that are widely run by entrepreneurs in Indonesia, this is because it is easy to manage by any party and does not cost much to establish small and medium businesses. MSMEs have also become the backbone of the Association of Southeast Asian Nations (ASEAN) economy because around 88.8-99.9% of business forms in ASEAN are MSMEs with workforce absorption reaching 51.7-97.2%(Surya, 2022). The description above shows that MSMEs have a big role for a country, especially in Indonesia. Likewise with the economic recovery process in Central Sulawesi after the natural disaster on September 28, 2018. One of the factors faced with complex and multidimensional business problems is influenced by internal and external factors.(Radyanto & Prihastono, 2020)..

The problem identified by this study is that the targeted community was affected by the earthquake, tsunami, and liquefaction in 2018. Their houses were severely damaged or destroyed and currently most have moved to permanent housing provided by the government and some are still living in temporary housing. The steps to accelerate economic recovery and reconstruction are carried out by carrying out community trauma healing, financial relaxation in the form of easy verification of financial prerequisites. The community is currently facing difficulties in their livelihoods because those who were previously those who worked in the service, production and trade sectors have lost their land due to liquefaction, while those who were previously independent business actors, can no longer access sales locations because their houses are far from strategic locations.

This research focuses on the community or groups that already have businesses with the aim of giving birth to social enterprises and forming independence in the Petobo area. Social enterprise is the "heart" of the soul and the beliefs embedded in it. Alms, endowments, qardh and grants can be utilized by social enterprises(Ishak, 2022), to generate ongoing income through the business rather than being distributed directly to the recipient due to its flexible nature.

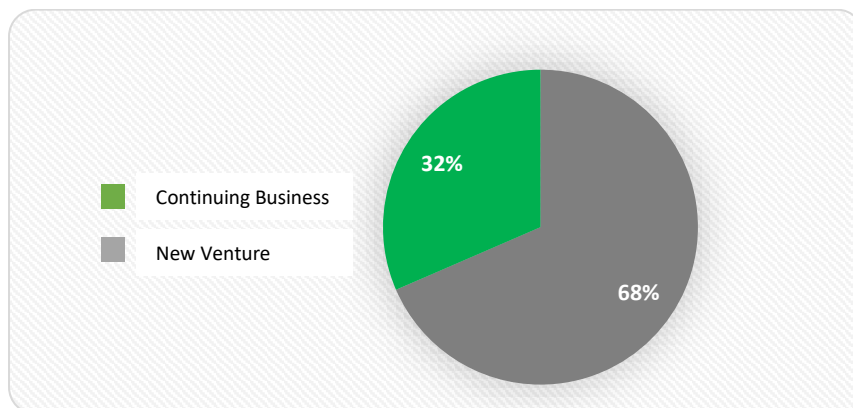
RESEACH METHOD

This study adopts a qualitative descriptive method with a single-case approach.(Neuman, 2014),to provide a broad picture of the role of society in sustainable economic recovery efforts for post-disaster business actors in the Petobo area. In this study, the data used are primary data and secondary data. The data collection methods used by the researcher are observation, interviews, and documentation. After the data is collected, data analysis is carried out. Data analysis carried out by the researcher is data collection, data condensation, data presentation, and drawing

conclusions. The single-case approach allows for in-depth analysis of one specific case (Mukherjee, 2019). In addition, this study can also be a basis for developing policies and practices related to sustainable economic recovery efforts for post-disaster business actors in the Petobo area. The sample consisted of 73 business actors, which were the result of collecting data on rights holders. Data collection was carried out through community participation.

RESULTS AND DISCUSSION

Islamic social enterprises is a type of business venture created for social purposes to reduce social problems or market failures and to generate social value while operating with financial discipline, innovation and determination of the private sector business. (Ishak, 2022). Business recovery after the earthquake and liquefaction disaster in the Petobo area does require an innovative and sustainable approach. Earthquakes and liquefaction often cause severe damage to physical infrastructure, damage buildings, and disrupt economic activities in the affected areas. In this context, economic recovery requires not only repairing physical infrastructure, but also rebuilding a strong and resilient economic foundation. The income generated by Islamic social enterprises is usually reallocated to support social activities, including helping local business actors improve post-disaster recovery. Based on the results of the study, as many as 73 business actors were involved in Islamic social enterprise activities in the Petobo area.



Source: Researcher analysis results (2024)

Figure 1. Status Islamic Social Enterprise in Petobo Area

The potential for sustainable business in this project shows the number of business actors who continue their business amounting to 50 rights holders and 23 rights holders who have just started their business. Thus, this number becomes their potential in participating in this project to restore the community's economy after the disaster. Islamic social enterprises that have business potential can be measured through deposits of Interest-Free Savings to the accounts of each rights holder based on the amount of raw material purchases. The capital assistance is used to purchase raw materials needed in their business. Each rights holder will deposit a certain amount of money into interest-free savings, which will be used to purchase raw materials according to their respective business needs. This approach allows measuring business potential based on the volume of raw

material purchases, which reflects actual operational activities and helps evaluate the effectiveness of the use of the business capital provided.

Based on the results of interviews with several representatives of Islamic social enterprises in Petobo, the following information was obtained:

"The Islamic Relief project has a very important role in restoring businesses after the disaster. Their support is not only focused on providing aid, but also in providing training and mentoring to us to improve our ability and empowerment in managing our businesses."— Results of interviews with aid recipients, 2023).

"In terms of the amount, we received four million in funds. With that amount, we feel helped because we can use it to restore the business."— Results of interviews with aid recipients, 2023).

"But... Yes, there are challenges, such as limited capital capacity and human resources. Even though we get assistance, to restore the business sustainably, we need to develop our skills and knowledge in managing the business."— Results of interviews with aid recipients, 2023).

Based on the interview results, it is known that each business actor who falls into the ISE category receives an amount of Rp. 4,000,000 to be used as capital or to restore their business. The recipients of assistance emphasized that support from Islamic Relief is not only limited to providing material assistance, but also involves training and mentoring aimed at improving their abilities and empowerment in managing their businesses. This finding shows that a holistic and sustainable approach can help communities restore their lives after a disaster. Despite receiving assistance, business actors realize that in order to restore their businesses sustainably, they need to develop their abilities and knowledge in managing their businesses. Support from Islamic Relief in providing training and mentoring to improve understanding of business management is needed to manage businesses more effectively.

According to Triandra et al. (2019), the advantages of MSMEs are growing rapidly and making a major contribution to development. This can be seen from several indicators, namely the increasing number of MSMEs, labor absorption, contribution to Gross Domestic Product (GDP). This increase is of course due to the high creativity of MSME sector actors, the company's ability to choose strategies in marketing products also plays a very important role (Harp et al., 2021). Business actors in the service sector, especially Micro, Small, and Medium Enterprises (MSMEs), are often faced with challenges such as limited capital, access to markets, and managerial skills. In facing these challenges, support and assistance from humanitarian institutions such as Islamic Relief can be the key to success in improving the performance of business actors in the service sector. Based on the Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 6 of 2020, it states that BPUM (Micro Business Productive Assistance) is assistance from the government in the form of cash given to micro business actors whose funds come from the State Revenue and Expenditure Budget. Each micro business actor will receive BPUM of IDR 2,400,000/business actor (Malini & Herawati, 2021).

It should be noted that capital plays a very important role in the sustainability of an entity's business, but it is also important to pay attention to capital management, so that the business runs well, efficiently and optimally. (Alfadri, 2023). Thus, good capital management will result in good performance. (Zahara, 2015), with good performance will increase the company's value, both financially and non-financially. Lack of knowledge in capital management is often a trigger for problems that lead to the failure of MSMEs (Zahara et al., 2023). In the context of globalization and

economic vulnerability, non-governmental organizations (NGOs) such as Islamic Relief have an increasingly important role in providing assistance to individuals and communities in need, with a focus on Islamic principles.

The increasing awareness and demand for investing in accordance with Islamic ethical principles on a global scale has been a catalyst in making Islamic banking and financial systems a growing industry.(Hassan & Latiff, 2009). This also reflects the increasing wealth and capacity of investors, both Muslim and non-Muslim, to seek out and invest in new investment products. Understanding the relationship between Islamic charities and the competitive context of business will help identify where they should focus their corporate giving. This understanding can also help identify the ways in which Islamic charities create value and how they can achieve the greatest social and economic impact through constructive and sustainable contributions.(Hassan & Latiff, 2009).



Source: Researcher analysis results (2024)

Figure 2. Sustainable Business Recovery Mechanism

Based on research findings, several stages that must be carried out by ISC business actors in sustainable recovery are as follows:

Venture capital become the basis for influence on sustainable recovery through the assistance of the Islamic Relief Indonesia project donated by the Islamic Relief Canada Foundation which aims to restore the livelihoods of the Petobo Community by providing business capital assistance in the form of savings.

Rights holder who have been recorded and follow the Islamic Relief project procedures that will receive business savings capital worth Rp. 4,000,000 with a maximum investment of 2 years. The funds are not used for personal needs and are only used for business capital so that the funds received will be circulated back to the accounts of each rights holder to maintain the stability of business capital.

Training businesses help manage their finances, expenses, income, and business operations efficiently. Thus, this business training helps entrepreneurs to bounce back, increase productivity, and improve the economic resilience of disaster-affected communities.

Mentoring business actors in providing support and guidance to business actors to maintain better performance. This involves providing advice, practical assistance, and encouragement to business actors in overcoming daily problems. Mentoring activities include financial management, marketing, operations, and building networks and partnerships. The goal is to ensure that business actors continue to grow and support post-disaster economic recovery.

Save is the final step taken by the rights holder to determine whether their potential business is eligible to receive business capital from Islamic Relief or not. The funds collected will be assessed whether they have reached an amount that is worthy of being deposited as business capital. If the business is deemed worthy, the funds will be disbursed to the account book of each rights holder.

This step is not only intended to maintain the financial health of the business, but also to build trust from external parties (Pradiksa et al., 2024).

These findings emphasize the importance of Islamic Relief's role in facilitating post-disaster business recovery. The holistic and sustainable approach not only provides material assistance, but also helps business actors to improve their capabilities and empowerment in doing business. This is an important step in ensuring that post-disaster recovery is not only short-term, but also sustainable and able to rebuild a strong and resilient economic foundation for affected communities. In addition, it is important to understand the intent and purpose of assistance provided in the context of post-disaster recovery because it occurs amidst uncertainty and unexpected challenges.

CONCLUSION

Economic recovery after a natural disaster does require a continuous and sustainable approach. Economic recovery requires not only repairing physical infrastructure, but also rebuilding a strong and resilient economic foundation. Islamic Social Enterprise (ISE) is one of the instruments used in recovery to reduce social problems or market failures, and generate social value. The existence of the non-profit organization Islamic Relief Foundation through its assistance program for ISE allows business actors to obtain business capital through interest-free savings. This means that non-governmental organizations (NGOs) such as Islamic Relief have an increasingly important role in providing assistance to individuals and communities in need, with a focus on Islamic principles. Understanding the principles of Islamic economics also plays an important role in the development of business models such as ISE. Overall, the results of the research analysis show that the Islamic Relief Project has made a significant contribution to post-disaster business recovery in the Petobo area. This holistic approach is expected to be a strategy for sustainable economic recovery and rebuilding a strong and resilient economic foundation for communities affected by the disaster.

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