University Zakat Management: Challenges and Opportunities for Economic Empowerment

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Abstract. Management provisions based on Law No. 23 of 2011 concerning zakat management give every government and private institution and place of worship the authority to form a UPZ (Zakat Collection Unit). The campus is one of the institutions that is given the right to collect zakat through the Campus UPZ. This article aims to understand the complexity of managing zakat on campus by understanding the challenges faced and taking advantage of existing opportunities. The approach used is qualitative, and it is conducted by document analysis and focus group discussion with UPZ managers. The research results show that the biggest challenge in managing zakat on campus is the low interest of muzaki in distributing zakat to UPZ and the absence of an economic-based empowerment program. The outline of the analysis results shows that the opportunity possessed by UPZ UNS is the large potential for internal campus zakat as well as the large chance for UPZ to maximise empowerment in the internal campus environment

Keywords: Zakat Management, University, Challenge, Opportunity.

1 Introduction

The development of the zakat collection in Indonesia has increased yearly (see figure 1). In principle, the increase in zakat does not follow the zakat potential that Indonesia has as the largest Muslim country in the world. Indonesia's zakat potential in 2023 will reach 33.8 trillion rupiah, and only what percentage will be reached in 2022; however, the average growth in zakat collection reaches 30% each year, which is a sign of the successful performance of zakat management in Indonesia. This achievement cannot be separated from the existence of the Zakat Management Organization (OPZ), both BAZNAS and LAZ, which has increased yearly. BAZNAS data shows that the number of OPZs, both BAZNAS and LAZ, has reached at least 500 OPZs.

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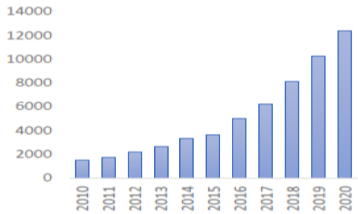

Figure 1 Zakat Growth in 2010-2020
(Source: Puskas BAZNAS, 2021)

In the short term, zakat does not contribute to poverty, unemployment, or human development, but its contribution can only be seen in the long term [1], [2]. Zakat is one of the pillars of Islam that Muslims must fulfil. The literal meaning of zakat is purifying and cleansing [3]. Zakat issued on property owned by Muslims will not only purify but also bring added value to the muzaki. Zakat worship not only has vertical value but also has social investment value in providing benefits to society [4]. The collected zakat funds have a role in increasing economic growth and in alleviating poverty [5], [6].

One of the research results shows that the Zakat Collection Unit (UPZ) has a significant role in managing Zakat. However, the UPZ has yet to be managed optimally [7]. UPZ Sebelas Maret University, which previously had the name Lazis UNS, in principle, has the same potential compared to other UPZs. The great potential that UPZ UNS has is the zakat funds, which come from the professional zakat of employees at UNS. The irony is that until now, the percentage of alms still dominates UNS UPZ funds compared to zakat funds obtained from UNS employees. The gap between potential and UPZ zakat receipts means knowing the challenges and opportunities to determine strategies to maximise zakat management in UPZ UNS is important.

2 Literature Review

A literature review of research surrounding zakat shows that zakat would be better if distributed through institutions, although there is no prohibition on direct distribution to zakat recipients [8]. The issue of trust and trust in zakat institutions is one of the factors in Muzaki's reluctance to distribute zakat to institutions [9]. The nature of zakat management in Indonesia does not force muzaki to be distributed through institutions, whether government or institutions established by the community. The Zakat Management Organization based on Law No. 23 concerning Zakat Management consists of BAZNAS and LAZ. BAZNAS is OPZ, formed by the government to carry out its management functions and has the authority to form a Zakat Collection Unit (UPZ). UPZ in government institutions, including universities, is key to successful zakat management, especially in the professional zakat sector. Its existence in formal institutions, mosques, and campus environments is the spearhead of maximising the collection of zakat funds. The existence of a UPZ in a government agency does not necessarily require employees to distribute zakat through the UPZ; attitudes and behaviour of muzaki, subjective norms, religiosity, moral norms, and intentions are several variables that influence muzaki to channel their professional zakat to institutions [10], [11].

Zakat in Indonesia has been proven to play a role in empowering society. In this case, it is mustahik, although the role of zakat will only be visible in the long term [1], [12]. The contribution of Zakat in alleviating poverty will be maximised. If the muzaki's compliance with paying zakat to institutions increases, the ability of OPZ to develop effective programs to alleviate poverty will also improve. The success of distribution and utilisation programs will be related to the collection. OPZ, in this case, is included in a non-profit organisation based on religion or belief [14].

Faith-based organisations (FBOs) have played an important role in overcoming various community problems ranging from poverty, disasters, health, and other social and humanitarian problems [15], [16], [17]. The unique characteristic of FBOs is that they are close to the surrounding community [16]. Its presence in the University centre is also expected to be close to community groups, such as students, lecturers, and other zakat managers is clarity on whom the elements.

Challenges and opportunities are the main ingredients for building a strategy for an organisation or institution, including zakat institutions. Strategic management can be interpreted as a key to success in facing changes in the environment in which the business is located [18]. The preparation of an organisation's strategic plan refers to the preparation of a strategic plan from Sentot Imam Wahjono, et al. [19] consisting of determining the vision, mission, and goals of UPZ UNS, analysing environmental factors both internal and external, making a strategic decision or strategic plan and preparing planning documents strategic to maximise zakat management.

3 Methods

This research uses a qualitative approach that consists of two stages. The first stage is a desk study carried out using data collection methods in the form of documentation. Documentation is the stage of collecting and reviewing documents that are appropriate to the study being carried out. The documents used in preparing this strategic plan include financial reports on zakat management, both from funds collected and distribution. The vision and mission document are also a source for preparing the strategic plan. This research took place at the UPZ of Sebalas Maret University (UNS) Surakarta; however, the conditions for zakat management at universities in Indonesia, especially state universities, have the same characteristics. The basis for the strategy developed in this research is expected to be used as a reference regarding zakat management at state universities.

FGD (Focus Group Discussion), this stage was carried out three times. The strategy development team carried out the first FGD to determine the outline of the data needed to prepare the strategic plan. The second FGD was conducted with the leaders/managers of Zakat institutions and the Strategy Development Assistance Team. FGD with UPZ managers was conducted to obtain a general overview of UPZ zakat management and internal and external analysis of zakat management. The Third FGD was completed by compiling data, both documents and previous FGD results, into an outline of the UPZ strategic plan.

4 Research and Discussion

4.1 Challenges and Opportunities

Implementing Law No. 23 of 2011 concerning Zakat Management opens opportunities for government agencies, including universities, to carry out Zakat management functions. UPZ within the University is affiliated with the Provincial BAZNAS, so preparing strategic plans cannot be separated from the BAZNAS Strategic Plan, which is used as a reference for BAZNAS zakat management throughout Indonesia. The 2020-2025 BAZNAS Strategic Plan has four pillars: the HR pillar, the collection pillar, the distribution pillar, and the control pillar. The HR pillar is a process of strengthening both the quality and quantity of human resources for zakat managers to achieve the goals of zakat management. The collection pillar is an important pillar in managing zakat. The realisation of the zakat collection is not only influenced by literacy, public awareness, and compliance with zakat but also by the credibility of the zakat management institution [19]. The distribution pillar is divided into distribution and utilisation. The main aim of distribution is to empower and reduce poverty [21]. Fourth is the control pillar, which is part of zakat management and is focused on management aspects, especially planning, organising, and monitoring.

The strategic issues that must be the main concern of UPZ cannot be separated from the achievement of the current vision and mission. Trust can be interpreted as a responsibility for what has become one's duty by not taking what is not one's rights [22]. Trust in the context of zakat management can be interpreted as a form of responsibility to distribute zakat funds and other funds according to their intended use and not take part in enriching the zakat manager himself.

The main point of Amanah [23] is the accuracy of the distribution of zakat funds to mustahik, who are entitled to receive them. Eight categories of mustahik are entitled to receive: the needy, poor, amil, converts to Islam, prisoners of war, people in debt, fisabilillah (people who struggle in the path of religion), and Ibnu Sabil. Professionalism is closely related to Amil as a Zakat manager.

Community independence is one of the essences to be achieved by UPZ UNS and cannot be separated from the essence of the obligation to pay zakat. Building the independence of the people is closely related to professional Amil. The ability to create a fund distribution program with an empowerment orientation will help achieve the main goal of distributing zakat to an institution. The flexibility in the distribution of zakat can be carried out directly to mustahik or through institutions [3], [24]. Analysis of the HR pillar refers to the pillars of the BAZNAS strategic plan and the importance of professional human resources in managing zakat in an institution.

UPZ is one of the institutions authorised to carry out collection and distribution and requires professional human resources include enshrined in the Qur'an. UPZ UNS consists of two organs, namely leadership and management. Both the leadership structure and daily management of the UPZ must meet Amil's standards. Amil's ability will greatly influence the success of Zakat management, both in collection, distribution, and utilisation.

The biggest challenge in creating amil competency is achieving standardisation of amil competency. BAZNAS, in collaboration with FOZ, strives to improve the quality and competence of amil by collaborating with LSP to provide amil certification. Amil in UPZ, especially daily managers, still needs an amil certificate to guarantee competence in a profession.

Table 1. SWOT Analysis of Human Resources

Internal Factor Analysis	
Strength	Weakness
Have experience managing Zakat	Do not have certification
Amil has been recognised as a legally recognised profession	Coordination between management and leadership is not running optimally
External Factor Analysis	
Opportunities	Threats
Possibility of collaboration with universities for student internships	Legal protection for Amil's employment status
The existence of competency standards for amil.	The cost of Amil certification is expensive for certain groups
Government support is needed for the development of the amil profession.	

This analysis of internal and external factors provides opportunities for UPZ UNS to utilize student internships according to the field or needs of UPZ UNS, both in financial management, publications, and other fields. They are collaborating with several faculties to provide both internships and MBKM programs at universities. The thing that can be done to become a quick win for UPZ at the first university is to strengthen Amil's capacity and competence.

The next pillar is the collection pillar. Lazis UNS, from its founding until 2020, was institutionally included in the OPZ category founded by the community. The existence of Lazis UNS in a university environment for more than 20 years has relied more on collecting funds, both zakat and alms, rather than from internal UNS employees. The change in status from LAZIZ to UPZ began in 2021. During the LAZIZ era, legal legitimacy needed to be clarified. Legal legitimacy is clearer with the ratification of Central Java Province BAZNAZ Decree Number 56/BASNAZ-Prov/SK/V/2021. It is hoped that the institutional legality aspect that has been fulfilled will increase zakat collection at UPZ UNS, which is in line with growing public trust in the existence of UPZ UNS.

The development of funds obtained from 2019 to 2022 shows that the largest source of fund collection at UPZ UNS comes from infaq funds, especially tied infaq. For example, tied infaq funds are Qur'an donations. It is said that the performance of UPZ UNS zakat collection could have been better, considering that employees at UNS zakat at UPZ UNS only make up approximately 10% of the total UNS employees. Education about the priority of zakat and inappropriate publication methods are obstacles to not maximising zakat collection at UPZ UNS, especially from within the UNS institution itself. UNS employee internal zakat funds are only around 4% of the total zakat funds currently collected at UNS UPZ.

Expectations for increasing UPZ UNS funds, especially those sourced from Zakat funds, have yet to meet the target. The target set by UPZ UNS when it was inaugurated as part of BAZNAS Central Java was 100 million per month or around 1.2 billion per year. However, it was only realised when it became Lazis UNS, namely in the range of 800 million. Zakat's income will decrease in 2022.

Table 2. SWOT Analysis of Zakat Collection

Internal Factor Analysis	
Strengths	Weaknesses
The muzaki target is clear, namely, all employees within the university.	Internal muzaki on campus is still less than 10%
There is already a legal aspect of the existence of UPZ	It is still focused on collecting funds in bound infaq
There is an auto zakat program	There is no effective zakat education program for internal campuses
UPZ social media, which is already known to the public	There is no muzaki database yet
External Factor Analysis	
Opportunities	Threats
The income component of UNS employees' income does not only come from salary but also remuneration	No platform is considered the most effective for increasing the acquisition of funds, especially zakat funds
	The low trust of internal muzaki in Zakat institutions
There is a commitment from the leadership	There is still a lack of awareness
	Regarding the obligation to pay Zakat
Increasing public awareness of Religious fiqh issues related to professional zakat	Fiqh problems related to professional zakat
Technological developments to facilitate zakat payments	The database of Muslim lecturers from the faculty website is incomplete.
	The number of zakat institutions

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Identify environmental factors, both internal and external, that influence zakat collection. Opportunities that can be used to maximise zakat collection are increasing the income of internal campus employees. Auto zakat data currently only comes from salaries, not including certification or remuneration. The second opportunity that can be exploited is a commitment from the leadership to provide education and publications related to the auto zakat program. The most influential threat is Muzaki's low level of trust in Zakat institutions. What can be done to provide a solution is first to maximise the auto zakat program with leadership support in the form of a written policy from the university leadership. Second, maximise written support from the leadership by creating a real program from UPZ UNS, especially for the UNS internal environment. The written policy support provided by the leadership will only be optimal if it is followed by a real program that can be felt and captured by muzaki, especially internal campus muzaki. Third, a database of UNS internal and external muzaki must be created. The UNS internal muzaki database can be carried out by building collaboration with the University sector and each unit at UNS. It will help map UNS's zakat potential.

The final pillar in building a strategy is the distribution pillar. Zakat distribution based on Law No. 23 of 2011 concerning Zakat Management is divided into two approaches: distribution and utilisation. UPZ UNS, as part of BAZNAS, must be distributed in line with policies regarding zakat management. The difference between zakat, infaq, and alms in distribution is the party that receives them (asnaf). Zakat must be distributed to groups entitled to receive it as mentioned in the Koran (fakir, poor, amil, converts, prisoners, people in debt, fisabilillah and ibnu sabil).

Table 3. SWOT Analysis of Zakat Distributing

Internal Factor Analysis	
Strengths	Weaknesses
Special branding for the alms program	Internal mustahik are fewer than external
In general, zakat distribution is following the asnaf or group of zakat recipients	The focus on economic empowerment has not been maximised
	Scholarship assistance is still oriented towards quantity, not quality
	There are no definite indicators yet to see the impact of the the success of Zakat distribution
	There is no UNS internal mustahik mapping and database
External Factor Analysis	
Opportunities	Threats
Collaboration with Nazir Waqf	There is no separation of distribution yet
The spirit of universities to produce entrepreneurs	Changes in distribution management, namely 70% to UPZ UNS and 30% to Provincial BAZNAS

The SWOT analysis results mean that efforts that can be carried out quickly are: first, identifying Mustahik within campus internal circles. National Zakat Amil Agency (Perbaznas) Regulation No. 3 of 2018 concerning the Distribution and Utilization of zakat emphasises the importance of equity, justice, and regionalism in the distribution of zakat.

Currently, most UPZ UNS funds are distributed externally to the campus. Cleaning service and families, underprivileged students who do not receive BidikMisi students, BidikMisi students who are beyond their graduation year, families of UNS academics who have died, as well as communities around campus and the less fortunate can be the main mustahik who will receive zakat assistance from UPZ UNS.

Second, opportunities for utilising zakat in the economic sector within campus internal circles and the community around the campus should be identified. Fund distribution at UPZ UNS is currently dominated by da'wah and educational activities. Empowerment in the economic sector has yet to receive major attention in the distribution of funds by institutions. UPZ UNS can create an economic empowerment program for underprivileged students per the University's spirit to produce entrepreneurs.

Third, the publication of access to applications for aid to UPZ accompanied by programs for distributing zakat to the university academic community. The main factor for muzaki distributing zakat to institutions is trust. Muzaki's trust in the institution can increase if it is accompanied by the success of the Zakat utilisation program, especially for the surrounding environment.

5 Conclusion

Universities can maximise zakat management through UPZ to contribute to empowerment for both the internal campus environment and its surroundings. In this case, the clear target of muzaki is that teaching and educational staff are the main opportunities for collecting zakat and infaq and alms. As an institution, the university must maximise the management of zakat in terms of collection, which requires support and commitment from the leadership in the form of regulations to encourage all employees to distribute zakat to the University's UPZ. The principle of distributing zakat to the nearest place and showing the results of significant changes will show the success of the UPZ. The distribution of zakat will enable utilisation and empowerment if it is appropriate to identify mustahik.

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