


# Optimization Of The Utilization Of Productive Zakat For The Economic Empowerment Of Mustahik In The MSME Culinary Sector (A Case Study Of Lazismu Yogyakarta Region)

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Article Info	ABSTRACT
<b>Keywords:</b> Productive Zakat Optimization Mustahik Economy MSMEs	This study aims to examine the procedures implemented by Lazismu Yogyakarta Region in their MSME Empowerment program through the productive utilization of zakat. The goal is to assess whether these procedures are optimal and have successfully achieved the program's objectives of enhancing the welfare of the poor through sustainable economic means. A descriptive qualitative research method was employed for this study, which was conducted at Lazismu Yogyakarta Region. The informants included the manager and the head of the productive zakat fund distribution section at Lazismu Yogyakarta Region, along with three mustahik from the culinary sector who received productive zakat assistance. Data analysis was performed using Pattern Matching with Atlas.ti tools. The findings indicate that the productive zakat utilization for economic empowerment of mustahik in the culinary MSME sector in Lazismu Yogyakarta Region can be optimized by further enhancing training, mentoring, and the selection process for recipients of productive zakat assistance.
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## INTRODUCTION

One of the main components of economic philanthropy in Muslim-majority countries is zakat. According to the Qur'an, Surah Al-Baqarah verse 43, every Muslim is obligated to pay zakat and give it to those entitled to receive it. Zakat is a form of worship where a Muslim can purify their wealth by eliminating the rights of others over it. Additionally, zakat is a social devotion aimed at improving the welfare of the community (Hidayah et al., 2023). The goal of zakat is to combat poverty and enhance the economy of society (Dzulqurnain & Sari, 2020). Generally, the public is more familiar with traditional consumptive zakat, such as zakat fitrah and zakat mal, typically defined as aid in the form of consumable goods provided by zakat institutions (Studies, 2022). The distribution of zakat funds is not limited to consumptive zakat but can also include productive zakat. Productive zakat is given to mustahik as business capital or tools that can be used to increase their productivity (LAZISMU, 2023). The distribution of

zakat funds in the form of consumptive and productive zakat can help alleviate poverty and improve the economy in Indonesia. As the country with the largest Muslim population in the world, comprising 240.62 million people or 86.7% of Indonesia's total population (RISCC, 2022), Indonesia has a significant potential for zakat to build its economy. According to data from Puskas BAZNAS, the national zakat potential in 2022 was recorded at 327 trillion IDR and significantly increased to 350 trillion IDR in 2023. Zakat has the potential to play an important role if distributed correctly and utilized effectively. Zakat can be distributed for consumptive or productive purposes. However, in practice, consumptive zakat is more commonly distributed, resulting in short-term benefits for mustahik and fostering passive recipients. On the other hand, productive zakat is used as capital for the economic empowerment of mustahik. Productive zakat is considered appropriate for helping mustahik's economy, combating poverty, and enhancing the value of zakat funds, contributing to long-term community economic development (Latifatul, 2022).

A recent study by Sari et al. (2023) conducted at BAZNAS Microfinance Desa Sawojajar Malang found that efforts to optimize the utilization of productive zakat have resulted in increased income, business development, freedom from interest-bearing loans, and the benefits of mentoring. However, the mentoring provided was found to be less effective due to some partners' lack of understanding of the material and time constraints. Another study by Maulidya & Fahrullah (2021) at the Zakat Center Lazismu Gresik found that the utilization of productive zakat significantly impacted the development of mustahik's micro-enterprises. Research by Usman & Sholikin (2021) on BAZNAS and MSMEs in Pedan, Klaten, Central Java, showed that the distribution of productive zakat to MSMEs had a positive impact on business outcomes, as seen from the increase in mustahik's net income before and after receiving productive zakat. A study by Jaili et al. (2020) on Baitul Maal Aceh indicated that the empowerment of productive zakat improved mustahik's business success, evidenced by the change in the number of mustahik from the materially poor category to the prosperous category, as indicated by increased business income before and after receiving productive zakat. This is heavily influenced by proper management, targeted distribution, and ongoing mentoring of productive zakat. Research by Rosyidah et al. (2021) on LAZISNU Jombang showed that the provision of productive zakat funds to mustahik influenced their welfare and income. Productive zakat is generally managed by zakat institutions, such as LAZISMU (Muhammadiyah Zakat, Infaq, and Sadaqah Institution).

LAZISMU is a national-level zakat institution that aims to empower the community through the utilization of zakat, infaq, sadaqah, and waqf funds from individuals, organizations, companies, and other institutions. Founded by PP Muhammadiyah in 2002, LAZISMU addresses the evolving social problems in society (Lazismu D.I. Yogyakarta, 2022). The pillars of ZISKA distribution programs by the DIY government include education, health, economy, social, humanitarian, and da'wah. LAZISMU is known for its good transparency, earning the trust of muzakki to channel their funds through zakat, infaq, and sadaqah. Good transparency influences trust (Ahmad & Rusdianto, 2020). LAZISMU works hard to meet public expectations and gain their trust, which helps maintain loyalty among muzakki and

supports the institution's programs and existence (Ahmad & Rusdianto, 2018). Additionally, good accountability and management levels influence muzakki (Rusdianto, 2022). One of LAZISMU DIY's focus areas is the MSME empowerment program through productive zakat.

Yogyakarta is a significant recipient of productive zakat, with 32 MSMEs receiving productive zakat assistance from LAZISMU Yogyakarta Region in 2022, as many jobs in Yogyakarta are in the MSME sector. One of the challenges faced by MSMEs in Yogyakarta, especially in the culinary sector, is the lack of capital to run their businesses. Known as a student city, Yogyakarta is also famous for its diverse culinary tourism, which attracts many tourists (Agriansya et al., 2021). Therefore, improving the economy of Yogyakarta's community can be achieved through the use of productive zakat for MSME empowerment. Policies and support for MSMEs are crucial as they are strategic elements of Indonesia's economy (Hidayah et al., 2021). Proper and optimal management of productive zakat utilization can be a solution for economic revival through MSME empowerment in the culinary sector. However, challenges remain in optimizing productive zakat utilization, such as inadequate mentoring from LAZISMU, which impacts the sustainability of some MSMEs, including those in the culinary field. This study aims to understand how productive zakat is utilized for the economic empowerment of mustahik in the MSME culinary sector, focusing on a case study of LAZISMU Yogyakarta Region.

## METHOD

This study employs a descriptive qualitative approach, utilizing a case study method. The research was conducted at LAZISMU Yogyakarta Region. The informants in this study include the manager of LAZISMU Yogyakarta Region, the head of the productive zakat fund distribution section, and three mustahik from the culinary sector who received productive zakat assistance from LAZISMU Yogyakarta Region. Primary data was directly collected through observations and interviews with relevant parties, including the manager and the head of the productive zakat fund distribution section, as well as the mustahik from the culinary sector who are partners at the research site, which is LAZISMU Yogyakarta Region. Secondary data was obtained from library materials, literature, previous research, and other sources.

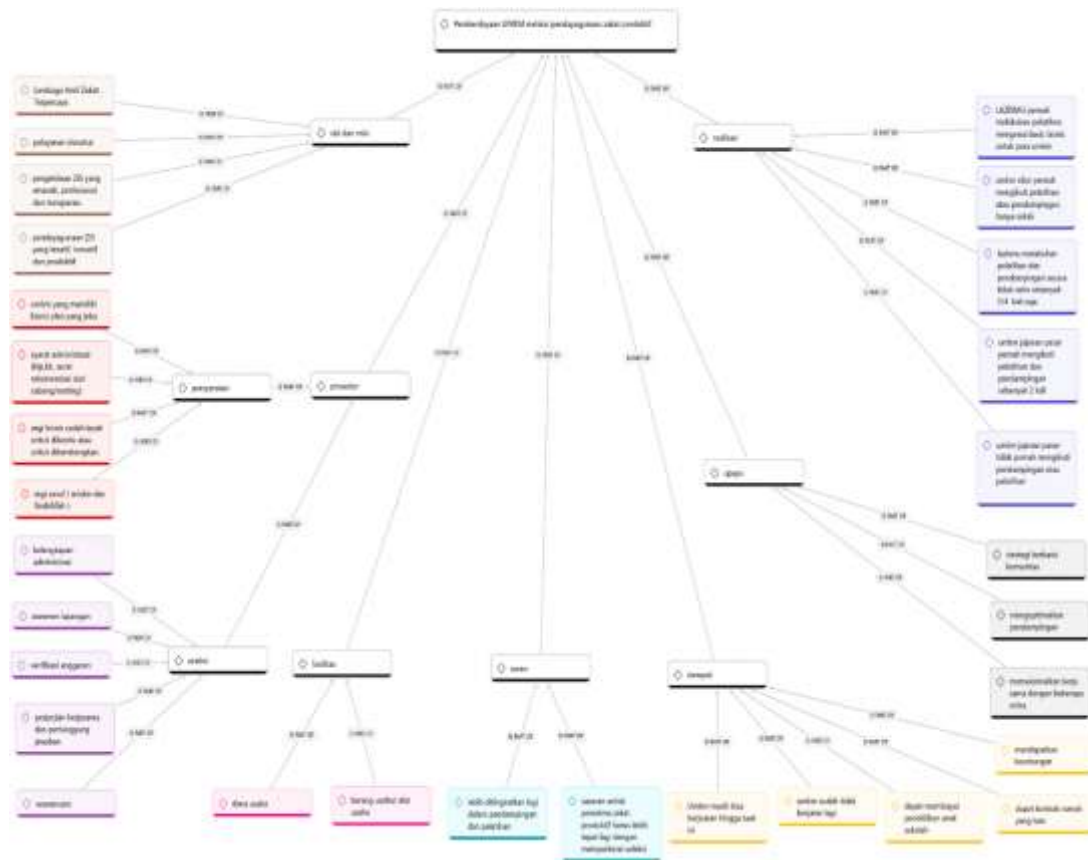
The data collection process began with systematic planning and data searching. All collected data and materials were analyzed using Pattern Matching techniques. In this research, pattern matching helps the researcher to observe and compare the optimization of productive zakat utilization for the economic empowerment of mustahik in the MSME culinary sector. The findings are then matched with the patterns or concepts used, and the actual implementation observed in the field, with the assistance of Atlas.ti tools.

## RESULT AND DISCUSSION

Zakat is recognized as a means of wealth redistribution, which can serve as an instrument to achieve welfare if applied fairly to reduce poverty and enhance societal well-being (Lubis, 2022). LAZISMU Yogyakarta Region has implemented a program for empowering MSMEs

through productive zakat aimed at those in need. To ensure the smooth operation and effectiveness of the program, a working mechanism consisting of several procedures must be in place, including the implementation of the productive zakat utilization program by LAZISMU Yogyakarta Region. The following are the results of interviews conducted by the researcher with several informants about the MSME empowerment program through productive zakat utilization, analyzed using Pattern Matching techniques and processed with Atlas.ti tools.

Most of the recipients of productive zakat assistance at LAZISMU Yogyakarta Region are MSMEs in the culinary sector. The informants in this study include MSMEs such as market snacks (Mrs. Sriastuti), cilor (Mrs. Suminah), and vegetable meatball snacks (Retno Susilo), regarding the procedures for the MSME empowerment program through productive zakat utilization run by LAZISMU Yogyakarta Region. The market snack MSME (Mrs. Sriastuti) sells market snacks like arem-arem and tahu bakso, distributed through Indomaret and local market vendors. After receiving productive zakat assistance, this MSME's income reached approximately Rp. 400,000 per day. Mrs. Sriastuti learned about the MSME empowerment program at LAZISMU by visiting the office in Yogyakarta and inquiring about business capital assistance. The cilor MSME (Mrs. Suminah) sells cilor (aci telur) at Sorobayan field in front of SMP Muhammadiyah Sanden, earning around Rp. 100,000 per day after receiving zakat assistance. Mrs. Suminah learned about the program through the Muhammadiyah branch in Sanden. The vegetable meatball snack MSME (Retno Susilo) sells meatball snacks to vegetable vendors and local shops, earning about Rp. 50,000 per day after receiving productive zakat. Retno Susilo learned about the program through an online Muhammadiyah seminar and was offered to participate in the productive zakat program.



**Figure 1.** Illustrates The Network Diagram For MSME Empowerment

From the interview results, it is revealed that the vision and mission of LAZISMU Yogyakarta Region align with the MSME empowerment program. “The vision of LAZISMU is to become a trusted Zakat Amil Institution, and its mission is to optimize the management of ZIS (zakat, infaq, sadaqah) funds with integrity, professionalism, and transparency; to maximize the utilization of ZIS funds creatively, innovatively, and productively; and to optimize donor services. Our vision and mission are related to the MSME empowerment program, where we, as a trusted zakat management institution, are entrusted by the muzakki to manage and distribute zakat funds effectively, including distributing productive zakat funds to MSMEs to help them develop their businesses and improve societal welfare sustainably,” said Mr. Marzukki, the manager of LAZISMU Yogyakarta Region.

The procedure for culinary MSME mustahik to receive productive zakat assistance from LAZISMU Yogyakarta Region involves several steps to ensure they meet the required criteria. These steps include administrative requirements (such as ID cards, family cards, and recommendation letters if available), business feasibility assessment, asnaf status (poor and fisabilillah), and a clear business plan. The selection process involves administrative completeness, field assessment, budget verification, interviews, cooperation agreements, and accountability. "Yes, I had to submit documents like my ID card and family card, and they asked about my business. A few days later, two men from LAZISMU visited my home to ask



about my business," said Mrs. Sriastuti, an MSME market snack vendor. Similarly, Mrs. Suminah, a cilor vendor, stated, "I only had to submit my ID card and family card, and after about two weeks, I was informed via WhatsApp that I received business capital assistance."

The facilities provided by LAZISMU Yogyakarta Region to culinary MSME mustahik include business funds or business tools/items according to the MSME's needs. If the assistance is in the form of goods, LAZISMU purchases the business tools/items and hands them over to the mustahik. If the assistance is in the form of money, LAZISMU provides the funds and monitors the spending, requiring a report from the mustahik. These facilities help sustain and develop the MSMEs. "They didn't give me money, but bought this (pointing to the cilor cart) and materials for making cilor," said Mrs. Suminah. Mrs. Sriastuti and Mrs. Retno received money transferred to them, which they used to buy business supplies.

Realization includes training and mentoring provided by LAZISMU Yogyakarta Region about basic business skills 3 or 4 times to enhance MSMEs' business knowledge. "I attended a training session in Jogja once, but that was it; no follow-ups," said Mrs. Suminah. "I went to the office twice for discussions about our businesses," said Mrs. Sriastuti. "I never received any training or visits from LAZISMU after receiving the assistance," said Mrs. Retno.

Efforts to optimize the MSME empowerment program through productive zakat by LAZISMU include community-based strategies, enhancing mentoring, and maximizing cooperation with various partners. "LAZISMU optimizes the MSME empowerment program by employing community-based strategies for easier monitoring and evaluation, and by maximizing collaboration with partners, such as the Muhammadiyah's community empowerment council," said Mr. Marzukki. "Optimizing regular mentoring for effective monitoring and evaluation," added Mrs. Irba, the head of the productive zakat fund distribution section.

The impact of the MSME empowerment program includes increased profits, improved living conditions, and the ability to finance children's education. "After receiving the assistance, I made more profit and could buy more cilor materials," said Mrs. Suminah. "I made more profit, could expand my product range, and even rent a bigger house," said Mrs. Sriastuti. "With the assistance, I could send my children to school, but after they graduated, I stopped selling due to a lack of customers," said Mrs. Retno.

Suggestions from culinary MSME mustahik for the future include improving training and mentoring and tightening the selection process for productive zakat recipients. "Improve training and mentoring, as it is rarely conducted," suggested Mrs. Suminah. "Tighten the selection process, as some undeserving people received assistance while my friend who applied was rejected," suggested Mrs. Retno.

**Table 1.** Evaluation of Productive Zakat Utilization by Lazismu in the Yogyakarta Region

No	Concept of Productive Zakat Optimization	Realization	Appropriate or Needs Improvement
1	Business Improvement (based on the average monthly income of MSMEs, enhancement in	Program mentoring and training	Needs Improvement

No	Concept of Productive Zakat Optimization	Realization	Appropriate or Needs Improvement
	knowledge and skills related to the business, and sustainability of sales)		
2	Target Accuracy (accuracy in selecting mustahik receiving productive zakat assistance)	Requirements and selection	Needs Improvement
3	Implementation of Islamic business ethics (all mustahik comply with Islamic business ethics by selling halal products)	Requirements and selection	Appropriate
4	Ability to pay ZIS (Mustahik MSMEs can pay ZIS, at least infaq or sadaqah from the income earned after receiving productive zakat assistance)	Program mentoring and training	Needs Improvement

Lazismu in the Yogyakarta Region has performed quite well in implementing MSME empowerment programs through productive zakat. However, there are several aspects that need further improvement. In line with the Sustainable Development Goals (SDGs) on the economic pillar, which aims to sustainably alleviate poverty (Fathaniyah & Makhrus, 2022), Lazismu is moving towards the same objective through its productive zakat utilization program. These goals can be measured through several indicators, including business improvement, target accuracy, implementation of Islamic business ethics, and the ability to pay ZIS (zakat, infaq, sadaqah). As shown in Table 1, the evaluation of the productive zakat utilization program indicates that business improvement can be assessed from the monthly income of MSMEs, whether they gain profit or incur losses, and the enhancement of knowledge regarding their business, such as knowledge to attract more customers, add uniqueness to products, or about marketing. Additionally, the sustainability of MSME sales is considered. To achieve business improvement, Lazismu provides mentoring and training aimed at the development of MSMEs. However, this aspect still needs improvement, as evidenced by a culinary MSME that has ceased operations due to insufficient training and mentoring from Lazismu in the Yogyakarta Region.

Furthermore, target accuracy, seen from the selection of MSME mustahik receiving productive zakat assistance, involves a procedure of requirements and selection. These requirements include administrative documents (ID card, family card, and recommendation letter from branch/sub-branch if available), business feasibility for assistance or development, asnaf criteria of the MSME being poor or *fisabilillah*, and a clear business plan. The selection process includes administrative completeness, field assessment, budget verification to determine the amount of funds to be provided to MSMEs, interviews, cooperation agreements, and accountability. However, this process still needs improvement, as information from informants (e.g., Ms. Retno, an MSME selling vegetable meatball snacks) indicated that there are recipients who do not meet the asnaf criteria.

Another aspect is the implementation of Islamic business ethics, where mustahik sell halal products. Lazismu enforces a requirement for a clear business plan to understand the businesses operated by mustahik MSMEs. This aspect is appropriate, as all MSMEs have

complied with Islamic business ethics. Regarding the ability to pay ZIS (zakat, infaq, sadaqah), mustahik are expected to pay zakat, infaq, or sadaqah. At the very least, they should be able to pay infaq or sadaqah from their business profits. Lazismu provides mentoring to MSMEs to set aside a portion of their profits for infaq or sadaqah. However, this still needs improvement because some MSMEs receiving productive zakat only generate enough income to meet their basic needs and thus have not transitioned from mustahik to muzakki or munfiq.

In line with Stewardship Theory, Lazismu in the Yogyakarta Region has provided good service to muzakki, munfiq, and mustahik. This research indicates that Lazismu has offered excellent service to mustahik seeking productive zakat assistance, from providing program information, collecting requirements and selection, to offering facilities and realization. Lazismu is a trustworthy institution, executing its duties and functions accurately, ensuring financial accountability entrusted to it, thereby achieving economic goals, public service, and community welfare to the maximum extent. This research illustrates that Lazismu's provision of productive zakat assistance to culinary MSME mustahik aims for mutual success and goal achievement.

## CONCLUSION

Based on the analysis, the MSME empowerment program through the utilization of productive zakat has been quite optimal, but there are several aspects that need improvement. Therefore, the research question: "How can the utilization of productive zakat for the economic empowerment of mustahik in the culinary MSME sector at Lazismu in the Yogyakarta Region work optimally?" can be answered as follows: The utilization of productive zakat for the economic empowerment of mustahik in the culinary MSME sector at Lazismu in the Yogyakarta Region can work optimally by further enhancing the implementation of training and mentoring, as well as improving the selection process for productive zakat recipients.

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