

Optimizing the Function of Zakat in the Development of Micro, Small and Medium Enterprises and Alleviating Poverty: A Case Study at the National Zakat Agency of Sidenreng Rappang Regency

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Abstract. Zakat as a means of raising funds can be used productively for the development of MSMEs. The number of compulsory zakat in Sidrap district is more than one hundred thousand people. This potential can be used to alleviate poverty and improve community welfare. Departing from the above, the purpose of this research is to determine the potential of zakat in Sidenreng Rappang Regency, the development of MSMEs through zakat funds and increase the welfare of the community who receive zakat. The urgency of this research is an effort to optimize the use of zakat in the development of MSMEs and poverty alleviation in Sidenreng Rappang Regency. The method used in this research is a qualitative method through three stages, namely the invention, discovery, and explanation stages and the data collection techniques using in-depth interviews. Based on the results of the study, it was found that the amount of zakat collected at the Zakat Agency of Sidrap Regency during 2020 was Rp. 1,044,526,024 and donations of Rp. 1,199,318,100. Zakat and donations are distributed through several programs according to their respective asnaf, namely the needy, 15%, 20% poor, 12.5% Amil, 7.5% converts, 2.5% shackled people, people owing 10% 20%, people who struggle in the path of Allah and foreigners who do not have the cost to return to their place of origin 12.5%. Apart from being intended for the asnaf-asnaf above, the results of the Baznas collection are also intended for social assistance through several programs such as education assistance (smart sidrap), independent sidrap (empowerment assistance for small entrepreneurs), fire assistance, and basic food assistance.

Keywords: Zakat; UMKM; Poverty Alleviation

1. Introduction

Economic activity cannot be separated from human life, especially for a country or a region. Along with the times, of course, the need for humans increases. Therefore, the economy continues to experience growth and change [1]. Zakat is an important instrument in the Islamic economic sector and promotes the progress and prosperity of Muslims worldwide. Thus, zakat institutions must be regulated and managed effectively and efficiently [2]. In the Islamic economic system, zakat is one of the primary sources of social funds to help people experiencing poverty. Zakat is a form of worship in Islam included in the third pillar of Islam and is an integral part of enforcing Islamic law [3].

UMKM (Micro, Small, and Medium Enterprises) is one of Indonesia's national economy motors. The role of Micro, Small, and Medium Enterprises (MSMEs) in the national economy is quite significant. This amount reached 99.9 percent, and employment reached 97 percent [4]. Micro, Small, and Medium Enterprises (UMKM) activities are one of the business fields that can develop and be consistent in the national economy [5]. The development of UMKM is one of the reasonable steps in fighting poverty and unemployment in Indonesia. However, MSME actors still face obstacles that hinder the development of a business; the factor that becomes an obstacle is capital in business development [6].

Zakat can be used as a form of capital for small businesses [7]. Thus, zakat has a significant influence on various matters of the life of the people, including the power in the economic field [8].

With the existence of zakat institutions, it is hoped that the ability to reduce poverty because poverty will cause various land problems, poverty will endanger faith because, in these conditions, poverty can sow seeds of doubt about divine wisdom regarding the distribution of sustenance. Second, poverty will endanger morals and morals, and poverty and misery of a person who lives with a greedy group of people often encourage him to commit crimes or violations. Third, poverty will threaten the stability of thought. Fourth, poverty endangers the family, which can be a threat in terms of its formation, continuity, and harmony. Fifth, poverty threatens society and its stability [9].

Micro, Small, and Medium Enterprises in Sidenreng Rappang District need special attention, considering the productivity of MSMEs still needs to be higher. This was conveyed by the chairman of the Sidrap cadre at the 2019 Sidrap Expo. Zakat as a means of raising funds can be used productively for the development of MSMEs. The number of compulsory zakat in Sidrap Regency is more than one hundred thousand people. This potential can be used to alleviate poverty and improve community welfare. Departing from the above, the purpose of this research is to determine the potential for zakat in Sidenreng Rappang Regency, the development of MSMEs through zakat funds, and increase the welfare of the community who receive zakat.

2. Research method

The research was carried out at the Baznas Office of Sidenreng Rappang Regency and the distribution areas of the community that received assistance from Baznas. The people who receive service from the National Development Planning Agency are spread across eight sub-districts in Sidenreng Rappang Regency. This study used a qualitative approach with three stages: invention, discovery, and explanation. The informants in this study were those who received assistance from the National Baznas Sidenreng Rappang district. In the data collection process, researchers visited informants and conducted interviews to obtain research data. The data analysis technique used in this study was to use the steps proposed by (Bungin, 2003), namely as follows:

1. Data Collection
2. Data Reduction
3. Display Data
4. Verification and Confirmation of Conclusions (Conclusion Drawing and Verification).

3. Results and discussions

The research found that the amount of zakat collected in the Zakat Agency of Sidrap Regency during 2020 was Rp. 1,044,526,024 and donations of Rp. 1,199,318,100. Zakat and donations are distributed through several programs by their respective asnaf, namely the needy, 15%, 20% poor, 12.5% Amil, 7.5% converts, 2.5% shackled people, people owing 10%, 20% of people who struggle in Allah's path and foreigners who do not have the cost to return to their original place 12.5% Apart from being intended for the asnaf-asnaf above, the results of Baznas collection are also intended for social assistance through several programs such as educational assistance (smart strap), independent strap (empowerment assistance for small entrepreneurs), health assistance, da'wah, and humanitarian assistance. The number of people who received business empowerment assistance during 2020 was 18, with total assistance of Rp. 5,595,000. Funds for this assistance are collected: 20% of SNAP for poor people plus income from infaq and alms. Furthermore, basic food assistance for the underprivileged reached 4226 people, totaling 985,477,000. This assistance was taken from the needy and poor, plus donations and alms. The next program is Smart Sidrap, which assists underprivileged children who take education. The number of school children and students assisted was 19, with a total assistance of 26,250,000. The next program is a healthy strap or medical assistance for underprivileged people. The number of people who received this assistance was 18, with total assistance of Rp. 40,265,000. Furthermore, assistance for da'wah and advocacy activities reached 1724 recipients with a total assistance of Rp. 515,518,000. In more detail, Baznas programs can be seen in the table below.

Table 1. Percentage of Zakat, Infaq, and Alms Distribution

NO	ASNAF	ZAKAT (%)	IN FACT, (%)
1	Poor	15	15
2	Poor	20	20
3	Amil	12.5	20
4	Convert	7.5	5
5	Riqab (People who are depressed)	2.5	2.5
6	Gharim (Person in debt)	10	2.5
7	Fii Sabilillah	20	25
8	Ibn Sabil	12.5	10

(Source: Baznas Sidrap)

Table 2. Distribution of Baznas Programs

NO	PROGRAM	TOTAL RECIPIENTS	AMOUNT OF ASSISTANCE (Rp)
1	Smart / Educational Sidrap	19	26,250,000
2	Sidrap Sehat	18	40,265,000
3	Humanity	4226	985,477,000
4	Economy	18	5,595,000
5	Da'wah and advocacy	1725	515,581,000
	Total	6006	1,573,168. 000

The following are the results of interviews with informants:

a. Mrs. Nurfaizah

"I am very grateful for the assistance of the National Amil Zakat Agency for Sidenreng Rappang Regency. This assistance can increase my sales turnover. With this help, I could buy an adhesive machine for fruit ice packs. Besides that, I can add to the types of items I sell."

b. Ms Nur Khaerati

"Alhamdulillah... Thanks to assistance from the National Zakat Agency of Sidenreng Rappang Regency, I was able to develop my business. I also sell more types of goods. I hope that in the future, assistance can be given in the form of money so that I can buy things that are much needed by the community."

c. Mrs St. Aminah

"Alhamdulillah.... My business is growing quite well. Moreover, it is currently in the COVID season, so sales have become rather quiet. I am very grateful for the assistance from Baznas. I hope Baznas can continue assisting until my business develops well. Besides that, I also hope to get cash assistance to buy items that buyers need."

As stated by W. Nopiardo, zakat is one of the instruments to improve the economy and people's welfare; Baznas Sidrap has proven that with the acquisition of Rp. 2,243,844,124. The proceeds have been distributed to several strategic programs to develop MSMEs and alleviate poverty. The programs run by Baznas touch on many aspects of community life, from education, economy, health, society,

and religion. The positive public response regarding Baznas programs strengthens the success of Baznas in optimizing the function of zakat in the development of MSMEs and poverty alleviation in Sidenreng Rappang Regency. Here are the goals from five strategic programs of Baznas Sidenreng Rappang Regency:

- (1) Smart strap. This program is an educational aid for students and students. Assistance is provided for the smooth implementation of education, especially for underprivileged students and students. Students were assisted, including clothes, school supplies, and cash. Students get assistance completing studies or conducting research to write a thesis.
- (2) Healthy strap. This program is intended for people who need treatment but experience limited costs. This assistance is delivered directly at home and to hospitals and health centers.
- (3) Sidrap is independent. This program is assistance for MSME players who are currently in the business development stage. Service is provided in the form of money and goods.
- (4) Social humanity. This program is intended for the less fortunate. The assistance provided was in the form of necessities and daily necessities. This program is also designed for communities affected by floods, fires, and landslides.
- (5) Da'wah and advocacy. This program is intended for the development of Islamic da'wah. This assistance also touches converts as encouragement and joy for having embraced Islam.

4. Conclusions

Judging from the results of interviews and data from Baznas Sidenreng Rappang Regency, it can be concluded that:

- (1) Baznas Sidenreng Rappang Regency can optimize the collection and utilization of zakat to support the development of MSMEs and poverty alleviation in Sidenreng Rappang Regency.
- (2) Optimizing the function of zakat in the development of MSMEs can be further improved by increasing the budget for MSME development assistance in terms of nominal aid and the number of people who receive service.

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