The effectivities of zakat productive funds toward zakat recipient income in Palembang

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Abstract: This study to investigate effectivities of zakat productive funds toward zakat recipient income in Palembang. Data using primary data which collect through interviews, observation, and documentation with instruments a questionnaire. The method in this study uses the quantitative approach with applying a regression model. The population in this study are all the recipients who receive the funding of zakat productive from BAZNAS of South Sumatra. The findings of this study indicated that the capital of zakat productive, length of business and training has a significant effect on zakat recipient income in Palembang city.

Keywords: Zakat productive, skill, training and zakat recipient income

JEL Classification: D30, D31

1. INTRODUCTION

Zakat is one of the social economic systems belongs to Islam that is used as an important pillar in the Islamic economy. It shows Islam is totally committed to fighting against poverty and inequality, especially to the poor and needy who are two first order entitled to receive zakat (Ibrahim & Ghazali, 2014). So far the charity itself is good enough to contribute in helping the various aspects of life in the world. As expressed by Tarar & Riyaz (2012) in Pakistan has collected zakat amounting RS2,82 billion of 36 provinces. The funds are allocated for RS1 billion to support subsystems, RS36,760,800 for educational scholarships, more than RS160,000,000 for student scholarships, RS122,537,000 for patient care, RS163,381,000 to get married.

In 2010, Malaysia has collected zakat of RM 1,363,772,682 and distributed in the same year was RM 1,176,487,212 or equal to 86% of the funds collected. Amil Zakat in Malaysia have also begun to distribute zakat in prolific form, but for now, the performance of the recipients still relatively low, because of the resources that available are limited and the ability to manage the business from the recipients is not really good (Nadzri et al, 2012).

Implementation of zakat productive which has been applied in various regions and provinces in Indonesia has shown some positive results. For instance in North Aceh district, the total amount of zakat productive that been distributed to recipients is Rp. 885 million, with the number of recipients as many as 533 people, and the results showed that after receiving zakat productive, the total income of recipients is increased by 19% than before (Rusli et al, 2013).

Research conducted by Sartika (2008) have found that the influence of zakat productive on the empowerment of recipients in Amil Zakat Institution (LAZ) Foundation Surakarta Solo Peduli that distributed in the form of livestock has increased the income by 10.2%. These results were significantly influenced by the amount of zakat productive funds that distributed to recipients. Zakat productive has been implemented in Semarang that discussed by Wulansari & Setiawan (2014) it reveals about the increasing of profit after getting the zakat productive funds is increased by 57%.

The potential from zakat in South Sumatra is good enough to reduce poverty in South Sumatra. To enhance the role of zakat in improving the productivity of the recipients, BAZNAS Sumsel has a community development program which is called by "Sumsel Makmur".The ideals of family
economic independence are realized through working capital shared for productive businesses in various entrepreneurship areas include vegetable traders, street vendors, grocer, handicraft business, workshop, and pempek traders. BAZNAS Sumsel has several guidance that is now quite successful, and also able to create jobs for others in the neighborhood. Based on the background, the purpose of this study is to examine the influence of zakat productive funds, skills, and training on the income of recipients of zakat in Palembang city simultaneously.

2. LITERATURE REVIEW

Allah says in Al-Baqarah verse 267:

"O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective therefrom, spending [from that] while you would not take it [yourself] except with closed eyes. And know that Allah is Free of need and Praiseworthy ".

One of the reasons for the creation of zakat is so that people want to help each other. Because human is a social being, which means a human cannot live alone without any help from others. Zakat also teaches Muslims to respect each other to create a peaceful and harmonious life (Abdullah and suhaib, 2011). The meaning of zakat in terms of language comes from the word zaka (masdar for m) which means: blessing, growing, clean, holy and good. (Asnaini, 2008).

Muhammad (2011) said from the whole meaning of zakat that there can be stated that zakat is worship in the field of wealth containing wisdom and benefits of such a great and noble, whether related to the people who become the giver of zakat (muzakki), the recipients of zakat (mustahiq), the wealth that distributed, as well as for the whole community.

2.1. Zakat Productive

Al-Masyiqah (2007) says that zakat productive according to the term is seeking the gain of wealth by doing business with the wealth of zakat. The investment of zakah property can be divided into three parts. First, the investment of zakat property by the giver of zakat. Second, the investment of zakat property done by the recipient of zakat. Third, the investment of zakat property done by the zakat amil agency. Farah (1997) also revealed that zakat productive is the inclusion of zakat funds separately or with other funds in the sector that produces profitable. The benefits of zakat productive are directed to the benefit of the beneficiaries in the short and long term by keeping the principles of Islam.

The results of zakat are allowed for productive purposes, such as helping the recipients of zakat who have special skills and want to work hard so that they can be separated from poverty and dependence on others and able to be independent. In addition, the result of zakat can also be to establish profitable factories and projects and produce for the zakat in need. The factories and others financed with the proceeds of zakat have provided information to the people who have been selected and have been given skills education in accordance with the work that has been available, it is revealed by Zuhdi in the book masailfiquiyah (1997).

2.2. Previous Research

Zakat productive has been discussed by researchers, like research conducted by Djayusman (2011) to see how the effect of zakat investment to increase income and productivity of dhuafa agricultural laborers in Bantul district of Yogyakarta in 2010. This research found about the positive influence to the income of dhuafa agricultural laborers in Yogyakarta, and they wish to get more funding in the future, and some recipients become muzakki. The positive result of zakat productive
is also disclosed in the research conducted by Rusli, et al (2013). This study aims to analyze the impact of zakat productive capital on poverty alleviation in North Aceh district. This research found that the impact of zakat productive capital on poverty alleviation in Aceh is really good and all the recipients use this program to increase their income and fulfill their needs for living. Wulansari & Setiawan (2014) also analyzed the role of zakat productive funds on the development of micro-business recipient of zakat from the "Rumah Zakat" of Semarang city. This program is the good program to increase the incomes of micro-business recipient of zakat in Semarang. Their business is become bigger after they receive the funding of zakat productive in this district and they hope they receive zakat more than before to increase their business and become muzakki in next year.

Research on zakat productive whose purpose is to develop the recipient of zakat is also done in Malaysia. Research Ibrahim and Ghazali (2014) with the title zakah as an islamic micro-financing mechanism to productive zakah recipients. This paper got the result that the mechanism to organize zakat productive funds must good and right on target which is the recipients of zakat who has the micro-business and they can improve their income with this funding, because the purpose of this study is to make zakat more productive than before. The modern approach in the implementation of zakat is also studied by a Malaysian student named Yusoff (2008) in his journal entitled Modern Approach of Zakat As an economic and social instrument for poverty alleviation and stability of ummah. This paper found that the approach of zakat as instrument to reduce the poverty and increase the stability of the people among muslims in this country is really suitable and accepted by the recipients of zakat to increase their income and make it more usefull to make a better live.

So this paper want to talk about the influence of zakat productive to the income of recipients of zakat in Palembang. With the program named as “Sumsel Makmur” to increase the income of the recipients of zakat in this city in the way more usefull than consumtive way like they did all the time. So this way is the step needed to make the recipients more productive in organize this funding with the right skill and the intens training to make their live better than before and they can be muzakki and give the Zakat to the others recipients. If this happen right on target, this program can reduce the poverty in Palembang.

2.3. Research Framework

Recipients of zakat is a person entitled to receive zakat. In the implementation of zakat productive, capital is one of the important things that should be given to recipients of zakat to assist the development efforts or to start the recipient’s productive enterprises. Likewise with expertise or experience possessed by recipients of zakat in managing their business. To improve their skills should also be holding training aimed at recipients of zakat. Based on the description related background issues and the theoretical basis of the zakat productive and to see what the researchers want to look at the factors that effect on the income of recipients of zakat can be described as follows:

![Figure 1. Research Framework](image)

3. MATERIALS AND METHODS

The scope of this study is to examine the influence of zakat productive funds, skill and training to the income of recipients of zakat and will focus on the quantitative assessment of the factors that influence the income of recipients of zakat himself. The object of this study is the recipients of zakat
who receives a zakat productive funds from Amil Zakat National Institution of South Sumatera (BAZNAS SUMSEL). The type of data used to support this research is primary data. The primary data used is the result of interviews and questionnaires given to the recipients of zakat who receives a zakat productive funds. In addition to primary data obtained through selected informants of this study also uses secondary data, secondary data that is in use as books that talk about zakat, especially zakat productive, phenomena that exist in society as well as reports that exist in BAZNAS SUMSEL. The use of secondary data intended to support primary data obtained from questionnaires and interviews.

To obtain the relevant data so it can be used as a foundation in the process of analysis, the authors used data collection methods that are commonly used in research qualitative and quantitative research, the interviews, document analysis, archival records, and observation (Sugiyono, 2012). Instruments in this study used interviews, questionnaires, and documentation. In this study, interviews were conducted with the management of BAZNAS SUMSEL that chosen by the researcher. Furthermore, the documentation obtained from the reports of the charity productive in the amil zakat institutions. A population is a group of cases that meet certain requirements related to the research problem (Mardalis, 1999). The population which is the object of this research is the whole recipient’s zakat productive receiving assistance from BAZNAS. The analysis technique used is multiple regression estimation techniques used the method of least squares (OLS) There is also a model equation regression analysis of this study are as follows.

\[ Y_i = \alpha_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e_i \]

where: \(\alpha_0\) is constanta; \(X_1\) is zakat productive funds; \(X_2\) is skill, \(X_3\) is training; \(\beta_1\), \(\beta_2\), \(\beta_3\) is parameters regression; and e is error terms.

4. RESULTS AND DISCUSSION

4.1. Result

From the data obtained and analyzed by multiple regression analysis and calculated from three independent variables namely zakat productive funds, skills, and training. Based on the data obtained by researchers, it can be composed of multiple regression equation as follows:

\[ Y = -3.195 + 0.957 \text{Funds} + 0.247 \text{Skills} + 0.756 \text{Training} \]

The results of multiple regression equation above shows that the beta value of the variable zakat productive funds is 0.957, it shows that in this study the funds have a positive relationship to the dependent variable, the positive relationship that produced shows that zakat productive funds that received by recipients of zakat so far give the good effect and enough to help the recipients of zakat in improving their financial. As for the skills show the beta value of 0.247 which means the skill and the income of recipients of zakat have a positive relationship. This is consistent with the theory that if the skill is good then their income will increase as good as their skill.

In the above regression equation shown that the beta value of the variable training is 0.756. This indicates that the variable training and the income of recipients of zakat have a positive relationship. This indicates that the training has been provided by BAZNAS SUMSEL or by another party whose goal is to develop a business that is owned by the recipients have an important role in increasing their income, which it will turn the recipients of zakat become the giver at a later time.

The result is a constant of -3.195, which means that without all these independent variables the dependent variable income zakat recipient shave a negative value, so it was concluded that all the independent variables used by researchers are crucial in increasing the income of the recipients of zakat. The results of multiple regression estimates using statistical tools are as shown in the table below:
Table 1. Results of Regression Estimation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constants</td>
<td>-3.195</td>
<td>0.002</td>
</tr>
<tr>
<td>Zakat Productive Funds</td>
<td>0.957</td>
<td>0.000</td>
</tr>
<tr>
<td>Skills</td>
<td>0.247</td>
<td>0.011</td>
</tr>
<tr>
<td>Training</td>
<td>0.756</td>
<td>0.000</td>
</tr>
</tbody>
</table>

R-Square: 0.894; f-test: 216.425 (sig = 0.000)

Source: Data Processing

Based on the above estimates table we got the R-square value is 0.894, then it can be concluded that zakat productive funds, skills, and training affect 89.4% of the income of the recipients of zakat in Palembang, while 10.6% are influenced by variables not examined by the researchers. This indicates that the independent variables are used by researchers to have a considerable influence on the dependent variable.

Table 2. The result of F test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>19.704</td>
<td>3</td>
<td>6568</td>
<td>216.425</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>2.337</td>
<td>77</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>22.041</td>
<td>80</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processing

From the results of the above table, it can be seen that together the independent variables have a significant effect on the dependent variable. This can be evidenced by looking at the value of the significance of the F value in ANOVA tables, amounting to 0.000 or smaller than the significance level determined by the researchers is 0.05 or 5%, then the transformation regression models can be used to predict the zakat productive funds, skills and training together are influence the income of recipients of zakat in Palembang city.

4.2. Discussion

The results of the data analysis presenting zakat productive funds have a significant effect on the income of recipients of zakat in Palembang city. Based on the data obtained by the researchers while in the field by giving questionnaires to recipients of zakat, and also observed during the study can be found that the program of zakat productive called “Sumsel Makmur” receive a positive response from the community, because many of the recipients who need assistance funds to run their business. The recipients previously made loans to cooperatives or debt collectors, so they have difficulty in paying their debts due to the interest that is applied in the return period.

This zakat productive assistance program provided to the recipients with a non-interest loan system or the economy Islam is called Qardh scheme and Qardhul Hasan. The recipients who get these loans have to reimburse the loan in a period of 10 months (10 x pay) for which the money collected from the returns will be channeled back to recipients others. So in essence BAZNAS SUMSEL will not ask back that zakat productive funds that already given to the recipients, because this is one of a program that is devoted to the recipient of zakat who needs funds to run their activities. The system of return that is applied, is only for the education process given to the recipients of zakat in order to be more responsible in managing the fund and not consumptive.

The above results also indicate that skills have a significant impact on the income of the recipients of zakat in Palembang city and have a positive relationship, as well as training variables also have a significant influence on the income of recipients of zakat in Palembang city and have a positive relationship.

From these results, we can conclude that this prolific zakat productive programs need to be improved in order to obtain the desired value. Especially the funds that should be improved to increase the recipient capital and increased their income to be better. Skills and training also need to be improved, given that skills are also needed to manage funds in order to be better in improving...
the desired results as well as training needs to be increased their recipient's training for skill development and training can help recipients run their business,

Zakat productive conducted by BAZNAS SUMSEL through Baitul Qiradh institution is no more just a strategy to alleviate poverty in Indonesia generally and in Palembang city in particular. When the zakat productive funds have been distributed to the recipients of zakat, then BAZNAS SUMSEL expected to remain guided, trained and responsible to the whole recipients of zakat who receive zakat productive funds, so that can be used properly by the recipients in improving their economics.

5. CONCLUSIONS

Based on the analysis in this study, it can be concluded that the funds that received by the recipients of zakat productive, skills and training together affect the income of the recipientsof zakat significantly, as shown by the significance value of 0.000 and F value of 216.425. Then this could be a reference that this prolific zakat productive programs can be developed and improved again so that it can become a flagship program to apply the expected values from zakat, which is to improve the welfare of the recipients of zakat.

These three variables are also contributing 89.4% to the income of the recipients of zakat in Palembang city, while the remaining 10.6% is influenced by other variables not examined by the researchers in this study. This indicates that so far zakat productive is good enough to help the recipients economy, but which is still the main problem in BAZNAS SUMSEL in completing this program is the limited funds they have, because of many givers of zakat does not collect their zakat to BAZNAS. Then with this research is expected to open the heart from the giver of zakat to always distribute their zakat through BAZNAS SUMSEL.

So from this research we can learn that this program must run as it should, so zakat productive funds must be distributed in the right people who deserve to receive zakat. So in time they can make it useful to increase their income and make a better live with the good skill and the training that suitable for them. With the right training they can organize this program in the right way and they can be a muzakki after 2 years they receive this zakat productive funding. And BAZNAS SUMSEL who run this program must be more creative to make the zakat productive is more productive than before.

REFERENCES


