The Effect of Zakat Productivity Toward Small Medium Enterprise Incomes of Recipient of Zakat

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Abstract—This study aims to find out how zakat productive affect the Small Medium Enterprise (SMEs) incomes of recipient of zakat in South Sumatera. This study uses quantitative approaches, while data collection techniques use questionnaires and also through interview, observation and documentation. The population in this study is all recipient of zakat which receives zakat productive fund from BAZNAS South Sumatera. In taking a sample used a random sampling techniques and get 110 recipients of zakat. Data analysis using multiple regression analysis model. The results of this study indicate that zakat productive funds, length of business and training have a good results toward increasing the income of recipients of zakat, so that zakat productive program can be developed more broadly so that more recipients of zakat can join this program and become a giver of zakat in the future.

Keywords: zakat productive, recipient of zakat, small medium enterprises

I. INTRODUCTION

The relatively high poverty rate in Indonesia should be an evaluation material used to find the right instruments in reducing poverty. Various sectoral, monetary and fiscal policies as well as other policies that have been implemented have been able to reduce poverty, but have not been effective enough in reducing poverty. This is reflected in the percentage of poor people in September 2018 of 9.66 percent, down 0.16 percent from March 2018 and down 0.46 percent from September 2017. The number of poor people in September 2018 of 25.67 million people decreased 0, 28 million people in March 2018 and decreased 0.91 million in September 2017 (BPS, 2018).

Vicious circle of poverty that occured in indonesia was caused by the lack of capital for poor people. The current economic system which does not favor the poor is suspected to be the cause of the difficulty in reducing poverty in Indonesia. Financial institutions as intermediaries that channel funds from investors to debtors who cannot obtain loans from banks, because they do not have assets for collateral as a basis for credit loans, and lack of entrepreneurial skills. this is what makes it difficult for poor people to escape poverty. Therefore we need a method and instrument that can empower the poor people, and make it easier for the poor to get access to business capital. one of these instrument is zakat [14].

To make the role of zakat better in enhancing the economy of recipient of zakat, the zakat experts began to develop ideas to make zakat funds more productive, so there was a thought to distribute zakat funds in the form of zakat productive to recipient of zakat who have expertise in opening Small Medium Enterprise (SMEs) and expertise in trading [6].

One of the countries that has been implementing productive zakat for a long time is Malaysia. Malaysia is a country that has introduced the distribution of zakat productive since 1980. Almost all amil zakat institutions in Malaysia have implemented a zakat productive. Every zakat institution has a strategy and concept for distributing of zakat productive funds. Zakat productive distribution consists of four categories: business capital assistance, business equipment assistance, business financing and wage of employment [2]. In 2010-2011, zakat funds amounting to RS2.82 billion from 36 provinces were collected in Pakistan. The funds are allocated as much as RS. 1.585 billion for subsystem allowances, educational scholarships, patient care, for marriage, and benefits on Eid al-Fitr. the obstacle In the allocation of zakat funds is the lack of zakat funds that collected in amil zakat institutions in Pakistan. This is due to the lack of trust from the giver to amil zakat institutions due to lack of transparency in the management of the zakat funds [19].

Zakat productive has a strategic role in poverty alleviation efforts in Indonesia. This is indicated by the potential of zakat in Indonesia, as well as the mechanism of zakat management that allows it to be used as a poverty alleviation program. Conceptually, social entrepreneurship has a close orientation with the mission of zakat productive. Like zakat, the concept of social entrepreneurship also promotes the aspect of togetherness in the spirit of brotherhood which is shown by social goal, also emphasizes the aspect of sincerity for the recipient of zakat in building the economics empowerment . It also educate a recipients moral about good and bad to be a guide in carrying out charity as determined by Allah SWT in Al-Quran, which is demonstrated by the application of ethical business principles. Social entrepreneurship also provides space for maslahah that can continuously be felt by the community, this is shown through social impact and sustainability. Empirically, social entrepreneurship is relatively able to be a solution to the problem of poverty independently and sustainably [8].

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Zakat productive in Indonesia has been implemented by existing amil zakat institutions, such as Rumah Makmur BAZNAS (RMB) in Semarang City, which has conducted zakat productive in the form of capital assistance for micro-small businesses, thus encouraging increased profits. The profits before getting capital assistance ranged on average by 43% and after getting capital assistance profits increased by 57%. Although the average increase that occurs is not so large, but every recipient’s efforts has increased an average of up to 14%. Meanwhile, Rumah Makmur BAZNAS (RMB) as of September 2013, has provided business capital to 2,414 mustaqiq, with a total business capital assistance of Rp 2,722,195,800 [20].

South Sumatra is a province that has extraordinary zakat potential in reducing poverty. BAZNAS South Sumatera as an amil zakat institution in South Sumatra has a program in distributing zakat productive to the recipient of zakat, namely “Sumsel Makmur” and has been received by the recipients of zakat community which during its implementation was assisted by Baitul Qiradh which in mosque in the program target zone of zakat productive. During this program the community gets positive results from increasing their Small Medium Enterprise (SMEs) income. This has led researchers to want to dig deeper to see how the effect of zakat productive towards the SMEs income of recipients of zakat in South Sumatra Province. This research was also conducted to find out and provide solutions to the problems and obstacles that exist in the zakat productive program which is managed by BAZNAS South Sumatera.

II. LITERATURE REVIEW

A. Zakat

In the Al-Qur'an which is the main law foundation of Islam often mention about zakat accompanied by prayer. It can be concluded that zakat is obligatory like prayer, so that all Muslims in the world must heed Allah’s order to pay zakat. Allah says in Surah Al-Baqarah verse 267 which means: “O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective therefrom, spending [from that] while you would not take it [yourself] except with closed eyes. And know that Allah is Free of need and Praiseworthy”.

The verse of the Al-Qur'an above concludes that zakat is not only giving, but how to give the best to those who need, not giving the bad. [21] said that zakat is not only giving something to others on the basis of good deeds, rather the assumption that zakat is an important pillar in Islam and also a form of Muslim worship to Allah SWT. One of the reasons for the creation of zakat is for humans to help each other. Because humans are social beings, which means that humans cannot live alone without the help of others. Zakat also teaches Muslims to respect each other, so that a life of peace and harmony is created [1].

B. Function of Zakat

According to [12] Zakat is primarily the malayiah worship and prayer is primarily badaniyah worship. Therefore, we are not wondered that all scholars stipulate that: “denying the law of zakat (denying its obligation) is punished by kufr, out from Islam. [13] also said that Zakat can be used for social purposes, especially for those who belong to the recipients of zakat which has been determined in the Al-Qur'an because of the roles and functions contained in zakat so that it is seen as a religious levy which must be set aside by a Muslims or institution owned by Muslims in accordance with religious provisions. Zakat in muamalah can prevent society from the social gap between the rich and the poor. Zakat can also foster and develop the stability of social, economic life, grow a sense of social responsibility. Helping, reducing and lifting the poor people from economic and social difficulties, fostering and growing brotherhood among human beings, and developing individual responsibility for the society and public interests.

[10] said that through eight asnaf financed by zakat as determined by the Al-Qur'an, zakat can be used social function as a tool of social security and unifying the community in fulfilling the basic needs of each individual, eradicating poverty and waste against fellow Muslims, then as a heart softener and a tool for spreading Islam. Is not zakat among others used for muallaf who are persuaded by their hearts, which means the muallaf who are persuaded by their hearts are those who deserve to be given zakat as a softener of their hearts or the hearts of their people, or to strengthen Islam in their hearts.

C. Allocation of Zakat Funds

The allocation of zakat funds is devoted to eight groups or commonly referred to the recipients of zakat. This is in accordance with the provisions of Allah in his word in Surah At-Taubah verse 60 which means: “Zakah expenditures are only for the poor and for the needy and for those employed to collect [zakah] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah . And Allah is Knowing and Wise.”

In the verse mentioned above, the poor people are the top priority of the 8 groups who are entitled to receive zakat. The aim is to eradicate poverty and destitution of Muslims. [6] revealed that groups including the poor are, people who have no wealth at all, people who have wealth or business but not enough for themselves and their families, people who have assets and business but can only meet half of their own needs and their families. In giving this zakat, it should be sufficient, meaning that this zakat should be given until the mustahiq can suffice for its life. For example, a poor or poor person who is good at trading is given a large amount of capital which can produce sufficient profits for his life [15].

D. Zakat Productive

[3] said that zakat productive or zakat investment based on the term is looking for the acquisition of wealth by doing business with zakat. Zakat investment can be divided into three parts. First, the zakat investment by the recipient itself. Secondly, the zakat investment carried out by the recipient. Third, the zakat investment carried out by the ruler or the institution of amil zakat. At first, the scholars differed on the law of zakat investment. However, in the end the scholars who did not allow the zakat investment made several provisions which allowed the zakat investment to be carried out with several considerations, such as; pay attention to the needs of the poor people; investment can really bring benefits; hasten to collect zakat when there is a need; investments are made by government or their representatives, both from departments, social organizations
or donor agencies; this investment is consulted with experienced and trustworthy people; the investment is carried out on businesses that are permitted according to sharia and not a prohibited business.

The results of zakat may be used for productive purposes, such as providing financial assistance in form of business capital to the poor who have certain skills and are willing to try / work hard, so that they can regardless of poverty and dependence on others and be able to be independent. In addition, the results of zakat can also be used to establish factories and profitable projects and the results for zakat recipients in need.

Based on research background, problem formulation, research objectives, theoretical review, and conceptual framework carried out by researchers, the Research hypothesis can be formulated as follows:

**H1:** Allegedly zakat productive funds, length of business and training positively affected on the Small Medium Enterprise (SMEs) income of recipients of zakat in South Sumatera.

E. Previous Research

[5] conducted research in Kudus about zakat productive. This research revealed that zakat productive for economic empowerment of recipients of zakat conducted by LAZISNU Kudus has helped the community in developing their economy in order to support the needs of daily life and also the allocation of zakat productive is done to improve their life, so the poor people could be empowered and not given compensation or alms continuously, with hope they can become a giver of zakat in the future.

The positive result of zakat productive also disclosed in the research conducted by [16]. This study found that the impact of the zakat productive capital on poverty alleviation in North Aceh district is run well than their expectation in increasing their income and living needs. [20] also revealed that the role of zakat productive program is very encouraging to increase the income of recipients of zakat in Semarang. This study found that the impact of the zakat productive capital on poverty alleviation in North Aceh district is run well than their expectation in increasing their income and living needs. [20] also revealed that the role of zakat productive program is very encouraging to increase the income of recipients of zakat in Semarang. Their business is become bigger after they receive the funding of zakat productive in this district and they hope they receive zakat more than before to increase their business and become muzakkhi in next year.

Research on the management of zakat productive as an instrument of improving the welfare of the people has also been carried out by [9]. This research reveals that the conception of zakat as an instrument of improving the welfare of the people can be implemented by applying the zakat giving scheme for productive activities. The application of this scheme can be justified according to Islamic law as long as the basic needs of the recipients of zakat are fulfilled. Some amil zakat institutions in several cities in Indonesia that have implemented good and modern management have run zakat productive schemes (economic empowerment) alongside zakat productive funds (social protection). Most of the purpose of utilizing zakat funds for productive economic activities is to increase the socio-economic independence of the recipient of zakat in order to transform become a giver of zakat in the future.

A study on zakat productive was also conducted by [18] who revealed that the implementation of zakat productive as a means of economic empowerment recipients of zakat is in accordance with the existing provisions of the fiqh council and proved to be effective as a tool in improving the economy of recipients of zakat, although the results were not too maximum but this program can be used to reduce poverty.

Research on zakat productive whose purpose is to develop the recipient of zakat is also done in Malaysia. Research [11] revealed that the mechanism to organize zakat productive funds must right on target which is the recipients of zakat who has the micro-business, because the purpose of this study is to make zakat more productive than before. The modern approach in the implementation of zakat is also studied by a Malaysian student named [21] that founded the approach of zakat as instrument to reduce the poverty and increase the stability of the people among muslims is suitable and accepted by the recipients of zakat.

So this paper want to talk about the effect of zakat productive towards the Small Medium Enterprise (SMEs) income of recipients of zakat in South Sumatera and to increase their welfare rather than they use zakat in consumptive way.

III. METHODS

The scope of this study is to examine the influence of zakat productive funds, skill and training toward the SMEs income of recipients of zakat. The object of this study is the recipients of zakat who receives a zakat productive funds from Amil Zakat National Institution of South Sumatera (BAZNAS SUMSEL) and has a Small Medium Enterprise (SMEs). The data used in this study is the primary data that collected from the interviews and questionnaires given to the recipients of zakat.

To obtain the relevant data in this study author used a quantitative research, the interviews, document analysis, archival records, and observation [17]. In this study, interviews were conducted to the recipients of zakat that received a zakat productive funds from BAZNAS South Sumatera that chosen by the researcher. The population in this study is the whole recipients of zakat that receiving assistance from BAZNAS South Sumatera. The analysis technique in this study is multiple regression estimation techniques used the method of least squares (OLS) There is also a model equation regression analysis of this study are as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]  \hspace{1cm} (1)

Explanation:

\( Y \) = Income SMEs of recipients of zakat
\( X_1 \) = Zakat Productive Fund
\( X_2 \) = Length of Business
\( X_3 \) = Training
\( \alpha \) = Constant
\( \beta \) = Regression Coefficient
\( \epsilon \) = Error

IV. FINDINGS AND DISCUSSION

The results of the study have obtained quantitative data during the interview and observation process. The data
obtained were analyzed by multiple regression methods and calculated from the three independent variables, there are the productive zakat funds received, length of business and training. Based on the data obtained by the researcher, multiple regression equations can be arranged as follows:

\[ Y = 3,130 + 0.442 \text{ Funds} + 0.433 \text{ Length of business} + 0.859 \text{ Training} \]

The results above showed that the beta value of the zakat productive fund variable is 0.442, this shows that in this study zakat productive fund has a positive relationship to the dependent variable, this positive relationship showed that the zakat productive funds has so far provided good influence and enough to help the recipient of zakat in improving their Small Medium Enterprise (SMEs) incomes.

Where as for the length of business variable shows the beta value is 0.433 which means that the length of business and SMEs income of recipient of zakat have a positive relationship. This is in accordance with the theory which says that if the business owner has good experience, the income will increase. Besides being seen from the length of business, to improve the expertise, it is necessary to provide trainings related to improving the recipients expertise in run the business. In the regression equation above it is shown that the beta value of the training variable is 0.859. This shows that the training and SMEs income of recipient of zakat variables have a positive relationship. This indicates that the training provided by BAZNAS or other parties whose purpose is to develop businesses owned by recipient of zakat has an important role in increasing the income, which in turn will make the recipient can become a giver at a later time.

The results of the constant are 3,130, which means that without all these independent variables, the Small Medium Enterprise (SMEs) incomes of recipient of zakat variable has a positif value, so it is concluded that the dependent variable which is SMEs income of recipient of zakat always has added value to their income, but with all the independent variables that used by the researcher can improve their welfare become better than before. The independent variables used in this study should be expected to be assistants in increasing the SMEs income of recipient of zakat. Multiple regression estimation results using statistical tools are as shown in the table below:

**TABLE I. MULTIPLE REGRESSION ESTIMATION RESULTS**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>t value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3,130</td>
<td>2,208</td>
<td>0.029</td>
</tr>
<tr>
<td>Funds</td>
<td>0.442</td>
<td>3.997</td>
<td>0.000</td>
</tr>
<tr>
<td>Skill</td>
<td>0.433</td>
<td>3.285</td>
<td>0.001</td>
</tr>
<tr>
<td>Training</td>
<td>0.859</td>
<td>6.293</td>
<td>0.000</td>
</tr>
</tbody>
</table>

R-Square : 0.598  F Value : 52.530 (sig = 0.000)  * Source: Data Process Result

Based on the estimation table above, it can be concluded that the R-Square value is 0.598, it means show the variable zakat productive funds received by recipients, length of business and training affect 59.8% of the SMEs income of recipients of zakat in South Sumatera, while 41.2% is influenced by variables that are not examined by researchers. This shows that the independent variables used by researchers have a considerable effect on the dependent variable.

**TABLE II. F TEST**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>16,689</td>
<td>3</td>
<td>5,563</td>
<td>52.530</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>11,226</td>
<td>106</td>
<td>0.106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27,915</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Source: Data Process Result

From the results of the above table it can be seen that independent variables have a significant effect on the dependent variable. This can be proven by looking at the significance value of ANOVA f table, which is equal to 0.000b or smaller than the significance level determined by the researcher, which is 0.05 or 5%, then the regression transformation model can be used to predict the zakat productive funds, length of businesses and training together affect the SMEs income of recipient of zakat in Palembang, so that it can be concluded that:

H0: Zakat productive funds, length of business and training for the recipients not significantly affected the SMEs income of recipient of zakat simultaneously rejected, and

Ha: Zakat productive funds, length of business and training for the recipients not significantly affected the SMEs income of recipient of zakat simultaneously received.

Looking at the test results above it can be said that simultaneously the independent variables have a positive effect on the dependent variable, which means that if the zakat productive zakat funds received by the recipient are higher, the length of business increases and the training given to the recipient is increased, the SMEs income of recipient of zakat will increase.

The results of data analysis show that zakat productive funds has a significant effect on the SMEs income of recipient of zakat in South Sumatera, and has a positive relationship to their income. Based on data obtained by researchers while in the field by giving questionnaires to the recipient and also observations during the study it can be found that this zakat productive program receives positive responses from the community, because many of the recipient of zakat need financial assistance to run their businesses.

This zakat productive assistance program is given to recipient with a loan system without interest or in Islamic economics called the Qardh and Qardhul Hasan contracts. The recipient who get this loan must return the loan money within 10 months (10 x pay) which the money collected from the return will be channeled back to another recipients. So in essence BAZNAS South Sumatera will not ask for return the zakat productive funds that have been given to recipient of zakat, because this is one program that is devoted to the recipient who need financial assistance in running their business. The return system that applied is not for obligation but just for their education process that gave to the recipients of zakat so that it can be more responsible in managing the funds and not consumptive.

The results above also show that the length of business has a significant effect on the SMEs income of recipient of
zakat in South Sumatera and has a positive relationship. Analysis of the data above also shows that training also has a significant effect on the SMEs income of recipient of zakat in South Sumatera and has a positive relationship. Overall the results of the above analysis show that the zakat productive fund, the length of business and training have a significant effect on the income of recipient of zakat in South Sumatera. From this result, it can be concluded that this zakat productive programs needs to be increased again in order to get the desired value.

The zakat productive carried out by BAZNAS South Sumatera through the Baitul Qiradh institution is nothing more than a strategy in alleviating poverty in Indonesia in general and in South Sumatera in particular. When the zakat funds have been distributed to recipient of zakat, the BAZNAS South Sumatera is expected to continue to guide, train and be responsible to all recipient of zakat who receive this zakat productive, so that the zakat funds can be used properly by the recipient of zakat to improve their economy for the better.

V. CONCLUSION

From the results of this study, it was found that the zakat productive funds, length of business and training together affect the Small Medium Enterprise (SMEs) incomes of the recipient of zakat significantly, this is indicated by the significance value of 0.000 and the F value of 52.530. So this can be used as a reference that this zakat productive program can continue to be developed and improved again, so that it can become a superior program to apply the values expected from the existence of zakat, namely to improve the welfare of the recipient of zakat. These three variables also contributed of 59.8% towards the SMEs income of recipient of zakat in South Sumatera, while the remaining of 41.2% was effect by other independent variables that were not examined by the researchers in this study. This shows that so far zakat productive has been good enough to help the economy of recipient of zakat, but the limited zakat funds that can be rolled out to recipient in the form of zakat productive is still the main problem of BAZNAS South Sumatera, this is because there are still many the giver who do not distribute zakat funds through BAZNAS South Sumatera, with the existence of this research is expected the giver are willing to always distribute their zakat through BAZNAS South Sumatera, so can encourage this zakat productive zakat program to be even better.

VI. SUGGESTION

The result of this research revealed several suggestion that needed to improve the implementation in zakat funds distribution to the recipients. To improve this program of zakat productive from BAZNAS South Sumatera. To improve the zakat productive program run by BAZNAS South Sumatra is need more zakat funds are collected from giver of zakat, so cooperation is needed from the giver of zakat in order to deliver their zakat through the BAZNAS South Sumatra. with this collaboration it is hoped that the productive zakat program can contribute even better in improving the welfare of zakat recipients. in addition it also requires intense training to the recipient of zakat on how to maximize existing resources in order to achieve maximum profits, so that the recipients of zakat can achieve the desired level of welfare and become a giver of zakat in the future.

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