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## **Distribution of Zakat and The Empowerment of MSMEs in Bandungrejo: Experience of BAZNAS Malang**

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### **Abstract**

*Zakat is the main pillar that has a role for the Islamic economy. BAZNAS Malang has a very important role as a means of community welfare. One of them is for the Bandungrejo MSME community by distributing empowerment-based work tools. The research method of this article is qualitative. The main subject of MSMEs in Bandungrejo who received an empowerment program from BAZNAS Malang. Information was obtained through documentation, observation and interview techniques, as well as deductive data analysis techniques. The empowerment of MSMEs in Bandungrejo is carried out continuously. program planning that has been prepared must be able to function as a driving force so as to create a holistic community empowerment program. The existence of this program is also in line with the Islamic law, Law Number 23 of 2011 about Zakat Management and Government Regulation Number 14 of 2014 about Implementation of Law Number 23 of 2011 about Zakat Management which prioritizes the utilization of zakat for the welfare of the people and poverty alleviation. The economic empowerment of the people has been achieved based on the right and good goals and objectives. The author suggest for developing community resource training programs and special assistance so that the empowerment program runs optimally because cooperation from all elements of the government, private sector and community is able to maximize the welfare of the community.*

**Keywords:** Zakat; Empowerment-Based Work Tools

## Introduction

It is a reality that MSMEs are the most strategic national economic sector and involve the lives of many people so that it becomes the backbone of the national economy. MSMEs are also the largest group of economic actors in Indonesia and have proven to be the key to safeguarding the national economy in economic crisis as well as a leading proponent of postcrisis economic growth.<sup>1</sup> MSMEs have a big role in increasing Indonesia's economic growth because with the large number of Indonesians, MSMEs play a role in increasing job opportunities. The important role of MSMEs in the national economy reflects the important role of MSMEs in achieving the Sustainable Development Goals (SDGs) in Indonesia. MSMEs can be at the forefront of achieving the SDG's economic pillars by creating job opportunities, creating decent working conditions, business innovation, adaptation and mitigation of negative economic, social and environmental impacts on business operations for inclusive economic growth.<sup>2</sup>

Zakat has become a basic pillar of the Muslim economic system. Zakat is a sharia obligation that must be issued by muzakki to mustahik either directly or through amil. The position of zakat is a very solid foundation of Islam. In Indonesia, zakat plays a role in the economic growth of a country, especially in terms of community welfare. Zakat is needed to be considered in seeing the development of the community's economic development or often known as the People's Empowerment Economy. With proper allocation of zakat, it encourages the distribution of economic equality in the community which has implications for production, distribution and consumption activities. The development of zakat management organizations or OPZ is currently experiencing quite rapid development such as, LAZ (Amil Zakat Institute), BAZNAS (National Zakat Amil Agency), OPZ (Zakat Management Organization).<sup>3</sup>

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<sup>1</sup> Nasrulloh Nasrulloh, "Sharia Banking Financing Model In Enhancing The Halal Certification Of Micro, Small, Medium Enterprise Industry," *EL DINAR: Jurnal Keuangan Dan Perbankan Syariah* 9, no. 1 (2021): 20.

<sup>2</sup> Nasrulloh Nasrulloh, "Implementasi Etika Bisnis Islam Dan Transformasi Digital Umkm Madura Dalam Mendukung Ketercapaian Sustainable Development Goals," *Jurnal Ekonomi Syariah* 7, no. 1 (22): 64.

<sup>3</sup> Sri Fadilah, "Organisasi Pengelola Zakat (OPZ)": Deskripsi Pengelolaan Zakat Dari Aspek Lembaga Zakat," *Jurnal : Kajian Akutansi, Universitas Islam Bandung* Vol.18, no. 2 (2017): 148–63.

One of the zakat management institutions in East Java that has an important role in managing zakat funds for the welfare of the community is BAZNAS Malang Regency. The institution is located in the Islamic Center Building Complex, Jl Trunojoyo, 01 Kepanjen Malang. The existence of the program at the Malang Regency BAZNAS institution is the focal point of this research. This is known through the economic empowerment of the people who cannot be separated from the important role in efforts to collect and manage zakat funds in the community. In the implementation of various programs that are run as a form of utilizing zakat funds for the community, they are distributed in education programs, house renovations, cash compensation, basic food packages, and community economic empowerment.

All BAZNAS programs are in demand by the people of Malang, except for the Malang Makmur program that cannot be run optimally. This program provides business capital assistance to disaster-affected communities or communities in need. This program had to be stopped because there was a lot of abuse in the beneficiary community. The community does not use aid as business capital but to meet other urgent needs. Therefore, the cash business capital assistance in the Malang Makmur program was terminated, so that BAZNAS focused more on strengthening the distribution program of work tools for MSMEs under the guidance of BAZNAS Malang.<sup>4</sup>

## **Method**

This field research uses qualitative methods. In qualitative research, the instrument is a person or human instrument (the researcher himself). To become an instrument, researchers must have broad theoretical and insightful knowledge, so that they are able to ask questions, analyze, photograph, and construct the social situation under study.<sup>5</sup> This research is descriptive and analytical research, which is intended to understand social phenomena from the participant's point of view.<sup>6</sup> Primary data uses main data obtained directly based

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<sup>4</sup> Khoirul Hafidz Fanani, Pelaksanaan Program BAZNAS Kabupaten Malang, January 25, 2021.

<sup>5</sup> Sugiyono Sugiyono, *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, Dan R&D* (Bandung: Alfabeta, 2014).

<sup>6</sup> Ali Sodik Sandu Siyoto, *Dasar Metodologi Penelitian* (Yogyakarta: Literasi Media Publishing, 2015).

on information and explanations obtained from the location of the research implementation: MSMEs Bandungrejo and BAZNAS Malang. Secondary data provides an explanation of the supporting materials for primary data sources, books, related journals,<sup>7</sup> Islamic Law, Law no. 23 of 2011 about Zakat Management and Government Regulation No. 14 of 2014 about Implementation of Law Number 23 of 2011 about Zakat Management and documents related to research. The data analysis technique used the qualitative data analysis of Milles and Huberman's interactive model: (1) Data collection; (2) Data reduction; (3) Data presentation: (4) Draw conclusions.<sup>8</sup>

## Discussion

Bandungrejo is one of the villages located in Bantur District, Malang Regency. Administratively, Bandungrejo Village consists of several hamlets: Krajan, Sumbero, and Sumberagung. The livelihoods of the people of Bandungrejo are varied, including as farmers, fishermen, and trade or business, but most of the economic conditions of the majority of the people work as farmers and trade. In this study, the authors use Small, Micro and Medium Enterprises as a benchmark sample for the implementation of economic empowerment of the people at BAZNAS Malang. One of them is SMEs in Bandungrejo. In this case, the criteria for micro or small-scale MSMEs, which are small businesses owned by individuals, have been running and want to develop their business through the BAZNAS Malang BINA MSME program.

Based on the implementation of the administrative provisions issued by BAZNAS Malang for the BINA MSMEs program, there are several procedures that need to be done. MSMEs need to register with BAZNAS Malang. The registration process is represented by volunteers or assistants of BAZNAS Malang. MSMEs have met the registration requirements in the form of: Identity Cards and Family Cards, program proposal proposals, certificates from the local Village or District. After the administration is fulfilled, the file is submitted at the BAZNAS Malang office to be checked for completeness. A survey of prospective beneficiaries of the BINA MSMEs program and

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<sup>7</sup> Galuh Widitya Qomaro, "Pembayaran Zakat Fitrah Dalam Tradisi Metraen Bhekal Bineh di Bangkalan Madura Perspektif 'Urf," *El-Faqih: Jurnal Pemikiran Dan Hukum Islam* 8, no. 1 (2022), <https://ejournal.iaifa.ac.id/index.php/faqih/article/view/540/472>.

<sup>8</sup> Miles M.B & Huberman A.M, *Analisis Data Kualitatif. Terjemahan Oleh Tjetjep Rohendi Rohidi* (Jakarta: Universitas Indonesia, 1992).

feasibility reporting is carried out by BAZNAS Malang after the administrative files are declared to be eligible.

The criteria for MSMEs that meet the requirements for receiving assistance from the BINA MSME program are the *Dhuafa* Community, micro-scale or individual MSMEs, and people who already have businesses and want to develop their businesses. They are obliged to apply for assistance on the basis of personal desire and not coercion. Applicants from this program are required to obtain a certificate from the local village or sub-district that MSMEs are eligible to receive program assistance. The applicant must meet the program administration requirements.

After receiving the work tool assistance, the responsibility for the maintenance and damage to the work tool assistance from the BINA MSMEs program is fully borne by the program recipient based on a stamped agreement on the basis of trust, it is no longer the responsibility of BAZNAS because the assistance for work tools has been granted. Banners and stickers are prone to damage so that full responsibility for program recipients must be maintained, stickers and banners contain clear writings depicting that MSMEs are businesses assisted by BAZNAS Malang may modify work tools without having to remove the logo. Due to the limited number of staff at BAZNAS Malang and the many other programs from BAZNAS, monitoring was left to the program assistants who had been selected by BAZNAS Malang as BAZNAS volunteers in Bandungrejo. The application of the concept of empowerment is not always tied to BAZNAS Malang and the distribution of work tools has not been fully focused on assisting and providing full training to MSMEs in Bandungrejo. MSMEs are facilitated with working tools to develop their businesses independently. MSMEs that have been given program assistance are required to be more independent, meaning they are not dependent on BAZNAS and take the initiative to form a community of fellow business actors by motivating each other in tips for running a business. The purpose of this activity is for fellow business actors in the same business field to jointly improve the economy for mutual prosperity

### ***The Economic Condition of the Community After Receiving Work Equipment Assistance by BAZNAS Malang***

Based on the provisions that have been set by BAZNAS Malang regarding the provisions for the role of companion, the researcher also conducted a search or research on Mrs. Titik Nurhayati as a volunteer for BAZNAS Malang. The role of the assistant is also not only in the administrative field, but also in the trust of BAZNAS to supervise and monitor MSMEs in Bandungrejo and ensure the implementation of the program goes well. The assistant is also allowed to give a warning if the MSME does not use the assistance of work tools in accordance with the agreed agreement. The assistant also understands the reason that MSMEs in Bandungrejo do not operate work tools due to pandemic reasons. In this condition, one of the MSMEs in Bandungrejo also experienced losses in its business, so that the business activities were forced to stop temporarily. Monitoring and evaluation are also done by BAZNAS Malang. The implementation of direct visits after the delivery of program assistance has not been carried out due to the Covid-19 pandemic. The COVID-19 pandemic has also caused reporting activities to be carried out online led by the distribution and utilization sector. However, because of the element of trust given by BAZNAS Malang to volunteers or assistants, the sustainability policy is also left to the facilitators. With various initiatives that can be done by facilitators and colleagues, they need to discuss program evaluations that have been carried out but are still under the control of BAZNAS Malang.

The BINA MSME program in Bandungrejo has a goal to empower poor people who need help with work tools in the hope of being able to improve the community's economic level. The principle of expediency has been felt by MSMEs in Bandungrejo when receiving work tools assistance. This is evidenced by an increase in economic income for the people who receive assistance in this program. As a form of gratitude and reciprocity for the program held by BAZNAS Malang, MSMEs in Bandungrejo are not required to return business capital, but if they want to distribute part of their sustenance, they are allowed to issue *infaq* and *waqf* through BAZNAS Malang. Apart from the program for providing work tools, the MSME community in Bandungrejo needs soft skills training to improve their trading skills apart from equipment.

However, it is unfortunate that the development of Human Resources specifically has not yet been provided by BAZNAS.<sup>9</sup>

***Achievement of Empowerment Goals and economic targets for empowering the Ummah at MSMEs Bandungrejo***

The existing community empowerment allows the community to survive and achieve progress.<sup>10</sup> Economic empowerment through zakat funds is carried out by BAZNAS Malang on MSMEs in Bandungrejo to avoid political intervention of Islamic finance in terms of zakat management to help the poor directly have a big impact on economic productivity.<sup>11</sup> This can be seen from the policy taken by BAZNAS Malang which emphasizes the management of zakat funds to facilitate work tools. In the sustainability of MSME empowerment in Bandungrejo, it has been in line and applied based on the concept of economic empowerment with the Community Based or community-based empowerment model, in this case means that the community has a role to act as a subject or actor in planning and implementing community economic empowerment programs. Every community has the right of authority to make a decision about all that is needed in its activities. And decision making is based on joint decisions.<sup>12</sup> The empowerment of MSMEs in Bandungrejo also has a sustainable concept. In this case, it means that the program planning that has been prepared must be able to function as an initial driving force or milestone and not only when the program is implemented, but also serve as a continuation for the future.<sup>13</sup>

The economic empowerment of the people is an effort made to empower the community by motivating, encouraging and generating the economic potential that has been owned as well as an effort to develop it. In an effort to see the success of the MSME empowerment program in Bandungrejo, it is necessary to know from various benchmarks. Empowerment activities that

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<sup>9</sup> Suryani, Hasil Penerimaan Bantuan Alat dari Program Baznas Malang, 2021.

<sup>10</sup> Mubyarto, *Membangun Sistem Ekonomi* (Yogyakarta: BPFE, 2000).

<sup>11</sup> Gazi Inayah, *Teori Komprehensif Tentang Zakat Dan Pajak* (Yogyakarta: Tiara Kencana, 2003).

<sup>12</sup> Ismet Firdaus, Ahmad Zaky, *Upaya Meningkatkan Equity Perempuan Dhuafa Desa Bojong Indah, Parung* (Jakarta: Dakwah Press, 2008).

<sup>13</sup> Ismet Firdaus, Ahmad Zaky.

have been carried out by BAZNAS Malang on MSMEs in Bandungrejo as an effort to improve welfare can be seen from various things as follows: 1) The existence of assistance program assistance for business work tools has been clearly proven that it motivates, encourages, raises awareness of the potential, as well as efforts to create a thriving climate for MSMEs in Bandungrejo and many MSMEs are motivated to be active in running their business with work tools that are much more feasible than before. 2) The existence of assistance programs for business work tools is proven to be able to strengthen the potential that has been owned by developing it through positive steps. Although in terms of implementation, there are some Bandungrejo MSMEs that temporarily stop during the Covid-19 pandemic for customers losing reasons. However, there are also many MSMEs in Bandungrejo whose economy has increased with this program. 3) Provide various inputs and wide open access. The existence of the community empowerment economic program by BAZNAS Malang is able to shape the MSME community, especially for small business actors who receive assistance in Bandungrejo to have more values, especially in the economy in a sustainable manner and are given full freedom to make strategies independently in developing their business.

The work tool program assistance has achieved a fairly good target. This can be seen in terms of determining the criteria for MSMEs that receive work tool assistance based on the results of the study that are in accordance with the target community in Bandungrejo with the priority of the poor or underprivileged. This is in line with the content. In this effort, BAZNAS Malang is also trying to channel its programs according to the 8 *asnaf* targets. Regarding the explanation of the provisions for the distribution of zakat funds, it has also been explained in Q.S At-Taubah [9]: 60

Based on the verse above, it proves that the eight groups are provisions from Allah SWT that have been determined and must be guided by all Muslims. These provisions have been applied to the BAZNAS Malang management agency and are actually channeled to MSMEs in Bandungrejo that have met the predetermined criteria. From the verse above, it can also be understood that Allah is all-wise and all-knowing of those who need help, so that in its implementation, BAZNAS Malang distributes not haphazardly and remains targeted. This is also in line with the application of the Q.S. At-Taubah [9]: 104 regarding the utilization of zakat funds by being used as much as



possible in the welfare of the people. Muhammad Irfan Nasution stated that the use of zakat funds for the welfare of the *mustahik* has positive and significant meaning for the *mustahik*'s welfare.<sup>14</sup>

Based on the results of the study, it is also clear that it is true that the use of zakat funds is prioritized for the welfare of the *mustahik*. This has a positive and significant meaning to the welfare of MSMEs in Bandungrejo as small business actors and recipients of program assistance as an effort to improve the economic welfare of the community. The implementation of the contract agreement that has been carried out well by BAZNAS Malang and its empowerment program is carried out on the basis of trust, this can be seen when BAZNAS Malang makes an agreement that has been agreed upon by both parties previously and becomes a rule that must be obeyed based on trust. Where it can also be seen that in an agreement in the form of written consent made by both parties and there is a mutual agreement according to the agreement and the consequences if it is not fulfilled. It is also clear that the provisions must use and care for work tools as well as possible and use them properly. And if it is related to the theory of the concept of a sharia contract, the agreement carried out is based on the *'an taraadhin* contract on the basis of trust and the implementation of program assistance by BAZNAS Malang in its empowerment program does not expect a reciprocal profit in the BINA MSME program.

The implementation of the utilization of zakat through the economic empowerment of the people is also inseparable from the laws and regulations as a basis to be used as a guide in making policies and implementing empowerment programs for MSMEs in Bandungrejo by BAZNAS Malang. The concept and achievement of the economic goals of empowering the people have been implemented in line with applicable regulations. Law Number 23 of 2011 about the management of zakat has clearly stated that the existence of zakat through its management institutions is used as a means of religious institutions aimed at improving the welfare of the people, justice and poverty alleviation efforts. This is also reinforced in the explanations in various articles including,

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<sup>14</sup> Muhammad Irfan, Muhammad Andi Prayogi, "The Utilization of Zakah Productive towards Micro-Business Growth and Mustahik Welfare," *Jurnal : Faculty of Economics and Business, University of Muhammadiyah Sumatera Utara*, 2019.

in Article 27 Paragraph (1) and Article 3, which contains the purpose of developing various productive efforts, such as programs that are able to bring progress in increasing people's income, standard of living and welfare. The article also explains how to develop human resources to improve the quality of the people. In terms of implementation, SMEs in Bandungrejo in their business are given the freedom to train their usefulness for the sustainability of their business. The government also issued a regulation in Government Regulations No. 14 of 2014 about the Implementation of Zakat Management. In Article 56 (f) and Article 58 (g), zakat managers have a program to prioritize the utilization of zakat for the welfare of the people to the fullest. In this case, BAZNAS Malang has implemented it well in one of the MSMEs empowerment programs in Bandungrejo.

## Conclusion

The economic empowerment of the people in the economic empowerment of the people based on the assistance of work tools in the BINA MSME program in Bandungrejo by BAZNAS Malang has been achieved based on the right and good goals and objectives. Because it is able to motivate, encourage, and provide broad access to MSMEs in Bandungrejo in developing their business with the concept of Community Based. the community has a role to act as a subject or actor in the planning and implementation of community economic empowerment programs. MSME empowerment in Bandungrejo also has a sustainable concept. The program planning that has been prepared must be able to function as a motor or initial driving milestone and not only when the program is implemented, but also serve as a continuation for the future. The existence of this program is also in line with the provisions of Islamic law, Law Number 23 of 2011 about the management of zakat and Government Regulation Number 14 of 2014 about the Implementation of Zakat management which prioritizes the utilization of zakat for the welfare of the people and alleviation of poverty.

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