

DEVELOPMENT STRATEGY OF MSME THROUGH ZAKAT, INFAK, SEDAKAH TO
REALIZE ECONOMIC EMPOWERMENT

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Abstract

This study aims to determine the potential of ZIS funds in developing MSMEs and the mechanisms carried out in empowering MSMEs through ZIS funds so that they can realize a better economy. Micro, Small and Medium Enterprises (MSMEs) are business actors who have a strategic role in economic development efforts. national. However, the potential possessed by micro-enterprises still has various obstacles both in increasing market share and in terms of capital. These obstacles can be minimized by utilizing Zakat, Infak, Alms (ZIS) funds in the form of financing assistance along with productive empowerment so that they can have an impact on the development of micro-enterprises. The method in this research is conceptual research using secondary data through a qualitative descriptive approach. The results showed that the mechanism for developing MSMEs through ZIS funds, apart from providing capital or financing, was followed by a sustainable empowerment model in the form of monitoring, coaching, and training. Another impact obtained from optimizing ZIS funds is creating economic independence and increasing the selling value of business products both in terms of licensing and halal certification.]

Keywords: Productive ZIS, MSMEs, economic empowerment

INDRODUCTION

There are several models of Islamic financial instruments to ensure welfare that are managed by Islamic Public Finance Institutions. Among the Islamic financial systems there are mandatory ones such as zakat and some are recommended such as infak and alms. One way for a Muslim to improve the economic order of the people is by empowering zakat, infak, and alms funds or commonly known as Islamic philanthropy. Zakat, infak, and alms are worship ordered by Allah SWT to Muslims and include muamalah worship as evidence of one's faith. Indonesia is one of the countries that has a large potential for zakat, considering that the majority of people in Indonesia are Muslim, which is 87 percent or more than half of Indonesia's population. (Ulpah 2021, 2) Of the total potential for national zakat in Indonesia in 2020, it was recorded at Rp. 233.84 trillion. In the economic context, zakat, infak, and alms have a good influence as a way of economic empowerment.

However, there are still many public perceptions that Islamic financial instruments such as zakat are only considered as normative obligations without paying attention to their effect on the economic empowerment of the people. (Zetira, yy, 229) Not a few muzakki who directly give zakat to the poor without paying attention to whether the zakat funds are able to increase their level of welfare or not. So that optimal and professional management is needed in productive utilization in order to be able to contribute to the economic benefit of the people. This professionalism includes proactive efforts in fundraising with two objectives, namely increasing the income of ZIS funds and awareness of the importance of ZIS. Therefore, it is necessary to have a good socio-economic mapping so that ZIS funds are right on target. In addition, the productive ZIS fund distribution model should be more oriented than consumptive distribution patterns. Economic empowerment can be done in several steps, one of which is by developing MSMEs. Considering that MSMEs in Indonesia are the pillars of the economy and absorb a lot of jobs. The condition of MSMEs in Indonesia continues to grow and develop, but is always constrained by capital and marketing problems. So that through the role of Islamic philanthropy, it is expected to be able to contribute to improving and developing MSMEs in Indonesia. (Trimulato et al. 2020, 89)

THEORITICAL REVIEW

Productive ZIS

1. Zakat

Zakat comes from Arabic which means good, growing, developing, clean and holy. This meaning is in accordance with the purpose of zakat, namely a means of cleaning, purifying oneself (tathhir wa tazkiyah al-nafs) and property (tathhir wa tazkiyah al-mal), growing goodness by removing some of the property and so that zakat assets develop by producing broad benefits. (Mafatih Rizqia 2020, 29).

Muhammad Daud Ali gives the definition that zakat is issuing a portion of property which is legally obligatory under certain conditions and to certain people (Khairuddin 2020, 5). This means that zakat has faith values, it also has a sense of humanity because it helps the economic and social conditions of mankind.

People who are obliged to pay zakat are referred to as muzakki. According to Yusuf al-Qhardawi in the Book of Fiqh 'alal Mazaahibil arba'ah as has been followed by Isnawati Rais explained that the conditions required to pay zakat are, baligh, reasonable,

and Islam. For children and crazy people who have assets according to the three Imams except Hanafiyyah, it is obligatory to pay zakat, but the obligation to pay zakat is borne by their guardians. Meanwhile, according to Hanafiyyah, zakat is not obligatory. Meanwhile, the property of the disbeliever is not obligated to pay zakat (Rais 2009, 99).

Allah SWT promises rewards to those who pay zakat. The word of Allah SWT in the letter al-Baqarah verse 277 as follows:

حَرُّونَ يَهُمْ وَلَا عَلَيْهِمْ حَوْفٌ وَلَا رَبِّهِمْ عِنْدَ أَجْرِهِمْ لَهُمُ الزَّكَاةُ تَوًّا وَالصَّلَاةُ مُوَا قًا وَالصَّلِحَاتِ وَعَمِلُوا أَمْنًا الَّذِينَ إِنَّ

"Indeed, those who believe, do good, pray and pay zakat, they will have their reward with their Lord. There is no fear in them and they do not grieve" (Surah Al-Baqarah 2: Verse 277)

a. Zakat Object

The source or object of zakat has provisions that must be met, if the property of a Muslim does not meet the criteria that have been set or one of them is not fulfilled then the property cannot be used as an object of zakat. (Hafidhuddin 2002, 18). The following are the conditions for assets that can be used as objects of zakat: (Hafidhuddin 2002, 20–26).

- 1) Wealth is obtained in a good and lawful way, meaning that assets and unlawful methods of acquisition cannot be used as objects of zakat.
- 2) These assets develop and have the potential to be developed, such as through business activities, breeding and others.
- 3) Fully owned, the property is under the control and under the control of the owner
- 4) Reaching nishab
- 5) Certain sources of zakat, such as corporate zakat, livestock zakat, gold and silver zakat, and others
- 6) According to some Hanafi schools, it requires the obligation of zakat after meeting basic needs.

b. impossible

The recipient of zakat or better known as mustahik is a person who has the right to receive zakat (Fatmawati 2020, 28). Mustahik has been regulated in the Qur'an at-Taubah verse 60 which consists of eight asnaf including the poor, the

poor, zakat collectors, who are softened their hearts (converts), to free slaves (riqab), to free people who are in debt in debt. the way of Allah (gharimin), and for those who are on the way (sabilillah)

2. infak

Infak comes from anfaqa-yunfiqu which means to spend or finance related to carrying out the commands of Allah SWT (Walid 2021, 144). According to the language is to give wealth, while according to the term is to give wealth to fulfill the needs of the recipient of the property based on faith and in the way of Allah. (Hasan and Sadi LS 2021, 71).

a. Types of infak

There are several types of infak that need to be known, the law of infak is in accordance with each infak that is carried out, along with the types of infak (Uqimul Haq 2021):

- 1) Compulsory infak, this type of infak must be issued by a Muslim so as not to get sin. For example, paying a fine.
- 2) Infak sunnah, this type of infak is done with the aim of sharing goodness. For example, helping the needs of orphans and poor people, helping people who are affected by disasters
- 3) Infak is permissible, this type of infak is given to something that can later develop. for example infak for business, agriculture and others
- 4) Infak is haram, this type of infak is prohibited by religion. For example, donating to prevent the spread of the Islamic religion

b. Benefits of donating

Allah's promise to those who spend their wealth in the way of Allah, Allah will reward them more than the wealth they spend. Like a seed, then Allah grows seven stalks and each stalk has a hundred seeds (Surah Al-Baqarah (2): Verse 261)

3. Alms

Alms in language means right, while in terms it is the sunnah giving of wealth to people in need with the aim of taqarrub to Allah SWT. (Hasan and Sadi LS 2021, 71). Alms is a means of getting closer to Allah SWT, because through alms Allah will reward the giver, on the condition that the giver does not bring up and expects a reward from the

recipient and is not content with his deeds, because the act has no benefit and eliminates the reward of alms. Al-Baqarah (2): Verse 264)

The law of almsgiving is sunnah and it is recommended that it be issued at any time, due to the recommendation to give charity in the Qur'an (Surah Yusuf: verse 88). Al-Faqih advised us to always give charity, both in small and large amounts, because charity has ten virtues, five in this world and five in the hereafter. The five good things in this world are: 1) Cleaning wealth 2) Cleansing the body from sins 3) Rejecting calamities and diseases 4) Enlightening the poor and believers 5) Bringing blessings in wealth and spaciousness of sustenance. Meanwhile, the five virtues in the hereafter are: 1) charity is a protection for him from the heat, 2) it will lighten the nishab, 3) it will weigh on the scales, 4) it will make it easier to pass the shirath (titian), and 5) will increase the degree in heaven.

4. ZIS Productive

Productive zakat, infak and sedekah (ZIS) are a form of utilizing zakat, infak and sedekah whose distribution is productive, namely to increase business capital and improve the quality of their work through training for mustahik. Therefore, monitoring and coaching need to get serious attention, so that the productive use of ZIS gets optimal results (Hafiduddin 2007, 202).

MSMEs (Micro, Small, and Medium Enterprises)

MSMEs are trading businesses that are managed by individuals or business entities in the scope of small, micro and medium enterprises that develop businesses based on regional potential and are market-oriented. (Wijoyo 2021, 4–5). Micro, Small and Medium Enterprises (MSMEs) have a strategic role in national economic development and play a role in the distribution of development results. (Indonesia 2015, 1).

1. Micro Business, a productive business owned by an individual or business entity with a net worth of up to 50,000,000, excluding buildings and land and annual sales of not more than 300,000,000
2. Small Business, a productive economic business that stands alone, whether owned by individuals or groups, is not a branch business of the company. Have a net worth of 50,000,000 to 500,000,000 excluding buildings and land. As well as annual sales between 300,000,000 to 25,000,000,000

3. Medium Enterprises, productive economic enterprises that are not branches of the main company, have a net worth of more than 500,000,000 to 10,000,000,000 and annual sales results reach 25,000,000,000 to 50,000,000,000

DISCUSSION

A. Optimizing the Role of ZIS in Empowering MSMEs

To meet the needs of the Micro, Small and Medium Enterprises (UMKM) group, the ZIS management agency can empower its members by providing investment and working capital assistance to members. Currently, the development of MSMEs is very good, namely with a portion of 99% of the total business. However, the existence of MSMEs has not become a priority for Islamic banks in distributing financing, but they are still dominated for consumptive purposes. (Trimulato et al. 2020, 89)

Table 1.1 MSME Financing in Islamic Banks

No	Financing Products	October 2019	Financing Portion
1	Consumption (not MSME)	89,638	41%
2	Investation		
	a. MSME	18,345	8.4%
	b. Not MSME	32,373	14.8%
3	Working capital		
	a. MSME	30,735	14%
	b. Not MSME	47.606	21.8%
	TOTAL	218,697	100%

Source: Financial Services Authority. Islamic Banking Statistics 2019 (Processed Data)

Based on this data, it shows that the largest portion of financing disbursed by Islamic banks in the October 2019 period was for consumptive activities at 41%. Meanwhile, financing with productive financing in the form of investment is given to non-MSMEs by 14.8 percent. Likewise, the largest working capital productive financing was channeled to non-SMEs by 21.8%. Based on this, it shows that the distribution of Islamic bank financing does not make MSMEs a priority in financing. So there needs to

be a new breakthrough to develop MSMEs in terms of financing, one of which is by optimizing ZIS funds.

The role of other Nazhir institutions in empowering Micro, Small and Medium Enterprises (MSMEs) includes providing training, business consulting, skills improvement, and product quality improvement. To reduce the burden on the government and the people, the ZIS optimization model is very appropriate in the form of smoothing the blockage of the financial intermediary function. There is a smooth flow of funds distribution to all members of the community, including the MSME group. Through zakat, infak, and alms, there will be a process of distributing benefits for the wider community.

The role of zakat, infak, and alms in meeting the economic needs of the community can be seen from several aspects, namely, providing opportunities to get jobs and reducing unemployment and participating in increasing business movements in the community. Therefore, zakat, infak, and alms funds can be exploited on a large scale so that they can be given subsidies, provide job opportunities, and provide entrepreneurship training institutions.

Zakat, infak, and alms funds can be invested and channeled to empower small communities through micro finance and business assistance. This microfinance assistance is accompanied by a companion scholar who will provide consultation to microcredit recipients in order to gain knowledge of good entrepreneurship. With the provision of capital and management assistance, the poor can slowly be raised in rank through micro-enterprises, which in the end are able to live a decent and prosperous life.

Activities in the context of increasing the capacity and quality of MSMEs in the economic sector can be carried out by emphasizing on five aspects, namely:

1. Capacity and character development.

In this program, comprehensive entrepreneurship training activities are carried out, starting from entrepreneurial motivation, business management, and other things related to entrepreneurship for MSMEs.

2. Consultation and assistance

After the training, the community then gets consultation and business assistance to be able to strengthen and upgrade the capacity and quality of their business in the future

3. Organization

As individuals or business groups, MSMEs really need needs in the field of business organization. At this stage, it is hoped that the entrepreneurial community will be able to run their business according to the applicable rules and have a clear vision.

4. The MSME market gains knowledge about efforts to open and build markets for products that they already have.
5. Network or relationship

It is hoped that MSMEs and MSME business groups will be able to find, create, and strengthen social networks to expand their business market share.

Economic empowerment strategy for MSMEs that do not have productive capacity, do not have the skills and capital so that they do not have a business, can be pursued through the following steps:

1. Business training aims to provide broad insight into actual and comprehensive entrepreneurship so that it can generate motivation and entrepreneurial spirit.
2. Apprenticeship, after having understanding and motivation of entrepreneurship, skills are needed. This can be obtained through internship activities in the business world that will be involved.
3. Preparation of proposals, preparing realistic proposals based on empirical experience, needs to be possessed to avoid deviations so as to minimize losses.
4. Capital is very important to start and develop a business.
5. Mentoring serves as a guide in carrying out business activities so that they are able to control and develop their business to the fullest.
6. Build a business network. This stage is very useful for expanding the market so that its products can be marketed to other areas. This network will give birth to a strong business network.

These are the steps for empowering the economy of MSMEs that do not have a permanent business and really start from zero. This is different from the model of economic empowerment for MSMEs that already have distributive capacity, already have businesses. The strategy for economic empowerment of MSMEs that already have business startups is carried out through the following steps:

1. Assisting in access to capital, starting with mentoring in the preparation of adequate proposals so as to be able to convince financial institutions to disburse funds.
2. Controlling financial administration. Administrative problems are a weak point for small and medium business actors, there are no records of buying and selling transactions,

mixed business finances with households and others. There must be guidance to regulate financial administration so that it can be audited in accordance with modern accounting principles.

3. Improve business management
4. Expand marketing. Marketing is a serious obstacle for small and medium-sized businesses in introducing their products to the public because advertising funds are not available. Therefore, information on new market opportunities must be provided and the development of networks among small and medium enterprises.
5. Production techniques, in terms of product quality, must be maintained continuously.

Zakat, infak, alms are one of the alternative sources of funds for poverty reduction programs and are Islamic financial instruments that have a direct functional link with efforts to solve social and economic problems such as economic empowerment of MSMEs, poverty alleviation, and improving the quality of human resources. Thus, ZIS funds actually have a significant role in realizing a just social order. In a wider scope, the presence of ZIS can be felt useful for improving people's living standards in the economic field, especially if waqf is managed with neat, orderly and professional management accompanied by the quality of the managers.

The benefits felt by the community through the investment of ZIS funds are quite large. Communities get financing capital and share the results. They also receive guidance both in the form of business and in the form of mental and spiritual from their target group to do business in a lawful way.

Mudharabah investment is an alternative to develop ZIS funds. One example that can be done by ZIS managers with this system is to revive the small and medium business sector by providing business capital to NKN actors. In this case, the ZIS fund manager acts as a *sohibul mall* which provides 100% of capital from the business with a profit-sharing system. MSME entrepreneurs are *mudharib* who pollute the ZIS funds. The profits obtained are shared between the *mudharib* and *shahibul mal*.

CONCLUSION

The distribution of Islamic bank financing does not make MSMEs a priority in financing. So there needs to be a new breakthrough to develop MSMEs in terms of financing, one of which is by optimizing ZIS funds. The benefits felt by the community through the investment of ZIS funds are quite large. Communities get financing capital and share the results. They also receive guidance both in the form of business and in the form of mental and spiritual from their target group to do business in a lawful way.

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