

FROM FAITH-BASED CHARITABLE ORGANIZATION TO SOCIAL ENTERPRISE: A CHANGING REALITY OF ISLAMIC CHARITY IN BANGKOK, THAILAND

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Abstract

Muslims, the second largest religious group in Bangkok metropolitan, have a long history of conducting charitable work to support their faith-based activities. The most common charitable work appears in a form of community-based collective efforts to manage their own mosques and primary religious schools widely found in most traditional Muslim communities since their early settlement. The rapid changes towards modernization that have occurred in the last few decades should bring about some changes on settlement and work of younger generations which in turn should effects their ties with traditional communities and the ways charitable work is organized. At the same time, there has been a growing problem of urban poverty, especially among orphans and orphanage families which their hardship is central to Islamic teaching that special support should be provided by Muslim communities. The changes should also affect the ways charitable work is organized in Muslim communities. This study aimed mainly at investigating what strategies Muslim communities in a fast growing city like Bangkok use to maintain their faith in the midst of rapid change towards modernization as well as their adaptation in changing situations. Observations made in two traditional communities and two Islamic charity organizations in Bangkok reveals that in general the mosque fair is still commonly organized in every community to raise fund for supporting the maintenance of the community mosque and religious school. However, the emergence a new form of Islamic faith-based organizations extends Muslim charitable work beyond the boundary of each traditional community. These organizations have sought their new ways to manage charitable work which is more challenging by allowing wider participation and turning their direction towards building social enterprises. The availability of satellite television channels also provides a new opportunity for some progressive Islamic activists involved in these organizations to initiate several activities that enhance social entrepreneurship and more public participation. These activities are generally opened for interested persons in the public to be involved in various forms of which some are economically beneficial to the organizations and extend supports on the missions of these organizations. It can be concluded that the move of faith-based organizations from their traditional patterns of operation towards social enterprises is a changing reality which is promising for Muslim communities in Bangkok Metropolitan to adapt with the changing situations. Many activities undertaken are socially innovative and helpful for improving charitable work which is likely to extend beyond the traditional community boundary and should be applicable for Muslim communities in other areas in Thailand.

Keywords: Social Enterprise, Faith-based Charity organization, Muslims, Thailand.

1. INTRODUCTION

Charitable giving is the act commonly practiced in all human societies, as it is often found that people, especially those who are better off, give money or goods voluntarily to help the unfortunates or those who are in need. It is generally tied with religious beliefs referred to almsgiving or alms which exist in all big religions – Christianity, Islam, Buddhism, Hinduism and Judaism -- that involves giving to others as an act of virtue. This act may be performed by an individual to help others directly or through groups, organizations or trusts established for charitable purposes.

In modern days, charitable organizations or trusts can be found in all countries and societies worldwide. It is also known as nonprofit organizations as businesses undertaken are mostly nonprofit oriented with the main aim to serve the public in solving social problems (Wolf, 1990). There are several types of nonprofit organizations. The National Center for Charitable Statistics (NCCS) located in USA identified nonprofit organizations in to 10 major categories based on their organizational purpose as follows : 1) arts, culture, and humanities; 2) education; 3) environment and animals; 4) health; 5) human services; 6) international; 7) public, societal benefit; 8) religion related; 9) mutual/membership benefit; and 10) unknown (Lampkin *et al.*, 2001). Categories included in this classification is similar to the system introduced by The

International Classification of Nonprofit Organizations (ICNPO) which divides nonprofit organizations into 12 groups and include religion related organization as one major category (Salamon & Anheier, 1996).

Religion related or Faith-based nonprofit organizations form the most common type of charitable organization found in developing countries including Thailand. This type of charitable organization may be locally initiated or internationally connected either as a local branch of an international organization or established by local activist with strong international connections. Although the definition of a faith-based organization appears to be elusive, it is often referred to a nonprofit organization founded by religiously-motivated groups of people and its mission statement is religiously motivated groups. It must also be connected with an organized faith community and based on a particular religious ideology (Wuthnow, 2000). The role of faith based organizations in dealing with social relief in modern days is increasingly important in many societies, as some social problems and needs cannot be solved adequately by concerned government agencies due to their shortage of budgets, equipments as well as their lack of understanding towards certain group of people including specific religious groups. With respect to their missions on humanitarian aid, there are two main characteristics of faith-based organizations distinguished from other humanitarian organizations: "they are motivated by their faith, and they have a constituency which is broader than humanitarian concerns". Believers of some major religions, for examples Jews, Muslims or Christians, their humanitarian action implies a duty to respond to the needs of the poor and the marginalized as emphasized in their religious teachings. Although the form expression may differ based on their different religious traditions, it forms "a powerful motivation for humanitarian action" (Ferris, 2005: 316).

Among Muslims in Thailand who are the second largest religious group in the country as well as in its capital city, Bangkok, their faith-based organizations have been growing in numbers in recent years. And their activities have also been developed interestingly in the last few years, especially in Bangkok metropolitan. The growing social problems and their complication as a consequence of rapid changes towards modernization have inspired some educated and enthusiastic members of Muslim society in Bangkok to initiate social movements to relief rising social problems which threatened their faith and are generally neglected by the state. These movements were later developed to become charitable organizations and expand their missions in type and quality. The advancement of modern technologies, especially information technologies, allows these groups to apply them in improving their missions with respect to fund raising, service delivering and communication. As traditional fund raising appears to be insufficient to meet the fast growing of their expenses, some Islamic charitable organizations in Bangkok have recently adapted their operation to be more business oriented which turned these organizations from purely charitable towards social entrepreneurship. This change is inspirational for the author to undertake this research in order to investigate the changing reality of these charitable organizations with respect to their missions, their outcomes as well as public responses.

2. RESEARCH METHODOLOGY

The qualitative research approach was adopted in this study. Two Islamic charity organizations with significant adaptation towards social enterprises selected for the study were Hamzah Foundation and Sattachon Foundation for Education and Orphans. Both foundations are located in Bangkok and have been widely known for their efforts to transform the organizations from purely faith-based charity organization to social enterprises and their achievements in terms of improving fund raising and service expansion. Data collection was done primarily by means of direct and participant observations. Direct observation was used in observing various projects and activities undertaken on their sites and through news and programs shown on satellite television channels they operate. Participant observation was used in some entrepreneurial activities which the researcher took part as a member of the groups. Supplementary data were also collected from news of events reported in newspapers, magazines and face books. Data analysis was operated using content analysis, categorization of issues, and context-based logical reasoning. Data from different sources were sorted and categorized based on topics/issues. Description and clarification of each issue was made in order to provide a clear meaning of the issues. Linkage between issues was sought by successive approximation under given the context.

3. RESEARCH FINDINGS

3.1 Charitable Work among Muslims in Bangkok

Charitable giving is central to Islamic teaching. Muslims are strongly encouraged to make charitable giving as a mean to purifying one's wealth and at the same time aiming at alleviating poverty and suffering (ten Veen, 2009). With this reason, it is quite common that charitable work and charitable giving are commonly

found in Muslim communities at various levels throughout the world. There are three types of Islamic charitable giving – *zakat*, *waqf* and *zadaqa*. *Zakat* is the most important charitable giving which is compulsory for every Muslim whose wealth is over a certain threshold, and forms the third pillar of Islamic Practice Principles. Every Muslim who possesses wealth above a *zakat* payable amount (threshold or *nisab*) for one lunar year has to pay *zakat* which is accounted normally 2.5% of one's wealth. This can only be spent only on eight specified categories: (1) the people who do not have anything, so they are in need of asking others for food, clothing, health services and shelter; (2) the poor who may have money, but it is not sufficient for their basic needs; (3) *zakat* collectors (which can include Islamic charities); (4) for God's cause (which includes every kind of struggle for a righteous cause); (5) debtors; (6) wayfarers (or travellers); (7) freeing captives; (8) reconciling hearts. *Waqf* or religious endowment is the practice which a donor intentionally donates his/her assets to a beneficiary which can be named person or a group of people for certain purposes. *Sadaqa* means voluntary charity which is referred to the charitable giving that the giver confirms his/her true devotion and service to God. This concept encompasses any act of giving out of compassion, love or generosity (ten Veen, 2009).

Traditionally Muslims in Bangkok make charitable giving in three types mentioned above. As Wachirakhachorn (2001) informed from his study on fund raising of Islamic organization in Thailand that sources of fund include *zakat* and *sadaqa* from local as well as foreign muslims. However, from my observations in various communities and organizations in Bangkok, *sadaqa* appears to be the most common type of donation which people of various economic classes can donate in varying amount capable to them. People spend their *sadaqa* in different occasions to different Islamic organizations, although making donation to mosques and religious schools located in their own communities is the most common practice. The mosque fair or *ngaan masjid* is generally organized annually at each mosque to raise fund for supporting the mosque maintenance and primary Islamic school affiliated to the mosque. *Zakat* donation for similar purposes is lesser practiced as not every member of each community own assets over the threshold. Alternately some Muslims who are obliged to pay *zakat* may pay directly to entitled recipients instead of paying to religious organizations. *Waqf* is only observed to be common for land which some wealthy families may donate to build mosques or Islamic schools. However these practices appear to change recently after as understanding about the practices and their usage has been improved especially among educated Muslims who have better and wider access to the true knowledge of Islam regarding different types of donation and their purposes. This change is associated with the adaptation of some Islamic organizations to improve their missions in response to problems and needs of the society. In this study, Hamzah Foundation and Sattachon Foundation for Education and Orphans were selected for further investigation of this adaptation.

4. BACKGROUND OF SELECTED ORGANIZATIONS

4.1 The Hamzah Foundation

The Hamzah Foundation (HF) was established in 2002 with the main objective to support the development of Islamic education among Muslims in Thailand especially Muslim youth in Bangkok. The founder of this Islamic charitable foundation was Mr. Mustafa Yoopensuk (known as Ajaan Mustafa), a renowned *ulama* who lives in Bangkok and devoted to the dissemination of Islamic principles strictly based on the Quran and *sunnah* (Prophet Muhammad's tradition). Prior to the establishment of the foundation, Ajaan Mustafa runs a well-known Islamic school founded by his father, Sasanupatham School, as the principal and is also the imam of Anwarissunnah Mosque located in the school compound, the posts which he still holds today. Both the school and the mosque were built on the land donated by his family. He also leads the Islamic radio program to disseminate Islamic teaching under the name "*Siang Sassanu*".

Running the religious school in which a large number of students come from outside the community, including those from southern border provinces where Muslims are predominant and from poor families, has made Ajaan Mustafa faced financial difficulties in maintaining good quality of educational as he always dream for. Financial support for both the school and the mosque come mainly from donations, generally in forms of *sadaqa* when annual fair is arranged. Although currently the Thai government also provides financial support to this type of schools, the budget received each year cannot cover its cost. Ajaan Mustafa and his fellow teachers, especially those very senior ones received small amounts of salary as compared to those with similar positions and experiences in state owned public schools. His younger brother, Fu-ad, who has a considerable background in business world and also a founding member of the foundation, has tried to help his elder brother and fellow teachers in seeking business alternatives possible to make reasonable

profit to support the school and teachers. Through his effort, the Hamzah Foundation has started its small investment in some businesses, including a *halal* hotel in a coastal town of Pattaya which is popular among tourists. Eventually, he led the establishment of the Thai Muslim Television channel known as “TMTV” launched in July 2011 with the aim to provide reliable information on Islam and Muslim news in Thailand.

The launch of TMTV marked the great change in the administration of this group which used to manage a faith-based charitable organization relying heavily on donations through traditional fund raising methods to become a social enterprise. Programs broadcasted by TMTV covers not only Islamic educational programs, but also business related programs which promote *halal* businesses of which some were initiated by the Hamzah Foundation.

4.2 The Sathachon Foundation for Education and Orphans

The Sathachon Foundation for Education and Orphans (SFEO) was established in 1994 by a group of Muslim social activists who have substantial experiences in social and community development. The group has 6 founding members at its initial stage to start a voluntary association aiming at improving social conditions in Muslim society in Thailand, especially among disadvantaged groups. Members of this founding group come from various backgrounds with secured economic status. Most of them own businesses sufficient to support their livings. Some of them were also trained in Islamic studies. Despite their different working and educational backgrounds, they all have one thing in common -- their concern about emerging social problems especially among Muslim population in Bangkok where they live and work.

The initial thought of SFEO’s founders emphasized on finding ways to help underprivileged groups, especially poor orphans and orphanage families, which are central to Islamic teaching. They observed that numbers of poor orphans have been growing and their families are often neglected in this so-called modern society. At the beginning, they used their own money which were pooled together to make seed money for starting the association and began the operation of related activities. The most leading activity undertaken at this stage was the radio broadcasting program under the name “Radio for Orphans” in which they publicized their ideas, objectives, ongoing and planned activities combined fund raising. Their radio program functioned very well at the early stage of the development of this organization as a medium for the publicity of organization to reach wider groups of people including possible donors. Through this effort together with their initiative movements to help target groups, the foundation has been publicly known and become a fast growing voluntary organization in the Thai Muslim society (see Chimviset and Masae, 2012). Within 3 years the foundation had developed substantially that led to upgrading its status to a foundation status which is legally recognized in 1997. This change affects the operational size of the organization to cover a wider working area and higher number of target recipients. The growth of this organization has been continued with substantial achievements and later was followed with a great change again in 2012 when it started to have its own satellite television channel called “Yateem TV” with the main aim to be used a more powerful mean in working to help orphans and orphanage families as well as to improve Muslim education (Muslimthaipost, June 11, 2012).

Similar to the Hamzah Foundation, the launch of its own TV channel which is rich in programs to support its missions marked a great shift of SFEO not only in attempting to reach much wider audiences which include also donors and recipients, but also in increasing its opportunities to raise more fund for organizational work. As a consequence, SFEO has developed its social entrepreneurial activities since then. These entrepreneurial activities allow audiences to participate in making financial contribution to SFEO beyond the traditional way through donations.

5. SOCIAL ENTREPRENEURIAL ACTIVITIES UNDERTAKEN

5.1 Social Entrepreneurial Activities of HF

Like other Muslim charitable organizations, fund used in the running the Hamzah Foundation had come mainly from three types of donations mentioned earlier – *sadaqa*, *zakat* and *waqf* – before the launch of TMTV. While donation through *sadaqa* may occur at any time, *zakat* is generally paid once a year and most likely in Ramadan or immediately after Ramadan when the Muslims are traditionally encouraged to calculate their wealth and pay their *zakat* shares. Donation in a form of *waqf* can also be made at any time, but it happens in much rarer occasions as compared to the two types earlier mentioned. Most social entrepreneurial activities emerged after the launch of TMTV, except small investment in a *halal* (Islamically lawful) hotel business sharing with family members.

After the launch of TMTV, several activities have been initiated. The first social entrepreneurial activity undertaken was the establishment of TMTV Islamic savings fund. This faith-based savings fund forms a door opened for capital accumulation that allows for later investments in other social entrepreneurial activities. TMTV-Mart, the small convenient store located within the school compound near TMTV office was established soon after the cooperatives. It sells basic items for daily uses including snacks, drinks, packed frozen food, supplementary food and clothes of which some under TMTV brand. More big investments that came later include increasing the shared investment in its existing hotel business, Seafood Processing Factory, TMTV Real Estate, Dharma Kaset Farm, TMTV Polyclinic and TMTV Fisheries Project in Somalia. Trading activities were also undertaken by TMTV in forms of selling *halal* products, especially supplementary food, and advertising time.

These wide ranging investments have attracted a large number of well-off Muslims to participate by putting some money project by project based on a *Mudarabah* (a special kind of partnership where one partner provides the capital to the other for investment in a commercial enterprise) arrangement. The total amount of investments all together has been estimated to be not less than 500 million baht within 3 years. Although most of these projects are not yet fully operated, their return appears to be highly satisfactory with around 6 per cent dividend to investors. This dividend was calculated after deducting half of their profits to support charitable activities of the Hamzah Foundation and the administration of Sassanupatham School. Supporting evidences are observed from the extension of the school buildings, the increasing salary of teachers, and additional provision of scholarship for Muslim students to study abroad in Arab countries.

5.2 SFEO and Its Entrepreneurial Activities

Before having its own TV channel, FSEO raised its fund through several fund raising activities to encourage donors to donate money mainly in forms of *sadaqa* and *zakat* to support activities undertaken by the organization. These include distribution of donation boxes to various public place and piggy banks to interested households, and organizing fund raising events, especially its annual fund raising fair called “*Wan Dek Kampraa*” or “Orphan Day” in the first week of Ramadan every year since 1999. The fair should to the biggest Islamic fund raising event in modern Thailand. It is also informed that a few wealthy donors who have a strong confidence in the merit work of FSEO were also inform to donate lands as *waqf* for building school and home for young orphans (Chimviset, 2011). Social entrepreneurial activities did not exist before the launch of Yateem TV.

Most activities attached with Yateem TV appear in a form of trading which several products are sold through Yateem TV channel. Goods selling include cooking utensils, supplementary food, programmed tablet for Islamic studies, Quranic reading pen, cosmetics etc. All are selected to conform to *halal* rules. Advertising times were also sold to companies for introducing their *halal* products and services. Other social entrepreneurial activities are organizing Islamic events, especially the Bangkok Halal Fair that has been organized twice since 2013, renting service apartments built on *waqf* land, and operating an Islamic savings cooperative under the name of Sathachon Cooperatives. Public response to these activities is observed to be very positive. Supporting evidences can be seen from substantial orders made to goods sold on the TV, the increasing number of cooperative members and amount of involving money in the saving cooperatives. More active participation of public is also seen through interactive programs available on the TV channel.

Profit generated from all of the above activities was informed to be allocated mainly to support charity work and the administration of the FSEO in substantial amount but varies between activities. Unfortunately financial figures related to these entrepreneurial activities of FSEO cannot be fully gathered at this stage of my investigation. Therefore, it cannot be calculated that how much the contribution goes to support charity work of FSEO. Nevertheless, it is observable that FSEO has not attempted to call for much further supports through donations despite the expansion of its charity work and the additional cost of renting and operating its TV channel that worth over one million baht per month.

6. OWNING A TELEVISION STATION: CHALLENGES AND ADVANTAGES

Both HF and FSEO presented in this study own their own satellite television station – a peculiar status for Islamic charitable organizations in Thailand where Muslims are minority and wealthy Muslims who are ready to provide adequate financial supports are hardly found. This is because monthly renting and operating costs of running the station is incredibly high for this type of organization. Additionally, proper planning, special techniques and qualified staff are required to manage the station efficiently. These conditions are

challenging for HF and FSEO to keep operating their TV stations in the long run without developing their entrepreneurial activities. All four Islamic charitable organizations who currently own satellite television stations have work hard to raise their income to keep the stations running, to produce reasonable programs and to pay basic salaries for staff. All of these organizations have tried to conduct entrepreneurial activities in different degrees. Those with less entrepreneurial activities are observed to face more hardship in operating their TV stations and have to try harder in raising fund by allocating more time for the program with raising fund purpose. Most organizations also organize fund raising events in various places combining with selling goods and special Islamic lectures. Special fund raising programs are organized on their TVs to encourage audiences to make more donations than usual in accordance with Islamic teaching regarding special rewards from Allah on good deeds in this holy month.

However, fully operation of a television channel also has a lot of advantages. It allows for the organizations to invent and control TV programs to express and disseminate their ideas under the given legislative frames. Because satellite TV broadcasting can reach a great number of audiences not only within the country but also overseas, their messages can go unlimited. The wider reach of their message is believed to bring about better understanding towards the truth of Islam which is their ultimate aim. In turn, they can also have more supporters and, networks both in terms of ideological and financial supports. Many more constructive activities will be possible as more supports are available.

7. CONCLUDING REMARKS

Findings from this research reflect the adaptation of Islamic charitable organizations in Bangkok where Muslim communities have faced financial difficulties in maintaining their religious traditions in the midst of rapid change towards modernization. Maintenance of Mosques and religious schools which are important for their lives involves high costs which can hardly meet through community-based collective actions and traditional fund raising methods. At the same time, social problems seem to increase as a result of inappropriate social changes toward modernization that weaken community cohesion. Social enterprise initiative appears to be a reasonable alternative for Muslim's religion related organizations to go for in order to reduce difficulties and improve their performance to serve their society in keeping their faith and alleviation social problems. Adaptation of two Islamic charitable organizations investigated in this study illustrates the reality of change that has been places which may extend widely in near future as it seems promising. The establishment of *mudarah* funds or Islamic savings cooperatives may be necessary for accumulating pool capital to be used, as this should be the most possible way to combine capital accumulation with public participation that also conform to Islamic principle. However, developing and operating social entrepreneurial activities to conform to Islamic principles require some devoted leaders with entrepreneurial ideas and skills to work together with well-trained reforming Islamic leaders in order to reduce business risk and unresolved ideological conflicts that hamper the change. It can be said the change is highly advantaged, but may involve some unusual complications and very challenging

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