

Utilization of Productive Zakat in Improving Mustahiq Businesses at the National Zakat Agency of Bulukumba Regency

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Abstract

This study aims to explore the implementation of productive zakat by BAZNAS Bulukumba Regency and its impact on the economic empowerment of mustahiq. A descriptive qualitative approach was used through in-depth interviews, observation, and documentation. The research findings reveal three main themes in the implementation of productive zakat: the mechanisms for utilizing zakat, the impact on beneficiaries, and the supporting and hindering factors for the sustainability of the program. BAZNAS Bulukumba implements a structured mechanism through beneficiary selection, entrepreneurship training, and business mentoring. This program has a positive impact on increasing income, entrepreneurial capacity, and the sustainability of mustahiq businesses. However, the success of the program is also influenced by internal factors such as the financial literacy of mustahiq, as well as external factors such as local government support and funding limitations. These findings indicate the importance of integrating zakat with sustainable empowerment programs, a robust evaluation system, and multi-stakeholder involvement to optimize the social function of zakat. The research findings contribute to the development of a community-based productive zakat model and emphasize the importance of a holistic approach in zakat management.

Keywords: Productive Zakat, Economic Empowerment, Beneficiaries, Baznas, Qualitative Approach

Introduction

Zakat is one of the main pillars of the Islamic economic system, which not only has a religious dimension but also functions as an instrument for wealth distribution aimed at creating social justice and community welfare (Furqani et al., 2018; Widodo, 2019). In the context of Islamic economics, zakat has great potential to address social inequality and serve as a solution to structural poverty issues (Beik & Arsyianti, 2015; Shaukat & Zhu, 2021). Not only consumptive zakat, which is temporary in nature, but also productive zakat, which is directed toward sustainable economic empowerment (Hudaefi et al., 2022).

Indonesia, as the country with the largest Muslim population in the world, exceeding 236.5 million people, possesses extraordinary zakat potential. According to data from the National Zakat Management Agency (BAZNAS) in 2023, the national zakat potential reached Rp 327.6 trillion.

However, of this amount, the actual collection of zakat is only around Rp 12.9 trillion or 3.94% (Saad et al., 2023). The gap between potential and actual collection indicates weaknesses in the zakat collection system and a lack of public understanding of the benefits of zakat, particularly productive zakat (Abdullah & Sapiei, 2018).

Productive zakat itself is an important concept in economic empowerment for the community. This approach aims to provide assistance to the mustahiq not only in the form of immediate consumption but as capital for businesses that can be managed and developed independently (Mawardi et al., 2023). Thus, the mustahiq are expected to be able to break free from the cycle of poverty and even have the potential to become muzakki in the future. This makes productive zakat a transformative approach that aligns with Islamic values of self-reliance, hard work, and economic empowerment (Kusuma & Sari, 2021).

Bulukumba Regency, as one of the districts in South Sulawesi Province, is an area with significant zakat potential, yet it also faces challenges in terms of community economic empowerment. BAZNAS Bulukumba Regency has demonstrated its commitment to managing zakat by introducing various productive zakat programs such as business capital assistance, entrepreneurship training, and business mentoring (Yusoff & Al-Qaradawi, 2019; Rahman & Ahmad, 2019). These programs aim to promote the economic independence of zakat recipients through enhanced business capacity and financial literacy (Nazeri et al., 2023).

However, in practice, productive zakat programs in Bulukumba face a number of challenges. One of these is the low level of zakat collection due to inadequate socialization and a lack of awareness among muzakki (zakat payers) of the importance of zakat contributions (Ismail & Tohirin, 2021). Additionally, among mustahiq, the ability to manage business funds remains relatively low. Many of them lack adequate financial literacy, have no business experience, or lack understanding of marketing strategies and business development (Muneeza et al., 2022; Sari & Rahman, 2020).

Another challenge lies in the suboptimal monitoring and evaluation system implemented by BAZNAS. The system for monitoring the effectiveness of the program, the utilization of funds, and the development of mustahiq businesses is often carried out in an unstructured manner (Owoyemi, 2020). This results in a lack of accurate data and information that can be used to evaluate and improve the overall effectiveness of the productive zakat program (Zulfikri et al., 2023).

In addition, the lack of integration between productive zakat programs and regional economic development policies is also a factor that deserves attention. In fact, synergy between zakat management institutions, local governments, and communities plays a strategic role in strengthening the impact of zakat-based economic empowerment (Mohammed et al., 2021; Bin-Nashwan et al., 2023). If this integration can be optimized, productive zakat will not only benefit individual recipients but also drive overall local economic growth (Aziz et al., 2020).

Based on these realities, several key issues have been identified as the focus of this study. First, the low realization of zakat collection in Bulukumba Regency compared to its potential limits the funds available for productive zakat (Saad et al., 2023). Second, the low level of financial literacy and managerial skills among beneficiaries is a serious obstacle in the management of productive zakat funds (Beik & Arsyianti, 2015; Abdullah & Sapiei, 2018). Third, the weak monitoring and evaluation system from BAZNAS makes it difficult to measure the effectiveness of the program and determine improvement measures (Hudaefi et al., 2022; Furqani et al., 2018). Fourth, coordination between BAZNAS and local government and community stakeholders in developing synergies for economic empowerment programs through productive zakat has not been optimal (Khairi et al., 2024).

Therefore, this research is highly relevant and important to conduct. Theoretically, this study will enrich the literature on productive zakat management, particularly in the context of regions like Bulukumba, which are rarely the focus of research (Furqani et al., 2018; Hassan & Aliyu, 2018). This study will not only provide an overview of how the implementation mechanism of productive zakat is carried out but also to what extent the program impacts the economic lives of mustahiq (Yusoff & Al-Qaradawi, 2019).

From a practical perspective, this research is expected to directly contribute to developing more effective, efficient, and sustainable zakat management strategies. Through an in-depth analysis of the impact of productive zakat on the income, skills, and sustainability of mustahiq businesses, this research will provide concrete input for BAZNAS in developing data-based programs and evaluations (Mawardi et al., 2023; Amilahaq et al., 2020).

Additionally, the results of this study can also be used by the Bulukumba Regency government as a basis for formulating sharia-based economic development policies. By improving understanding of the

challenges and potential of productive zakat management, the local government is expected to be able to develop collaborative strategies with BAZNAS, community-based organizations, and business actors in creating a sustainable economic empowerment ecosystem for the community (Nazeri et al., 2023; Pratiwi & Sa'idah, 2022).

The novelty of this research lies in the analytical approach used, namely a descriptive qualitative approach based on field data. This research does not rely solely on theory and statistics but also explores the direct experiences of the stakeholders, namely the zakat managers and the beneficiaries themselves (Hassan & Mohd Ali, 2020). With this approach, it is hoped that critical aspects that have not been extensively explored by previous studies can be identified, such as the psychological dynamics of beneficiaries, socio-cultural barriers, and the local community's response to productive zakat programs (Ismail & Tohirin, 2021).

Furthermore, by highlighting the unique local context, this study is expected to provide practical recommendations that align with the socio-economic characteristics of the Bulukumba community. It is hoped that the success of productive zakat management in this region can serve as a model for other areas in developing adaptive and inclusive sharia-based economic empowerment models (Zulfikri et al., 2023).

Thus, this study aims not only to describe the phenomenon but also to contribute to strategic efforts to strengthen the role of zakat as a development instrument. This research will serve as both a scientific and practical contribution to addressing the challenges of zakat management in Indonesia, while expanding the intellectual horizon on how productive zakat can function as a driving force for the tangible and sustainable well-being of the community.

Research Methods

A. Research Results

Based on the results of descriptive qualitative research conducted through in-depth interviews, field observations, and documentation, three main themes were identified that describe the implementation of productive zakat by BAZNAS Bulukumba Regency, namely: (1) Mechanisms for utilizing productive zakat, (2) Impact on improving the businesses of mustahiq, and (3) Supporting and inhibiting factors for program sustainability.

Mechanism for Utilizing Productive Zakat

BAZNAS Bulukumba implements productive zakat through an economic empowerment program. The process begins with data collection and selection of mustahiq through field surveys. After selection, eligible recipients receive business capital assistance and participate in entrepreneurship training.

“We conduct surveys at their homes, assess their businesses, and then determine who is eligible to receive capital assistance,” (Informant 2).

The program continues with regular business mentoring. BAZNAS staff conduct routine visits to the business locations of eligible recipients to evaluate the progress of their businesses. This mentoring includes guidance on basic business management, financial record-keeping, as well as spiritual and social motivation.

In this context, the empowerment mechanism is not merely about providing funds but creating an ecosystem of development that integrates spiritual, social, and economic aspects. This demonstrates that productive zakat is not merely a financial instrument but also a means of profound social transformation. BAZNAS' strategy demonstrates an integrated approach that is in line with the local characteristics of the religious and collective community of Bulukumba.

Impact of Productive Zakat Utilization on Mustahiq Businesses

Based on the analysis, the utilization of productive zakat has a significant impact on improving the welfare of mustahiq in three main aspects:

1. Increased Income

Most beneficiaries experienced an increase in income after receiving capital assistance. “Before, my sales were small-scale, but now I can expand my display and inventory,” (Informant 4). Income that was previously unstable became more stable with the proper use of capital.

2. Enhanced Entrepreneurial Capacity

The training provided helped beneficiaries understand how to manage their businesses. “I was taught how to record expenses and income, which was very helpful,” (Informant 5). Training tailored to participants' abilities and backgrounds made the learning process more effective and practical. This training also strengthened beneficiaries' confidence to expand their businesses gradually.

3. Business Sustainability

Some beneficiaries have managed to sustain their businesses for more than six months to a year. However, some have experienced stagnation due to external factors such as a small market or health issues. “After receiving assistance, I opened a small shop, which has been running for almost a year now,” (Informant 7). Nevertheless, some informants expressed dependence on regular mentoring, indicating the need for a clear exit strategy for long-term independence.

Supporting and Hindering Factors of the Program

The findings indicate several significant supporting factors:

1. Commitment and active role of BAZNAS

Commitment and active role of BAZNAS in providing assistance. The presence of assistants who understand local characteristics contributes greatly to the success of the program.

2. Support from local government

Support from local government through synergy with poverty alleviation programs. Programs such as MSME training and market facilitation also strengthen the impact of productive zakat.

3. Community participation

Community participation, especially local religious leaders who promote zakat awareness. The involvement of religious leaders not only strengthens the legitimacy of the program but also fosters social solidarity.

However, there are also obstacles:

1. Limited zakat funds

Limited zakat funds result in a limited number of mustahiq being served. “Zakat funds are limited, while there are many mustahiq in need,” (Informant 1).

2. Low financial literacy among mustahiq

Low financial literacy among beneficiaries hinders the success of businesses. “Sometimes they are given capital, but the beneficiaries do not know how to develop their businesses,” (Informant 6).

3. Lack of a sustainable evaluation system

The program lacks a sustainable evaluation system. Not all programs are equipped with clear and measurable reporting systems.

These factors indicate that the success of productive zakat is greatly influenced by its supporting ecosystem. It is not enough to simply provide assistance; it is also essential to ensure the sustainability of the program through evaluation mechanisms and ongoing training.

B. Discussion

Mechanism for Utilizing Productive Zakat

The implementation of productive zakat by BAZNAS Bulukumba demonstrates a systematic approach that involves data collection, training, and ongoing assistance for mustahiq. This strategy reflects the integration of fund distribution functions with capacity development functions. This reinforces the idea that zakat is not merely a philanthropic activity but also part of community-based microeconomic development (Furqani et al., 2018; Beik & Arsyianti, 2015).

The selective and survey-based selection of beneficiaries demonstrates the application of the principle of fairness in zakat distribution. Furthermore, the involvement of local leaders and a religious values-based approach make this mechanism consistent with the character of the local community. In the context of systems theory, this approach shows that zakat management is an open system influenced by the values, norms, and social structures of the community.

Impact of Zakat Utilization on Beneficiaries

Findings regarding increased income, entrepreneurial capacity, and business sustainability among beneficiaries indicate that productive zakat has the potential to be a transformative social instrument. When productive zakat is accompanied by training and mentoring, beneficiaries can experience gradual economic mobility (Mawardi et al., 2023).

However, the long-term effects of productive zakat are highly dependent on the mustahiq's ability to utilize capital and mentoring. Some mustahiq still show dependence on assistance or lack the courage to expand their businesses. These findings reinforce the results of a study by Hassan & Aliyu (2018) that the entrepreneurial ecosystem is a key factor in the success of productive zakat.

The disparity in the ability of mustahiq to manage businesses also emphasizes the importance of financial literacy programs. Mustahiq with managerial skills and simple record-keeping show better resilience. This is in line with the findings of Abdullah & Sapiei (2018) that financial behavior mediates the effectiveness of productive economic assistance.

Supporting and Hindering Factors of the Program

The success of productive zakat in Bulukumba is greatly supported by the synergy of actors, particularly the commitment of BAZNAS, the support of the local

government, and the involvement of local religious leaders. Within the framework of empowerment theory, this synergy enables the gradual transfer of control to mustahiq through mentoring and education.

Conversely, the main challenges of the program are related to limited funds, low financial literacy, and a weak monitoring system. The absence of a continuous evaluation system makes it difficult for the program to measure its impact quantitatively and in the long term. This finding reinforces the argument that productive zakat requires a data-based reporting and evaluation system to ensure sustainability (Hudaefi et al., 2022).

The disconnect between training and the context of the mustahiq's business is also a latent barrier. Therefore, the future success of productive zakat requires integration between institutional capacity building of BAZNAS, program innovation, and comprehensive improvement of the mustahiq's socio-economic capacity.

One of the important contributions of this study is the emphasis on the importance of continuous evaluation and synergy between BAZNAS, local governments, and local communities. Without structural and systematic support, the impact of productive zakat tends to be temporary and unsustainable.

From a theoretical perspective, the findings of this study reinforce the ideas in empowerment theory, which emphasizes the importance of transferring control to marginalized groups through individual capacity building and access to resources. The effective implementation of productive zakat is a concrete example of this theory at the grassroots level.

Additionally, systems theory can be used to explain how interactions between elements such as zakat institutions, mustahiq, local governments, and communities influence program success. This systemic approach underscores that the success of zakat cannot be viewed in isolation but as part of a broader social, economic, and institutional process.

Furthermore, these results also support the study by Hudaefi et al. (2022), which emphasizes that zakat must be integrated into the framework of sustainable development. In this case, zakat is not only for meeting immediate needs but also for addressing structural inequalities.

From a practical perspective, the findings of this study emphasize that the management of productive zakat should not be sporadic. A system for data collection, reporting, continuous training, and long-term impact evaluation is needed. By establishing a comprehensive zakat information system, BAZNAS can enhance transparency and accountability while expanding the reach of its programs.

Finally, this research recommends that productive zakat should be developed with a holistic community-based approach. Involving local actors, understanding the real needs of mustahiq, and building market networks and

technological support will strengthen the role of zakat as a catalyst for social transformation.

Thus, the results of this study reinforce the urgency of building a zakat system that not only focuses on the distribution of funds but also on strengthening the capacity of mustahiq holistically, including literacy, market networks, and intensive mentoring. This is in line with the view of Hudaefi et al. (2022) that zakat must be integrated into a sustainable development framework, not merely a form of charity.

Conclusion

This study concludes that the implementation of productive zakat by BAZNAS Bulukumba Regency has had a real impact on increasing the economic capacity of mustahiq. The approach, which includes beneficiary selection based on surveys, provision of business capital, entrepreneurship training, and mentoring, has proven to increase the income and business capacity of zakat recipients. This success is supported by close collaboration between BAZNAS, local government, and community leaders.

However, this study also revealed challenges, such as limited zakat funds, low financial literacy, and an inadequate monitoring and evaluation system. Therefore, the productive zakat program needs to be developed sustainably through improved reporting systems, intensive training, and contextual and community-based empowerment strategies.

The implications of this study are the need for the design of holistic, participatory zakat policies that are integrated with local development programs. Such zakat management will strengthen the function of zakat as an instrument for sustainable socio-economic development of the community.

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