



Utilization of Productive Zakat Model on Poverty Reduction in Jember Regency

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ABSTRACT

Objective – The objectives of the research were (1) to determine and to analyze the problems in managing productive zakat, (2) to seek the factors constraining the success and the failure in managing productive zakat, and (3) to find utilization of productive zakat model.

Methodology/Technique – This is a survey, qualitative exploratory, and action research conducted in Jember Regency. Data were analyzed using descriptive exploratory method, from the primary and secondary data, and were processed and analyzed using the triangulation data method. According to the research findings, there were six zakat foundations (amil zakat) in Jember, namely: LAZ of the Ministry of Religion of Jember, Lazismu, Azka, BMH, Yatim Mandiri, and YDSF.

Findings – The research results showed that the problem faced by each foundation was in distributing productive zakat to the different zakat receivers. The most frequent obstacle encountered by amil zakat foundations in the distribution of productive zakat was the human resources problem, especially for the training and supervision.

Novelty – The research then developed a model to minimize the weaknesses in the distribution of productive zakat by involving the local government and the academicians.

Type of Paper: Empirical

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JEL Classification: Z1, Z12, Z19.

1. Introduction

Nowadays, almost all developed countries called for social security programs. The state must provide minimum economic security for all citizens. The term commonly used for a minimum guarantee is social security. So far, there has been no clear and unequivocal distinction between the social security and other rules to reduce inequality, such as hospital care, physician consultations, treatment and free education, and subsidies for food and housing for the lower class society. Commonly, the things included in the social security rules are only in the plan to provide financial well-being for people who suffer from economic difficulties, such as insurance against unemployment and patient, pension benefits for the elderly, insurance for the blind people, war victims, and others (Abdul, 1993).

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Multidimensional crisis occurred in Indonesia had increased the number of poor people. On a larger scale, the crisis had put Indonesia in the default position of the international community. Facing this situation, we need economic efforts to help strengthen the Indonesian economy. Islam is a religion that promotes social sensitivity. One characteristic of a good Moslem is a Moslem who cares about others, who has social pioussness values. Islam teaches the relationship between economic policy and social realities through the obligation of *zakat*.

Zakat as the third pillar of Islam is the worship which must be fulfilled by every Moslem who has the property and meet the required criteria for *zakat*, which is having a adequate treasure that reached the *nisab* (the limitation for the Moslem ownership in one year period to be donated through *zakat*) limit in accordance with the provisions of Islam. *Zakat* itself is the right of *mustahiq* (*zakat* receivers) with the functions to help, to assist, and to nurture them towards a better and prosperous life, in order to meet their needs properly and then to be able to worship to the God.

By applying productive *zakat*, it is expected that the poor can change their lives towards a better independent life. *Zakat* funds are managed to earn a steady income, to improve and develop business, and to save some income for the savings. *Zakat* funds for productive activities will be optimal if the *zakat* foundations are reliable in implementing the allocation, utilization, and distribution of *zakat* funds.

It is obvious that good management of productive *zakat* can reduce the unemployment and poverty problems which will have a positive impact on the increasing of purchasing power of goods or services. Increased purchasing power will be followed by the production growth and finally increase the micro and macro economic growth.

There are some problems that can be identified from the above description: (1) what are the problems occurred in distributing the productive *zakat*?, (2) what are the factors that constrain the failure and success factors of productive *zakat* management?, and (3) how is the utilization of the productive *zakat* model?. Therefore, the purposes of the research were: (1) to determine and to analyze the problems occurred in the management of productive *zakat*, (2) to find the factors that constrain the failure and the success of productive *zakat* management, and (3) to find utilization of productive *zakat* model.

2. Theoretical Background

Zakat is a *maaliyah ijtima'iyah* worship with a very important, strategic, and decisive position for the development of the society welfare. *Zakat* provides a foundation for the growth and the development of social and economic power of the society. The *zakat* principles have a wide and complex dimension, not only containing the religious, moral, spiritual, and *ukhrawi* (afterlife) values, but also containing the economic and mundane values (Abbas, 2011). In order to make the funding sources that can be utilized for the society welfare, especially for the alleviation of poverty and the elimination of the social disparities, the *zakat* management should be performed professionally and accountably by the society and the government.

2.1 Zakat Objective

The aim of *zakat* management according to the Law No. 23/2011 is to increase the awareness of the society in the fulfillment and the service of the *zakat* worship, to increase the function and the role of religious foundations in order to actualize the society welfare and the social justice, as well as to increase the effectiveness and the efficiency of *zakat*.

2.2 Eligible Parties as the Zakat Receiver (Mustahiq)

The people or the eligible parties who are entitled to receive *zakat* have been set in the Concept of Islamic law. This provision is stipulated in the Qur'an, At-Taubah letter, article 60. There are eight eligible parties as *zakat* receiver or called *asnaf*, including: (1) indigent society, (2) poor people, (3) people who convert to Islam,

(4) *ibnu sabil* or moslem traveller, (5) *fisabilillah* or people who fight for Islam, (6) *gharim* or debtors who are not able to pay the debt due to the reasons allowed by Islamic principle, (7) *amil zakat* or the members of *zakat* committee or organization, and (8) slave.

2.3 Zakat Management Organizations

2.3.1 Definition of Zakat Management Organization

Zakat management organization is a foundation engaged in the management of *zakat*, *infaq*, and *sadaqah*. The definition of the *zakat* management organization according to Law No. 23/2011 on *Zakat* Management is the organization responsible for the planning, organizing, implementing, and monitoring of the collection, distribution, and utilization of *zakat*.

2.3.2 Function of Zakat Management Organization

In general, any kind or position of *zakat* management organization has 2 functions, as the financial intermediaries and the empowerment foundation.

2.3.3 Collection, Distribution and Utilization of Zakat

The guidelines on the system of the collection, distribution and utilization of *zakat* according to the Law No. 23/2011 on the Management of *Zakat* are as follows:

- *Zakat* Collection System. In order to collect *zakat*, *muzaki* or the *zakat* donors will do the calculation of their *zakat* obligation by themselves. If they are not capable to count the calculation by themselves, the *muzaki* may request assistance from the National *Zakat* Agency (BAZNAS). *Zakat* paid by the *muzaki* to BAZNAS or LAZ will be deducted from the taxable income. BAZNAS or LAZ are required to provide the proof of *zakat* payment to the *muzaki*, which can be used as a deduction for the taxable income.
- *Zakat* Distribution System. *Zakat* is obliged to be distributed to the *mustahiq* in accordance with the Islamic principle. The distribution of the *zakat* is conducted according to the priorities and considering the distributive justice and obligations.
- *Zakat* Utilization System. *Zakat* can be utilized for the productive activities in order to manage the indigent society or the poor people and to improve the quality of people's life. Utilization of *zakat* for the productive business is conducted if the *mustahiq*'s basic needs have been fulfilled.

2.4 Zakat in Social and Economic Perspective

In economic terms, *zakat* is an act of transferring wealth from the rich to the poor people. Transfer of wealth means the transfer of economic resources. Thus, although *zakat* is basically a worship to God, it could also have the economic significance. In line with the previous argument, Dawam Rahardjo (1988) in Said, stated that by using the economic approach, *zakat* may develop into the *muamalah* concept (society) which is the concept of how human beings should implement the social life, including in the form of their economic life. Therefore, there are two concepts that will always be arguing in the discussion of the interrelated socioeconomic doctrines of Islam, namely the prohibition of usury and the commands to pay *zakat*.

2.5 Zakat for the Productive Businesses

The utilization of *zakat* should give a positive impact for *mustahiq*, both economically and socially. From the economic side, *mustahiq* is demanded to have an independent and decent living, while on the social side, *mustahiq* is required to live in an equal condition with other people. This means that *zakat* is not only distributed for the consumptive purposes only or merely for the sake of charity, but *zakat* distribution is more of the productive and educative purposes.

The main weakness of the poor people and their small businesses is not solely on the lack of the capital or financial resources, but rather on the mental attitude and the readiness of business management. Therefore, in the early stage, the productive *zakat* should be able to educate the *mustahiq*. For the next stage, the distribution of *zakat* should be accompanied by the monitoring system. This is what we call the empowerment role. *Zakat* which can be collected in the long term should be empowering the *mustahiq* to the business development phase. The meaning behind the empowerment is how to make the *mustahiq* as the business partners to be independent, so they do not have to always depend on the *amil zakat*.

3. Research Methods

3.1 Type of Research and Data Source

This research was a survey, exploratory, and action research conducted in Jember Regency using the triangulation method. Data used were the primary and secondary data. The primary data sourced from the perception or opinion of the respondents (the members of *amil zakat* and the receivers of productive *zakat*) regarding the concept of productive *zakat* empowerment. The secondary data sourced from the *zakat* distribution data from the *amil zakat*, the funding transaction of the productive *zakat*, and the business development data of the productive *zakat* receivers.

3.2 Analysis Unit and Research Location

The analysis units of the research were the *amil zakat* foundations and the productive *zakat* receivers located in Jember Regency, East Java, Indonesia.

3.2.1 Data Collection Method

Data were collected from the interview, documentation, and focus group discussion (FGD).

3.2.2 Technique used for the Data Validity

Validity or authenticity of the data is an important concept in the research validity and reliability. Qualitative research is a scientific work with the requirement of the objectivity. To fulfill the objectivity criteria, the data validity and reliability should be achieved in order to produce a scientific research. According to Moleong (2001), to determine the validity (trustworthiness) of the data, it requires the testing techniques.

3.2.3 Triangulation Method

Qualitative research is often described as the research with the dominant subjectivity. Therefore, many people still doubting about its truth or validity. In this study, researchers employed triangulation method to enhance the validity of the data used. Several methods were used to determine the validity of the data, such as the followings:

- Credibility, whether the process and the results of the research can be accepted and believed.
- Transferability, which means that if the research results were to be applied to other situations, the researchers were required to provide a descriptive data in a clear, systematic and reliable report in order to make the research results that can be understood by others.

- Confirmability, whether the research results can be verified and are in accordance with the collected data that should be included in the research report. It can be accomplished by discussing the results with the people who did not participate and did not have any urgency or interest with the research, to reach the objectiveness of the research.

3.4 Data Analysis

Data of the research were analyzed using the Miles and Huberman model (1984), including the data reduction, data presentation, and conclusion, which then being verified.

4. Results and Discussion

Research discussion answers the research problems and purposes based on the interview with the *amil zakat* foundations, namely LAZ of the Ministry of Religion of Jember, Lazismu, Azka, BMH, Yatim Mandiri, and YDSF. *Amil zakat* foundations had distributed *zakat* from the *muzaki* and donors to the *mustahiq* in the form of basic needs that can be consumed directly as well as in the form of equipments that can be used for the daily needs (productive *zakat*). Sample of the study shown that most foundations were already applying *zakat* in the form of skills, equipments, and scholarships, which was expected to improve the living standard of the *mustahiq*. The following is the distribution table of *zakat*:

Table 1. *Zakat* Distribution

<i>Amil Zakat</i> Foundations	Basic Needs	Funds (Cash Money)	Skill and Equipments
LAZ of the ministry of religion of Jember	V	V	V
Lazismu	V	V	V
Azka	V	V	-
BMH	-	V	V
Yatim Mandiri	-	V	V
YDSF	V	V	V

Amil zakat foundations distributed *zakat* mostly in the form of working capital (money), equipments, and skills (productive *zakat*). But, there were some problems in distributing *zakat* to the *mustahiq*. *Amil zakat* foundations had to make sure or to identify the needs of different recipients. *Amil zakat* should be able to identify what is required by *mustahiq* in a heterogeneous condition, whether in the form of basic needs, cash money as the working capital, or in the form of equipment and skills. So, *zakat* distribution cannot be generalized. There were some obstacles in the distribution of *zakat*. In fact, some were still in the trial phase. LAZ of the Ministry of Religion of Jember described the obstacles in using ZIS funds to help the poor people engaging in some productive activities. It still did not have the assisting and observer teams to control their business. The donation was still limited with no continuous monitoring. Lazismu foundation also experienced the same problem. To establish LKMM, Lazismu faced a human resources problem, especially about the management team, managerial ability, and mental/integrity. For individual business, the working capital often used for the consumptive activities.

Based on the research results, it can be concluded that *amil zakat* foundations had tried to make the distribution of *zakat* to be more varied, which was not only in the form of ready to use goods, but also in the form of productive *zakat*. But, in its implementation, there were some constraints experienced by the *amil zakat* foundations, as the followings:

- The *amil zakat* foundations did not have the assisting and observer teams to control their business.
- The donation was still limited without continuous monitoring whether the donation was effective or not.
- Communication problem between the related parties in *zakat* collection and distribution.
- Human resources problem, especially about the management team, managerial ability, and the mentality/integrity.
- For the individual business, the donation for the working capital was often used for the consumptive activities.

To support the success of productive *zakat* distribution, *amil zakat* foundations need some help from another institution to provide human resources as the assisting team to minimize the problems. This research recommended a solution to overcome the problems in the distribution of productive *zakat* by making a productive *zakat* empowerment model. The model is as follows:

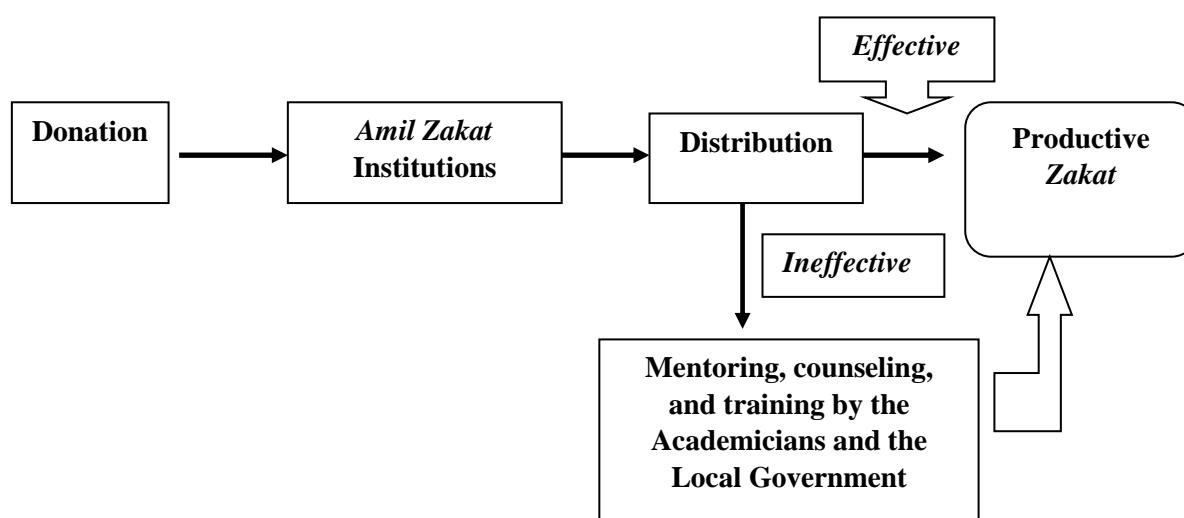


Figure 1. Utilization of Productive *Zakat* Model

It is expected that the proposed model could help minimize the problems and constraints in productive *zakat* distribution. The *amil zakat* foundations could cooperate with the LPM as the human resources supplier, which is the academicians, with the role as the trainer or the observer in productive *zakat* distribution. For the academicians, that activity is part of the Tridharma implementation. The *amil zakat* foundations could also cooperate with the local government in some activities such as the mentoring, training, socialization, and counseling of *zakat*. By having capable and adequate human resources, the productive *zakat* can be applied in our daily life.

5. Conclusion

From the research findings, it can be concluded that:

- The problems faced in the distribution of the productive *zakat* were the needs of identification by each *zakat* foundation to different *zakat* receivers.
- The most common obstacle faced by the *amil zakat* foundations in the distribution of productive *zakat* was the human resources problem where there was no training and monitoring given to the foundations.
- The developed model is expected to minimize the weaknesses in the distribution of productive *zakat*.

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