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The BAZNAS Strategy in Coastal Region Economic Empowerment

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Abstract. The raising of unemployment and poverty, particularly in the coastal region require a socioeconomic analysis to find the solution. On the other hand, one of the zakat objectives is helping *mustahik* (zakat recipients) in the economic sphere. They received zakat because of limitations in the necessity of life, both in short and long period. This research aimed to explore how zakat funds improve their welfare, particularly in the sub-district of Jepara, which consists of fourteen villages. The observation and interview technics utilized for information assembly, then analyzed by Milnes and Huberman model. The results indicated that BAZNAS (Badan Amil Zakat Nasional), as a national zakat board empowered ZIS (zakat, infaq, and shodaqoh) funds through four models. The first, the consumptive model aimed to help *mustahik* fulfill the needs in a short period, such as giving compensation to the poor and orphans. The second, the creative consumptive model, that gave direct assistance such as medical expenses, wheelchairs, and house renovation. The third, the traditional productive model that gave productive goods to whom has certain skills, such as sewing machines for a sewing expert and goats for a livestock expert. The fourth, the creative production model, which invested some of the ZIS funds to develop health clinics in collaboration with the Islamic University in Jepara. The results also obtained that ZIS fundraising is too small, furthermore, BAZNAS should increase creativity, innovation and notice that the presence of a companion team was important to support the success of empowerment program.

1. Introduction

The presence of small-scale fisheries in Jepara regency give a significant contribution to the coastal communities in employment opportunities and generates revenue for local government. The characters of small-scale fishermen are who operate traditional fishing equipment, have limitations in providing production factors for fishing, and have fished grounds not far from the beach, so their operations are limited to the areas around the coast. The condition would disrupt fisheries production activities and indirectly has an impact on the lives of small-scale fishermen because the location is highly dependent on environmental conditions such as water conditions. This will naturally raise the problem of uncertainty in the livelihoods of small-scale fishermen. Lately, the issue of fuel price increases and the lifting of fuel subsidies also affect the fisheries sector whereas the rise in fuel price will bring a great influence to the fisheries sector, particularly to the coastal fishing communities [1]. Therefore, small-scale fishermen who have limited capital are devastated by the fuel price increase, because they are not being able to go fishing and the income will ultimately decrease. It also cause an increase in unemployment and poverty in fishing families. All these issues that described earlier require an analysis of the socio-economic portrait of the local community to understand the impact. Accordingly,



many management initiatives often fail because they forget the importance of understanding the social and economic characteristics and the needs of the small-scale fishermen. As a point of view, this research aims to explore how zakat contributes on socio-economic livelihood, particularly how BAZNAS Jepara creates strategic actions in empowering the coastal region community.

Zakat is one of the pillars of Islam that is mandatory and consists of two types, zakat *al-fitr* and Zakat *al-mal*. The role of zakat is to improve the society welfare through tackling poverty. Because of its central position, zakat has operational guidance includes the kind of treasures are exposed to zakat, minimum rates of property on which zakat (*nishab*), the deadline for implementation of the zakat (*haul*), until the group entitled to receive zakat (*masharif al-zakah*). Zakat is an important instrument in Islamic economy sectors, whereas encouraging the advancement and Muslims' prosperity all over the world [2]. This is because zakat is the worship of *maaliyah ijtimaiyyah*, which has a strategic position for the well-being development.

Institutions of zakat need to be regulated and managed through an effective and efficient system particularly in the collection, distribution, and good governance program, in order to become an alternative economic empowerment of community [3]. According to Islam, state or the agency who has the mandate by the state and on behalf of government acts as the manager should manage zakat properly. Zakat management under the government authority is more effective than if it is collected by the agencies with no coordination, particularly in executing its functions and the impact on wellbeing [4]. Moreover, productivity improvement along with equitable income and an increase in employment availability will support the formation of good socioeconomic circumstances of the community. Accordingly, the empowerment of zakat fund, alms, and *infaq* is an alternative way to increase the community welfare.

Zakat Community Development (ZCD) is one of the most effective programs on the community empowerment. This program became the major concern of BAZNAS because of many dimensions of the poverty problem, not only the material, but also the attitude of life. If zakat in the form of consumptive, then the progress will be static, even there is a tendency to increase the growth of the poor. Therefore, this program aims to reduce poverty with a comprehensive approach in the various terms ranging from education, economics, health, up to religion. The zakat empowerment is the distribution of zakat to *mustahik* with managed and developed through the productive behavior, indicates that the utilization of zakat as capital that expected to improve *mustahik* welfare [5]. It is included in the notion of zakat empowerment whereas the zakat properties managed by *amil* (zakat board) result gains and distributed to the *mustahik* periodically. Consequently, the empowerment of zakat means the property distribution to *mustahik* in proper, effective, and benefits production in accordance with Islamic law and social-economical function of zakat.

Many researchers have conducted the study to explore the effect of zakat on community economic development, whereas Muhammad Haris Riyaldi [6] concluded two factors affect the success of the productive zakat recipients' in the *Baitul Maal Aceh* (BMA). The first is the external factor, which includes material support and zakat officer assistance of BMA. Moreover, the second is the internal factor, which includes the spiritual and human resources. Meanwhile, Iim Halimatusa'diyah revealed that the potential zakat fund is significant to poverty alleviation where the management and utilization of zakat were in proper [7]. Moreover, the utilization of zakat funds becomes diverse such as social security system, labor insurance, pension insurance and life insurance, as well as to cope with various problems such as housing, capital access and the education of the poor.

Widi Nopiardo said that the use of productive zakat in Tanah Datar experienced a decline in 2014 and 2015 due to the innovation of distribution patterns, which originally only consisted of three forms: level I, level II, and level III. Nevertheless, in the following year the pattern of productive zakat distribution consisted of four forms, namely level I, level II, level III, and entrepreneurial training [8]. Furthermore, he explained that the utilization of productive zakat funds by the center of zakat community care diverse into seven flagship programs, one of which was a community empowerment synergic program. The program consisted of many activities, which were the model of productive zakat utilization in increasing *mustahik* income. Ismail & Possumah classify the utilization of zakat

into four models: The first, the traditional consumptive model, whereas zakat distributed to *mustahik* directly. The second, productive consumptive model, whereas zakat is realized in other forms from the original goods. The third, the traditional productive model, whereas zakat is given in the form of productive goods. This model able to create business opportunities and job vacancies for the poor. The fourth, the creative productive model, where the realization of zakat is in the form of capital or investment i.e. to build social and economic projects [9].

2. Research Methods

This is a descriptive qualitative research [10,11], which aimed to describe the strategy formulation of the coastal region economic empowerment, particularly in fourteen villages that were closed to Jepara beach. Using SWOT analysis as a general tool to formulize the strategy, this research produced the BAZNAS empowerment strategy based on combinations of strengths-opportunities, strengths-threats, weaknesses-opportunities, and weaknesses-threats. The data used in this study were primary data and secondary data. The primary data originally came from the results of interviews with the manager of the BAZNAS of Jepara Regency and *mustahik* who received ZIS funds in the Jepara coastal area. While secondary data were obtained from reports provided by BAZNAS Jepara regarding the collection and empowerment of ZIS funds from 2014 to 2017. In order to test the validity of the data, the researcher conducted credibility testing with several techniques such as the extent of observation, increased persistence, source triangulation, and member check. While the data analysis to support SWOT indicators referred to Miles and Huberman analysis model [12] which included data reduction, data display, and conclusion drawing.

3. Result and Discussion

3.1. BAZNAS Strategy in Economic Empowerment Program

BAZNAS is an institution formed by the government in order to achieve good governance of zakat. The raising of ZIS fundraising showed the higher quality of governance. The utilization of zakat funds varied according to the environment especially for poverty alleviation [13,14]. As resulted through SWOT analysis and carrying out the activities, the board implemented a principal policy that zakat should not be imposed but through appreciation and awareness. Therefore, socialization and fund collection must be carried out continually. Another policy is to strive for the civil servant, state-owned enterprises, and regionally owned enterprises to become sponsors and pioneers in the fulfilment of zakat, in accordance with the letter of the Minister of Home Affairs about the invitation to distribute zakat through BAZNAS.

Table 1. Data of BAZNAS Jepara Fundraising^a

Year	Amount of ZIS Funds	ZIS Fund Empowerment	Percentage
2014	Rp 5.567.635.001,00	Rp 5.269.338.735,00	95%
2015	Rp 9.013.121.596,00	Rp 8.631.871.606,00	96%
2016	Rp 9.479.883.326,00	Rp 9,016,030,290,00	95%
20 17	Rp 10.966.378.616,00	Rp 9,308,404,545,00	85%

^aSource: BAZNAS Jepara Annual Report

The utilization of ZIS funds could not achieve the success without qualified fundraising activity, therefore, the success of fundraising is the primary key of the program. Table 1 showed the fundraising results of BAZNAS Jepara for the last four years, subsequently, based on the percentage, utilization of ZIS funds is good enough in general. The fundraising results were used to empower the community's welfare in fourteen villages located on the Jepara beach through the program. The program included; compensation to the poor, compensation to orphans, medical assistance, wheelchair

assistance, home renovation, scholarships, provision of sewing machines, provision of goats, provision of venture capital, and investment in clinical development at the Islamic Higher Education Foundation of *Nahdlatul Ulama* (called YAPTINU) Jepara. The fourteen villages that are the concern of the BAZNAS Jepara program consists of seven sub districts as shown in Table 2.

Table 2. The Villages of Jepara Coastal Region^b

No.	Name	District
1	Banyumanis	Donorejo
2	Ujungwatu	Donorejo
3	Bandungharjo	Donorejo
4	Tubanan	Kembang
5	Balong	Kembang
6	Bondo	Bangsri
7	Mororejo	Mlonggo
8	Karanggondang	Mlonggo
9	Jambu	Mlonggo
10	Bandengan	Jepara
11	Bulu	Jepara
12	Ujung Batu	Jepara
13	Teluk Awur	Tahunan
14	Bumiharjo	Keling

^bSource: BPS Jepara Regency

The amount of ZIS funds and its utilization for coastal communities in fourteen villages is as shown in Table 3.

Table 3. The Allocation of Jepara ZIS Fund for Empowering the Jepara Coastal Community^c

No	Usage	2014	2015	2016	2017
1	Poor compensation	Rp 401,088,041	Rp 634,322,213	Rp 633,815,443	Rp 595,986,283
2	Donations for orphans	Rp 4,838,433	Rp 100,000	Rp 2,616,667	Rp 3,533,333
3	Donations for Healthcare	Rp 1,063,333	Rp 1,606,333	Rp 496,667	Rp 776,667
4	Donations for Wheelchair	-	-	Rp 1,489,667	Rp 1,277,500
5	House renovation	-	-	Rp 48,586,667	Rp 59,953,533
6	Scholarship	Rp 1,597,733	Rp 9,663,687	Rp 5,705,373	Rp 35,166,218
7	Productive zakat	-	Rp 6,766,667	-	Rp 10,200,000
8	Construction of a clinic	-	Rp200,000,000	-	-
	Amount	Rp 408,587,541	Rp 52,458,899	Rp 692,710,483	Rp706,893,534

^cSource: BAZNAS Jepara Annual Report

Based on data from Table 3, the utilization of ZIS funds in fourteen coastal villages by BAZNAS of Jepara Regency can be grouped into four models: The first, utilization of the traditional consumptive model, whereas ZIS funds distributed to *mustahik* directly, such as poor compensation, child benefits orphaned, and help with treatment. The second, utilization of the productive consumptive model, which funds are realized in other forms from the original goods, such as in the form of scholarships, home renovations, and wheelchair assistance. The third, the use of traditional productive model that funds allocated for productive zakat and this is given in the form of productive goods such as goats, sewing machines, and also business capital. Giving in this form can create business opportunities that open job vacancy for *mustahik*. The fourth, the utilization of ZIS funds in creative productive forms, which funds are used for the investment of economic development projects. In this case, the board made it happen in the form of investment in the construction of clinics in collaboration with YAPTINU Jepara. However, the number of ZIS funds utilization in fourteen coastal villages of Jepara is still dominated by a consumer model, both the traditional and creative consumptive models. While the utilization of traditional productive models only occurs in 2015 and 2017.

The criteria for recipients of ZIS funds in BAZNAS of Jepara Regency are: The first, must be included in the eight asnaf (groups of zakat recipients), preferably in the poor or poor category. The second, widows who are still in productive age. The third, the widow has a child, this is intended if the widow died, then her business could be continued by her child. Whereas the mechanism for receiving ZIS funds is that *mustahik* candidate submit himself to the zakat agency by bringing a copy of the identity card, and certificate of incapacity. After that, the village zakat agency will create a proposal, then, delegate it to the sub district zakat agency, and then submit it to the BAZNAS of Jepara Regency. After the proposal submitted, the board would communicate with the local village apparatus to survey the *mustahik* candidates. If a discrepancy is found, the board will not receive them as the nominee.

3.2. *The utilization of ZIS funds, particularly the productive model*

The first related to operational management, management is needed to advance the organization and achieve organizational goals. Likewise, utilizing ZIS funds requires the management to obtain optimal results [15]. Consequently, planning to utilize ZIS funds at BAZNAS Jepara must make a priority scale and data inventory of *mustahik* skills. With the priority scale and data inventory of *mustahik* capabilities, it shows that the board should plan carefully in ZIS funds utilization. *Mustahik* candidates who have certain abilities will be given venture capital in accordance with their abilities. The selectivity is intended to make ZIS funds truly empower the poor. *Mustahik* candidates who do not have any ability, but have the motivation to change into better living, the board should conduct training and courses to foster abilities in themselves *mustahik*. The goal is that the *mustahik* candidate has the same opportunity to be productive. In addition to planning, organizing must also be addressed by assigning tasks, authorities, and responsibilities to qualified people. The utilization of ZIS funds in terms of organizing is the division of tasks in training, mentoring, consultation and supervision. The use of public facilities in the form of libraries can be used to facilitate placing and conduct training as social capital to be creative. Non-formal learning facilities such as libraries create non-formal learning facilities in the coastal community [16–18]. In the case of supervision, the board must supervise each program of utilizing the funds directly. BAZNAS Jepara should supervise each fund utilization program routinely. This supervision is necessary in order to avoid the possibility that *mustahik* use the funds for other activities outside the program.

The second, Human Resources (HR). HR has an important role in bringing the organization into the goal. The weaknesses of HR professionalism have resulted in the lower performance of zakat organizations. The requirements for qualified human resources are to have the capability and understand their role in the zakat organization, and truthful [19]. These requirements are collected in two ways, namely capable and trustworthy. These two conditions have special features, namely the managerial ability to organize zakat board and the ability to create innovations and breakthroughs in

the utilization of ZIS funds. As for amil who understands the law of jurisprudence, BAZNAS Jepara need not doubt, because they came from scholars and community leaders in Jepara.

The third, accountability. The accountability is the ability to explain, answer, and accountable for all decisions and actions are taken. Accountability is related to openness in taking responsibility for something in front of others. As an institution that manages funds from the public, BAZNAS Jepara is required to apply a good governance system.

4. Conclusion

Based on the data and discussion, it can be concluded that the ZIS funds utilization for fourteen villages in the coverage area of BAZNAS Jepara through four models; The first, the consumptive model, which is in the form of direct assistance to meet the short-term *mustahik* needs such as the poor's compensation, orphans' compensation, and medical assistance. The second, creative consumptive model, wherein the form of direct assistance in the form of goods such as wheelchair assistance, house renovation, and scholarships. The third, traditional productive model, by giving productive goods to *mustahik* who have certain skills such as sewing machine, goats, and business capital assistance. The fourth, creative and productive models, that invests part of ZIS funds collected for the construction of a health clinic in cooperation with YAPTINU Jepara. The majority of ZIS funds are utilized for consumption purposes, only a small portion is used for productive purposes. Therefore, it is recommended to BAZNAS Jepara increase the number of funds for productive purposes, subsequently, the *Mustahik* economic empowerment program can succeed. Moreover, the board should improve their managerial skills, create training and form a companion team to help the success of the *mustahik* economic empowerment program.

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