

THE ROLE OF THE PRODUCTIVE ZAKAT FUNDS IN SUPPORTING THE DEVELOPMENT OF MUSTAHIK BUSINESS

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Abstract

This research aims to find out the systematics applied in the utilization of productive zakat funds by zakat management institutions in Lamongan and to find out whether the zakat funds distributed are effective in increasing the income of business actors, in this case the recipients of zakat funds (mustahik) so that they can reverse the previous situation. These business actors as mustahik can now act as zakat payers (muzaki). This research was conducted using qualitative descriptive methods. Data collection techniques using interviews, observation and documentation. The sample was determined purposively, namely 5 mustahik recipients of LAZISMU Lamongan's productive zakat assistance. The results of this research show that the indicators for the accuracy of program targets and program objectives are effective. The results of this research can contribute to the Amil Zakat Institute (LAZ) in developing productive zakat programs in Indonesia, especially East Java, Lamongan.

Keyword: *Productive Zakat, Economic Empowerment, LAZISMU, SMEs, Lamongan*

A. INTRODUCTION

Poverty is not only an individual problem, but also a national problem. Not only individuals are involved in dealing with poverty problems, but this is also the responsibility of the state. For three years, Indonesia has proven that the poverty rate has been successfully reduced. The Central Bureau of Statistics (2022) stated that the poverty rate in Indonesia as of September 2021 was 26.50 million people. However, when compared to the poverty rate in March 2021, the poverty rate decreased by 1.04 million people. Meanwhile, when the poverty rate in Indonesia as of September 2021 was compared to September 2020, the poverty rate decreased by 1.05 million people. The percentage of the poor population in September 2021 was 9.71%, down 0.43% from March 2021 and down 0.48% from September 2020 (Central Bureau of Statistics, 2022). Poverty itself can have a negative impact on the country, one of which is the increasing crime rate. Poverty can make someone do anything to fulfill their needs, even though it harms others such as robbery, theft, even murder. Indonesia needs the right solution to overcome poverty solutions.

Quoted from the 2020 Regency/City Poverty Data and Information, the poverty rate in East Java is 11.09%. Meanwhile, the poverty rate in Lamongan Regency is quite high with a percentage of 13.85% when compared to Batu City with the lowest poverty rate in East Java with a poverty percentage of 3.89%. Therefore, the Lamongan Regional Government must continue to find new solutions in order to reduce the poverty rate. Several efforts have been made by the central government to overcome poverty, such as economic development by channeling subsidies for Micro, Small and Medium Enterprises (MSMEs). However, the regional government must still have a special program with a function to overcome the current poverty problem. The Lamongan Regional Government can optimize zakat as a solution to overcome poverty (Central Bureau of Statistics, 2022).

In terms of zakat, it is a certain asset that must be paid by Muslims and distributed to groups entitled to receive it as regulated in the Islamic religion. According to Anjelina et al. (2020), other than to improving the economy, zakat should also be able to improve the quality of life of zakat recipients (*mustahik*) Anjelina et al, (2020). Based on Law No. 23 of 2011 concerning zakat management, the definition of zakat is an asset that must be set aside by a Muslim or an organization owned by a Muslim according to religious provisions to be given to those entitled to receive it (Republic of Indonesia, 2011).

The emergence of Islam as a colorant of the community's economic system is expected to optimize zakat management. According to Rachmawati et al, (2019), the underlying problem of *mustahik* is the problem of poverty, so that from this problem productive zakat is held as the main solution to improve the community's economy. Productive zakat is a number of assets given to *mustahik* with the aim of providing sustainable benefits to recipients through the zakat funds they obtain (Amsari, 2019). The main purpose of

zakat is to improve the lives of the Indonesian people, most of whom are still considered to be poor (Siregar, 2022).

Distribution of productive zakat is distributed in the form of production needs for productive recipients. From the assistance distributed, there is a long-term goal, namely to improve the community's economy. Zakat assistance will be distributed to recipients to finance their economic projects for production purposes and long-term survival. Productive zakat can be the right mechanism to encourage *mustahik* (zakat recipients) to build and improve their businesses.

Mustahik is the main target in the distribution of zakat (Arazia, Madjakusumah, & Maulida, 2021). Providing zakat in productive form to *mustahik* as an effort to significantly improve the standard of living or welfare of *mustahik* (Paradilla, 2019). Through the productive zakat program, *mustahik* who initially received assistance to run their business from zakat can then independently run their business and finally be able to support their families independently without further assistance. Accurate measurement of zakat funds distributed through the economic empowerment of *mustahik* needs to be carried out to determine the level of effectiveness in achieving the success of productive zakat.

One of the zakat institutions is the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU). LAZISMU is a national-level zakat institution that aims to empower the community through the effective use of zakat, infaq, alms and other humanitarian funds from individuals, foundations, companies and other institutions. LAZISMU was founded by the Muhammadiyah Central Leadership in 2002 and was later inaugurated by the Minister of Religion of the Republic of Indonesia as the National Zakat Institution (LAZNAS) through Decree No. 457/21 November 2002.

LAZISMU has branches almost throughout Indonesia, one of which is in Lamongan City. LAZISMU Lamongan is the object of this research because it is the largest Zakat Collection Institution (LAZ) in Lamongan. In addition, LAZISMU Lamongan has also run a productive zakat program, namely the Micro, Small and Medium Enterprises (MSMEs) Empowerment Program. The MSME empowerment program is a program initiated and dedicated by LAZISMU to develop the economic potential of families and communities in increasing productivity in an effort to eradicate poverty. This program has been running since 2019 and in 2020-2021 this program is very much needed because many MSME traders are affected and have difficulty finding capital, while 2022, LAZISMU Lamongan has not implemented the MSME empowerment program because after being analyzed this year it turned out that the education program was needed first.

This study has novelty compared to previous studies with similar topics. In general, the difference between this study and the research of Maulana (2020), Pratama (2019), Rachmawati et al, (2019), Amsari, (2019), and Wulansari's (2013) research is from the sample taken, where this study took samples at LAZISMU Lamongan using qualitative descriptive methods. Based on the problems above, the purpose of this study is to determine the mechanism of productive zakat distribution at LAZISMU Lamongan. And to determine the effectiveness of productive zakat in improving the economy of *mustahik* in Lamongan.

B. LITERATURE REVIEW

Zakat

Zakat is the third pillar of Islam, which stipulates that an individual Muslim is required to pay zakat under certain conditions. Legally it means, a certain amount of a certain property paid for a certain category of people. In other words, zakat is an amount of money or its equivalent taken from a certain type of wealth that must be spent for a certain class or group of people in certain ways (paying to the amil directly), when the wealth reaches a certain amount at a certain time (Sapingi et al., 2011).

One of the verses about zakat in the Al-Qur'an is found in Q.S Al-Baqarah (2) verse 43 which reads:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَارْكَبُوا مَعَ الرَّاكِبِينَ

Meaning: "And perform the prayer, pay zakat, and bow with those who bow."

The non-Islamic economic system states that the owner of wealth takes part of his wealth for the purpose of cleansing the soul from greed, jealousy, and revenge (Huda, et al., 2015). Therefore, Islam uses zakat as a tool to balance community income.

Zakat Produktif

In general, the form of distribution and use of zakat is divided into two, namely distribution for consumptive activities and productive activities. Distribution of zakat for consumption is only temporary assistance for urgent needs (Minarti, 2013). According to Andrianti & Huda (2015), productive zakat is one of the zakat-based community empowerment to improve the quality of life of the poor by using their skills,

energy and participation. Active interaction is needed between zakat officers as program counselors and the poor as program targets. With this program, every poor person is seen as an individual who also has strength but is not fully utilized. Through productive zakat, they can participate from making plans to evaluating programs.

Mustahik

Mustahik is the main target in the distribution of zakat (Arazia et.al, 2021). Providing zakat in productive forms to mustahik as an effort to significantly improve the standard of living or welfare of mustahik (Paradilla, 2019). Mustahik are people or groups who are entitled to receive zakat (Rudiyanto, 2019).

LAZISMU Lamongan Productive Zakat Program

LAZISMU is a national-level zakat institution that aims to empower communities through the effective use of zakat, infaq, alms and other humanitarian funds from individuals, foundations, companies and other institutions. LAZISMU has branches almost throughout Indonesia, one of which is in Lamongan City. LAZISMU Lamongan is the object of this research because it is the largest Zakat Collection Institution (LAZ) in Lamongan. In addition, LAZISMU Lamongan has also run a productive zakat program, namely the Micro, Small and Medium Enterprises (MSMEs) Empowerment Program. The Head of LAZISMU Lamongan, Rudy Setiawan, said that the MSME empowerment program is a program initiated and dedicated by LAZISMU to develop the economic potential of families and communities in increasing productivity in an effort to eradicate poverty.

C. METHOD

The type of research used in this study is qualitative, where this research was conducted in the field which will be used as the object of Sugiyono's research (Sugiyono, 2017). This study uses primary data sources, where primary data is obtained from the results of interviews, questionnaires, observations and documentation. The sampling technique used is purposive sampling, namely mustahik recipients of productive zakat program assistance from LAZISMU Lamongan.

The main data of the research comes from direct interviews with the informants. To obtain primary information related to the utilization of productive zakat in the economic empowerment of mustahik, interviews were conducted with 5 mustahik of LAZISMU Lamongan who received the productive zakat program to run a business. Interviews were conducted on 21st August 2022 to 3rd September 2022.

This research was conducted through several stages. The research stages began with conducting field studies, formulating and identifying problems, determining research objectives, collecting data, analyzing data and discussing, drawing conclusions and recommendations.

D. RESULT AND DISCUSSION

Research Respondent Profile

There are 5 mustahik of the productive zakat program LAZISMU Lamongan who became respondents in this study. The following are the profiles of the respondents:

Table 1. Respondent Profile

No.	Name of Mustahik	Types of Assistance	Amount of Assistance (Rp)	Time to Receive Help	Type of business	Place of Business
1.	Mustahik 1	Money	2.500.000	2019	Rujak Seasoning	Paciran, Lamongan
2.	Mustahik 2	Money	2.500.000	2020	Cassava Processing (Krupuk Samiler and Tape)	Tikung, Lamongan
3.	Mustahik 3	Money	2.500.000	2020	Various Frozen Sausages and Meatballs	Mantup, Lamongan
4.	Mustahik 4	Money	2.500.000	2018	Wooden Souvenirs	Kalitengah, Lamongan

5.	<i>Mustahik 5</i>	Money	2.500.000	2020	Songkok Batik	Kalitengah, Lamongan
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Source: Setiawan, (2022)

Productive Zakat Fund Utilization Mechanism at LAZISMU Lamongan

The mechanism for utilizing productive zakat funds at LAZISMU Lamongan is creative productive. The purpose of creative productive is to provide assistance in the form of business capital to mustahik to be managed independently for business development. The goal is to empower the economy of mustahik, especially in increasing income, thereby developing the economic potential of the family (Setiawan, 2022).

The utilization of productive zakat funds in LAZISMU Lamongan begins with the provision of productive zakat for business capital in the form of cash of Rp 2,500,000, -, where the mustahik must spend it on tools, machines, or raw materials for their respective businesses and the rest can be used for additional business capital. The selection of mustahik is also carried out after an assessment is carried out so that the selected mustahik is the right person. To avoid misuse of the business capital that has been provided, the mustahik must provide a purchase note to LAZISMU. After the mustahik's business is running, LAZISMU monitors it once a month, but there is a limit of only 1 year to ensure that the business carried out by the mustahik is running well so that it can help improve the financial economy. The existence of this program is usually accompanied by training for the mustahik, but in LAZISMU Lamongan itself there is none because there is no mentor, so some mustahik only participate in simultaneous training held by LAZISMU East Java. In short, the mechanism for receiving productive zakat at LAZISMU Lamongan can be seen in Figure 1 below.

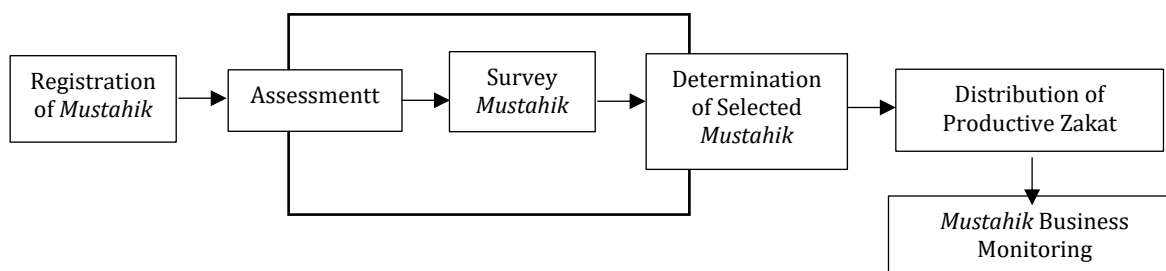


Figure 1. Productive Zakat Receipt Mechanism

Effectiveness of Productive Zakat Utilization on the Ecomomic Development of Mustahik

Based on the results of interviews conducted with 5 respondents who received the productive zakat program from LAZISMU Lamongan, all mustahik said that with the capital assistance provided, they were able to help their businesses. In addition, the amount of business capital provided was also sufficient to start or increase the businesses of the mustahik.

The effectiveness of the utilization of productive zakat on the development of the mustahik economy can be measured from the empowerment indicators, namely the increase in mustahik income and the ability of mustahik to pay ZIS. The following is data on the increase in income from productive zakat mustahik LAZISMU Lamongan

Table 2. Increase Business Income

No.	Name of Mustahik	Business Income (per month)	
		Before Receiving Productive Zakat (Rp)	After Receiving Productive Zakat (Rp)
1.	<i>Mustahik 1</i>	12.000.000	18.000.000
2.	<i>Mustahik 2</i>	1.000.000	1.500.000
3.	<i>Mustahik 3</i>	1.000.000	2.500.000
4.	<i>Mustahik 4</i>	1.500.000	2.000.000
5.	<i>Mustahik 5</i>	13.000.000	17.000.000

Source: (Mustahik, 2022)

Based on the data presented in the table above, it is known that all mustahik who have received business capital assistance from LAZISMU Lamongan have experienced an increase in income compared to before receiving assistance. This shows that with the productive zakat program, Mustahik can improve their respective family's economy, marked by an increase in income. Increased income makes needs that were initially unfulfilled can finally be met. In addition, the effectiveness of the productive zakat program at LAZISMU Lamongan can also be seen from the side of mustahik's ability to pay ZIS which is presented in the following table.

Table 3. Ability of Mustahik to Pay ZIS

No.	Name of Mustahik	Ability to Pay ZIS		
		Before Receiving Productive Zakat	After Receiving Productive Zakat	Amount of Increase in Ability to Pay ZIS/Month
1.	Mustahik 1	Infak	Infak	Rp 200.000
2.	Mustahik 2	Infak	Infak	Rp 100.000
3.	Mustahik 3	Infak	Infak	Rp 150.000
4.	Mustahik 4	Infak	Infak	Rp 500.000
5.	Mustahik 5	Infak	Infak	Rp 600.000

Source: (Mustahik, 2022)

Based on Table 4.3, it is known that after receiving and managing productive zakat from LAZISMU Lamongan, the ability of all mustahik to pay ZIS has increased. Based on the interview results, it was found that there was an increase in ZIS carried out by mustahik after receiving the productive zakat program. This means that the productive zakat empowerment program run by LAZISMU has succeeded in improving the economy of mustahik so that they are able to set aside some of their income to pay ZIS. In addition, several mustahik have also been able to become muzakki with business results of more than IDR 10,000,000 per month.

E. CONCLUSION

Based on the results of the discussion and discussion conducted, it can be concluded that the mechanism for the utilization of productive zakat funds in LAZISMU Lamongan is carried out by providing business capital to selected mustahik in the form of cash of Rp. 2,500,000, - to be spent on tools, machines, or raw materials needed for the business. To ensure that the business capital provided by the institution to the mustahik is used as agreed, LAZISMU monitors each mustahik's business and helps the mustahik in running their business properly by providing business knowledge such as marketing business products.

Overall, seen from the increase in business, business skills, and the ability to pay Zakat, Infak, Shadaqah (ZIS) for each mustahik, it can be said that the productive zakat program of LAZISMU Lamongan has been effective in improving the economy of mustahik. There has been an increase in income since Mustahik received business capital assistance from the productive zakat program. The Mustahik have had adequate business skills so that the business they do can survive until now. Mustahik have also been able to pay ZIS for their income every month. This means that the productive zakat distributed by LAZISMU Lamongan has succeeded in improving the economy of Lamongan Mustahik. The Mustahik who receive productive zakat from LAZISMU Lamongan have now switched to the muzakki (Zakat Payer) group.

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