

EFFECTIVENESS OF ZAKAT AND WAQF-BASED ECONOMIC EMPOWERMENT PROGRAMME IN IMPROVING THE WELFARE OF THE POOR IN WEST JAVA

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Abstract

This study aims to evaluate the effectiveness of zakat and waqf-based economic empowerment programs by BAZNAS West Java in alleviating poverty. By using quantitative and qualitative approaches, this study measures changes in income levels, economic independence, and satisfaction of program beneficiaries as well as identifying supporting and inhibiting factors for its implementation. The results show that this economic empowerment program has a significant impact on increasing the income and economic independence of beneficiaries, although there are some obstacles in implementation. The findings are expected to be the basis for developing more effective zakat and waqf-based economic empowerment strategies.

Keyword: *Zakat, Waqf, BAZNAS, Economic Empowerment, Poverty*

A. INTRODUCTION

Poverty is still a serious challenge in development in Indonesia, especially in West Java Province. Based on data from the West Java Central Bureau of Statistics (BPS), as of September 2023 (BPS, 2023), the number of poor people in West Java reached 4.32 million people or 8.72% of the total population. This figure shows that poverty alleviation efforts still require a more effective and sustainable approach. In this context, zakat and waqf as instruments of Islamic philanthropy have strategic potential in supporting poverty alleviation programs.

BAZNAS of West Java Province, as the official zakat management institution at the provincial level, recorded the huge potential of zakat. According to the West Java BAZNAS report (BAZNAS, 2023), the potential of zakat in West Java reaches Rp. 35.6 trillion per year, but the realization of the collection has only reached around 3.2% of the potential. Meanwhile, waqf assets recorded in West Java reached 46,891 locations with a total area of 4,171 hectares, most of which are still traditionally utilized for places of worship and cemeteries (BWI, 2023).

Several previous studies have examined the role of zakat and waqf in poverty alleviation. (Kasri, 2017) in his research in Indonesia found that productive zakat programs have a significant impact in increasing mustahik income, with a success rate reaching 67% in the first year of the program. The study also identified the importance of intensive mentoring in determining the success of empowerment programs.

(Yumna, 2019) analyzed the integration of zakat with Islamic microfinance as an innovative model of economic empowerment. Their results show that this integrated approach can increase the effectiveness of poverty alleviation programs through strengthening the capacity of mustahik micro businesses.

In West Java itself, (Mawardi et al., 2023) conducted an evaluation of BAZNAS economic empowerment programs and found that the programs implemented have contributed to improving the welfare of mustahik, although they still face various implementation challenges. Meanwhile, (Rahman, 2023) in his study on Islamic social finance emphasized the importance of professional management and program innovation to optimize the impact of economic empowerment.

(Soleh Nurzaman et al., 2017) analyzed the impact of zakat on income inequality and poverty in Indonesia using panel data analysis. This study found that well-targeted zakat distribution can reduce poverty rate by 1.2% per year and reduce income inequality measured by Gini index by 0.3 points.

Although various studies have been conducted, there is still a gap in the study of the effectiveness of zakat and waqf-based economic empowerment programs, especially in the specific context of BAZNAS West Java. Previous studies have not comprehensively analyzed the factors that influence program success and strategies to optimize program impact in the local context of West Java. In an effort to optimize the role of

zakat and waqf for poverty alleviation, BAZNAS West Java has developed various innovative economic empowerment programs.

These programs do not only focus on the distribution of consumptive assistance, but also emphasize productive empowerment aspects to create economic independence for mustahik. However, the effectiveness of these programs needs to be studied scientifically to ensure the achievement of sustainable poverty alleviation goals.

Problem formulation :

1. How is the effectiveness of zakat and waqf-based economic empowerment program run by BAZNAS West Java in alleviating poverty?
2. What are the factors that support and hinder the effectiveness of the program?
3. What is the perception of beneficiaries towards the economic empowerment program by BAZNAS West Java?

This study aims to analyze the effectiveness of the zakat and waqf-based economic empowerment program by BAZNAS West Java, identify supporting and inhibiting factors, and determine the perception of beneficiaries of the program.

B. LITERATURE REVIEW

Zakat and Waqf as Social Economic Instruments

Zakat and waqf are two Islamic financial instruments that have great potential in supporting poverty alleviation. Zakat functions as a form of wealth redistribution for asnaf, while waqf can be focused on productive projects that support social and economic development (Ahmad, 2015).

The Role of BAZNAS in Economic Empowerment

Research by (Suprayitno, 2020) shows that BAZNAS has a significant role in the economic empowerment of the poor through skills training programs, capital assistance, and business assistance. However, the effectiveness of this program is still affected by governance, management, and the availability of adequate funds.

Evaluation of Productive Zakat Program

(Purnamasari et al., 2023) stated that productive zakat that is managed effectively can increase the income of beneficiaries and encourage economic independence. Nevertheless, the lack of program monitoring is a major obstacle that needs to be overcome.

C. METHOD

Research Approach

This research uses a mixed methods approach (quantitative and qualitative) to analyze the effectiveness of the West Java BAZNAS economic empowerment program.

Population and Sample

The population of this research is the beneficiaries of the BAZNAS West Java program and BAZNAS administrators. The sampling technique used was purposive sampling, with a sample size of 100 respondents for quantitative surveys.

Data Collection Technique

1. Quantitative Survey to measure income levels, economic independence, and beneficiary satisfaction.
2. In-depth Interviews to gain a deeper understanding of the supporting and inhibiting factors for program effectiveness.

Data Analysis Technique

Quantitative data was analyzed using descriptive statistics, while qualitative data was analyzed thematically.

D. RESULTS AND DISCUSSION

Survey Analysis Results

Effectiveness of Zakat and Waqf-Based Economic Empowerment Programs

The analysis shows that the BAZNAS West Java economic empowerment program has a positive impact on increasing the income and economic independence of beneficiaries. About 80% of respondents

reported an increase in income, while 70% felt more economically independent after participating in the program.

The study involved 100 beneficiary respondents of the economic empowerment program by BAZNAS West Java. The survey measured three main indicators: increase in income, economic independence, and satisfaction with the program. Below are the detailed results of each indicator:

1. Increase in Income

Most respondents (80%) reported an increase in income since they joined the BAZNAS economic empowerment program. The average income of beneficiaries increased by around 30-50% from before. The average income before joining the program was Rp1,500,000 per month, and after joining the program it increased to around Rp2,000,000 - Rp2,300,000 per month.

The analysis shows that this increase is due to the skills training provided by BAZNAS, which enables the beneficiaries to run micro businesses independently. In addition, the capital assistance from the productive zakat fund also helped the beneficiaries expand their businesses, which eventually increased their income.

Discussion:

This result is consistent with research conducted by (Ascarya, 2022), which states that the productive zakat program is able to have a significant impact on increasing the income of beneficiaries. Productive zakat allows recipients to not only receive one-time assistance, but also create sustainable income. Other research by (Suprayitno, 2020) also shows that skills training is one of the important factors in increasing the income of productive zakat recipients.

2. Economic Independence

As many as 70% of respondents feel more economically independent after participating in the program. This independence is reflected in their ability to manage small businesses initiated through assistance from BAZNAS. Before joining the program, many of them only depended on family income or odd jobs. After receiving training and capital assistance, most beneficiaries were able to generate income independently.

Discussion:

Economic independence is the main goal of productive zakat, as explained by (Ahmad, 2015) that zakat should not only help alleviate the basic needs of beneficiaries but also create long-term independence. Based on the theory of economic empowerment, the economic independence resulting from this program is evidence of the effectiveness of productive zakat in improving the quality of life of beneficiaries.

3. Beneficiary Satisfaction

A total of 85% of respondents expressed satisfaction with the economic empowerment program initiated by BAZNAS. These satisfaction factors include ongoing support from BAZNAS, easy access to training, and business mentoring. However, 15% of respondents expressed dissatisfaction, which was mostly due to limited additional funds for business development and lack of frequency of further training.

Discussion:

Beneficiary satisfaction is one indicator of the success of an empowerment program. This high level of satisfaction indicates that the program designed by BAZNAS is effective in meeting the needs of beneficiaries. Based on research by Hadi (2021), satisfaction with the productive zakat program is closely related to program sustainability, training quality, and the effectiveness of business assistance. Some beneficiaries revealed that they would be helped more if there were more training and additional capital support, especially to overcome business challenges.

Supporting and Hindering Factors of the Program

Supporting Factors

Support from the community and BAZNAS administrators is the main supporting factor for the success of this program. In addition, the active involvement of BAZNAS administrators in assisting beneficiaries also contributed to the effectiveness of the program. The participation of the local community in promoting the program and awareness of the importance of zakat as an instrument of poverty alleviation strengthens the impact of the program.

Discussion:

According to (Alifah & Darna, 2022), support from the surrounding community and zakat administrators has a significant role in the success of productive zakat programs. This is because local support facilitates beneficiaries' access to necessary information and technical guidance.

Inhibiting Factors

Limited funds are a major challenge in the implementation of this program. Since most of the available funds are allocated for operational needs and initial assistance, BAZNAS has difficulty in providing continued support. In addition, some technical constraints, such as lack of continuous monitoring and limited access to additional training, are also challenges that need to be overcome.

Discussion:

Limited funds are often an obstacle in the implementation of productive zakat programs, as mentioned by (Suprayitno, 2020), which states that sustainable management of zakat funds is essential to achieve long-term impact. This research also shows that the lack of continuous training could hinder the achievement of optimal results, as highlighted by Kahf (2007).

Beneficiaries' Perception

Most beneficiaries appreciate the economic empowerment program by BAZNAS West Java, but some respondents suggested improvements in terms of mentoring and access to additional training to enable them to develop more diverse skills.

E. CONCLUSION

Based on the survey results, the zakat and waqf-based economic empowerment program by BAZNAS West Java has proven to be effective in increasing the income and economic independence of beneficiaries, especially the poor in West Java Province. The high level of beneficiary satisfaction also indicates that the program has successfully met the overall needs of the beneficiaries. However, limited funding and lack of follow-up training are the main challenges in implementing the program. By overcoming these obstacles, the program has greater potential to achieve more optimal results in reducing poverty. The findings are expected to help BAZNAS in formulating more effective empowerment strategies in the future.

Recommendations

1. Increased Continuous Training: BAZNAS West Java should increase the frequency and type of training provided to beneficiaries to expand their skills.
2. Development of Productive Waqf Funds: BAZNAS can optimize productive waqf funds as an additional resource in funding economic empowerment programs.
3. Collaboration with Other Institutions: Collaboration with other institutions, both private and government, can help increase the scope and effectiveness of empowerment programs.

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