

# The Community Economic Empowerment Based on Zakat Funds:

## A Case Study in BAZNAS West Java

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**Abstract**—The background of the research is that West Java Province that has a large population and has 27 cities / regencies with all its diversity and culture as well as the regional advantages of being the wealthy area of West Java. However, West Java also has economic and social problems, namely unemployment and poverty that must be resolved. BAZNAS West Java as a Zakat institution has an intermediary function of zakat. One of the things that must be a concern in distributing zakat is the socioeconomic value of zakat. The objective of this research is to describe Community Economic Empowerment measured on zakat funds. The research method used is a case study with a descriptive analysis approach. Data collection techniques are observation, in-depth interviews and documentation. The results of the research is that community economic empowerment based on zakat funds which is carried out in several stages, namely: the stage of mental development, group activities, and capacity building activities. Discussion of this research is about the social aspects, the economic aspects of the micro small and medium enterprises development and the economic aspects of cooperative development. And the effectiveness of community economic empowerment based on zakat funds with the right stages of empowerment.

**Keywords:** *empowerment, society, zakat*

### I. INTRODUCTION

West Java Province still has economic and social problems, namely unemployment and poverty that must be resolved [1] and also the demands of West Java in supporting the achievement of SDG's goals. For these reasons, the West Java government and its stakeholders, including the West Java BAZNAS are invited to solve West Java's problems and reach the SDG's goals. West Java BAZNAS as a government-based zakat institution which has an intermediary role of zakat, design various empowerment programs that become the solution to West Java's problems and achieving SDG's namely empowerment programs that focus on community economic development. The role of distributions of BAZNAS West Java and other zakat institutions have been considered effective because the performance indicators are only seen from the beneficiaries, in contrast to the role of zakat utilization for community empowerment which is still considered low because the level of performance achievement is between 20%

-30% [2]. For this reason, it is necessary to design various methods of economic empowerment based on zakat that are effective for minimizing performance that is considered low and maximizing the social value of zakat.

Furthermore, the zakat utilization program has greater economic value because it is long-term and more structured. For this reason, BAZNAS West java will optimize the use of the economic value of zakat through empowering programs that can develop the people's economy. This research chose West Java BAZNAS as a case study because it has a complete program that aims to develop the people's economy.

Viewed in the context of economic life, Muslims are always identified with poverty. Developing countries that are still laden with poverty, in general the countries with a majority Muslim population. Then in recent years in Indonesia, issues relating to the concept of implementing zakat both as a religious obligation in private and zakat as a component of public finance have been very popular [3]. This was triggered by the issuance of Law No. 23 of 2011 concerning Management of Zakat. This law becomes a stronger legal in the management of zakat in Indonesia. Furthermore, Law number 23 of 2011, requires the institutions that are allowed to manage zakat in Indonesia be government-based zakat institutions namely BAZNAS and LAZ. Both zakat institutions are allowed to carry out the intermediary role of zakat, namely collecting zakat funds from the muzaki community and distributing / utilizing zakat funds for the mustahik community. Both zakat institutions are expected to be able to realize the enormous zakat potential in Indonesia. This is in accordance with the results of Sri Fadilah's [4], Sri Fadilah [5], Joyakin et. al, [6], research that good governance of zakat has an impact on increasing public trust and increasing the collection of zakat funds.

Furthermore, zakat institutions are obliged to manage zakat funds from muzaki to be empowered in accordance with their designation [7-9]. Law number 23/2011 specifically mentions that the empowerment of zakat funds meet the needs of the mustahik. Mustahik consists of eight asnaf, namely: Fakir (the poor), Miskin (the needy), Amil (zakat administrators), Muallaf (the convert), Riqab (those in bondage), gharim (the debt-ridden), Sabilillah (in the cause of God) and Ibnu sabil (The

wayfarer). Under the mandate of the Act mentioned, zakat funds can be distributed for two types of activities; consumptive and productive activities. Consumptive activities in the form of assistance to resolve the urgent problems and immediately discharged after they use the aid. While productive activities are the activities that cater to business which is run medium to long term. In general, the impact of productive activities can be felt even though the ZIS funds given have already been used. Once basic needs such as food, health and education have been met by use of ZIS funds, any remaining funds can be allocated for productive business activities through a continuous empowerment program [10,11].

When the program of community empowerment (mustahik) is conducted, in general mustahik who have just started entrepreneurship have their own uniqueness and skill in conducting business activities so that there is a need for a mentor who has a special competence. An effective mentoring can be done by understanding the four stages; of assistance with its own characteristics in every stage, stage (1) initiation, (2) cultivation, (3) separation and (4) redefinition [12,13].

## II. RESEARCH METHOD

The research method used is the case study method in BAZNAS West Java with a descriptive analysis approach. The one-case method is research involving one case unit of a company, an area or empirical research [14]. The type of research conducted is descriptive analysis research.

This research consists of one variable, namely the community economic empowerment based on zakat funds. The data collection techniques used in the research are:

- Observation; a research technique that uses the sight senses of an object / research variable.
- Depth interview (depth interview) is a data collection technique carried out by conducting interviews with related parties on an object / research variable.
- The research location for the area of empowerment by BAZNAS and its partner Citades Foundation is located in the West Bandung. The number of people who were empowered were 110 people (eight target groups).

## III. DISCUSSION

The fields empowered with zakat funds are social, economic, health, education, religious and disaster. It is expected that these fields can empower society as a whole. This research studies the field of economics. At the implementation stage, when the community was empowered only one volunteer was used due to the limited number of volunteers which was the biggest obstacle [15]. Other than that, the effectiveness of program implementation, the lack of mentors, the variety of material provided is still limited as well as several other obstacles. Profile of research objects, namely:

TABLE I. REASONS OF CHOOSING WEST BANDUNG AS THE EMPOWERMENT OBJECT

No	Object Profile	Empowerment activities
1	Aim: to change empowered community to become muzaki.	Assistance for the mustahik in conducting and developing entrepreneurship and activities
2	Baznas west Java and Citades Foundation as partners in their program are the executor of empowerment program.	Assistance in management, financial, operational, controlling, reporting and others.
3	The location is 200 km away from the campus of Bandung Islamic University (Unisba).	Ease the team in conducting the research, especially in giving assistance.

Source: Data processed

The program developed for the empowerment of fostered communities under BAZNAS West Java and its partner Citades Foundation is carried out in a tiered and gradual method through the stages of mental development, group activities, and increasing the independency capacity [16].

TABLE II. COMMUNITY EMPOWERMENT PROGRAM IN KABUPATEN BANDUNG BARAT

No	Economic Field Micro, Small and medium Enterprises development	Economic Field Cooperatives development
1	<b>Mental Coaching</b> Initiation and education in Business group establishment.	<b>Mental Coaching</b> Initiation and education in forming a group to establish cooperatives.
2	<b>Group activities</b> Business formation and business capital initiation (Micro, small and medium enterprises).	<b>Group Activities</b> The formation and initiation of the establishment of cooperatives.
3	<b>Activities to increase capacity</b> Business Strengthening and development (Micro, small and medium enterprises)).	<b>Activities to increase capacity</b> Strengthening and developing cooperatives.

Source: Data processed

With a tiered and gradual community empowerment model, it can be said to be more effective because it can reduce the failure rate of community economic empowerment programs compared to the direct termination model. The program of empowerment is still in progress, based on the interview with the mentors from Citades and BAZNAS West Java, failure was reduced by approximately 20%. It is caused by the stage of conditioning in the stage of mental development and increases competence in the stage of group activities.

Based on the data obtained in observations and interviews, there are several obstacles experienced by both volunteers and the community assisted by BAZNAS West Java and Citades Foundation, these obstacles are presented in the following table:

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TABLE III. THE OBSTACLES TO ECONOMIC EMPOWERMENT BASED ON ZAKAT FUNDS

No	Economic Field Micro, Small and medium Enterprises Development	Economic Field Cooperatives Development
1	The limited staff that help in achieving the goals.	The limited staff that help to achieve the goal of forming groups to form cooperatives.
2	Limited experts The materials needed at the stage of business formation and initiation of venture capital (Micro, small and Medium Enterprises).	Limited experts The materials needed for the formation and the initiation of cooperative establishment.
3	Limited expertise (assistants and monitoring and Evaluation) for business strengthening and development (Micro, small and medium Enterprises).	Limited experts (assistants and monitoring and evaluation) for strengthening and developing cooperatives.

Source: Data processed

It is expected that these obstacles can be minimized by adding volunteers as well as experts who can add various competencies and skills both from BAZNAS, Citades and the volunteer community.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

##### A. Conclusions

Based on the discussion, the conclusions of this research are as follows: (1) The intended empowerment field is the economy which is the focus of empowerment in this research. (2) The empowerment model is a tiered empowerment model with the following stages: (a) The mental development, (b) The group activity and (c) The activity stages to increase capacity. (3) the constraints faced in the economic empowerment based on zakat is limited by volunteers and experts who support the effectiveness of activities.

##### B. Recommendations

The constraints still encountered in the activities of the empowerment of the economic community are the lack of assistants and experts, therefore the recommendation is (1) add to the number of assistants and experts who support the effective empowerment of economic society and (2) Perform dedicating activities to the community by involving Bandung Islamic University (Unisba) as a program partner.

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