

## PRODUCTIVE ZAKAT DISTRIBUTION WITH SOCIAL ENTREPRENEURSHIP THROUGH COMMUNITY-BASED AMIL ZAKAT INSTITUTIONS

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### Abstract

*In order to distribute productive zakat with social entrepreneurship through institutions based on community organizations called amil zakat in the Banyumas Regency, this research aims to understand the distribution process as well as the encouraging and discouraging elements. Field research using a descriptive qualitative research methodology is the method used. using methods for gathering data include observation, documenting, and interviewing. In order to make the data from interviews, field notes, documentation, and other sources easier to understand and to produce conclusions that can be shared with the larger community, data analysis is done by methodically searching and assembling the data. The study's findings demonstrate how the effective zakat distribution program has aided in the empowerment and development of the local economy. Amil zakat institutions, specifically LAZISMU and LAZISNU, carry out the form of productive zakat distribution with social entrepreneurship in the form of business capital aid that enables mustahik to expand their enterprises. The availability of cash or productive zakat programs with the excitement of the community (mustahik) are supporting variables in the distribution of productive zakat with social entrepreneurship by amil zakat institutions. While the community spends a large portion of its productive zakat earnings on consumptive necessities, the limiting element is the lack of mentorship intensity.*

**Keywords:** Productive Zakat; Social Entrepreneurship; Amil Zakat Intitutions

### A. INTRODUCTION

Poverty, unemployment, environmental devastation, and other issues are among the main social issues in Indonesian society. A significant obstacle to economic progress is poverty (Rijal

et al., 2018). The government has enacted a number of laws and initiatives aimed at reducing poverty, and every year the number of the poor can drop. (Subhan ZA & Rijal, 2021). The government has published Law Number 23 of 2011 Concerning Management of Zakat, which was created expressly to give an outline of the goals of administering zakat for the benefit of society and reducing poverty.

Zakat is one of the key tools used in Indonesian efforts to reduce poverty. Because the poverty reduction rate increases with the amount of zakat contributions received and the accuracy of the distribution aim, zakat plays a significant role in Indonesia's economic growth and development. (Haidir, 2019). Zakat can develop for the benefit of society and develop into an institution for economic fairness if it is properly administered, empowered, and consistent with Islamic principles. Therefore, collaboration with the government, academics, and organizations that gather and handle zakat monies is required in order to illustrate the significance of zakat for human growth and to enable people to live more prosperous lives. (Ariyani & Yasin, 2022).

One of the potential Islamic financial resources for the development of social welfare is productive zakat. The distribution of zakat monies for mustahik as capital in company development is still quite little, but productive zakat is utilized to empower underprivileged persons who are classified as mustahik in entrepreneurial activity. A mentoring process that involves planning, implementing, monitoring, controlling, and evaluating programs that are expected to be able to produce economic cycles, increase community business productivity, and increase economic income is one way for amil zakat institutions to manage productive zakat sustainable (Budiman, 2020). A model of empowerment is employed for the management of productive zakat from the standpoint of social entrepreneurship. This empowerment concept involves people or communities who directly or indirectly have social problems in order to educate and inspire them to help themselves by getting involved in the solution of societal issues (Efendi, 2017).

Institutions that practice amil zakat are essential to the socioeconomic advancement of Indonesia's impoverished people. It is possible to demonstrate the creativity and invention of organizations that were initially non-profit in nature to reuse the outcomes to build programs that assist the creation of community welfare through the transformation of the amil zakat institution into a social entrepreneurship model (Kinanti et al., 2021). Community-based amil zakat institutions (LAZ) include LAZISNU, which is affiliated with Nahdlatul Ulama, and LAZISMU, which is affiliated with Muhammadiyah, according to the history of its founding (Siti

Kalimah, 2018). An excellent opportunity to raise zakat awareness is when people see these two companies, who control LAZ. Therefore, in order for the two community organizations with amil zakat institutions (LAZISNU and LAZISMU) to realize their full potential, they must have sound standards (Saoki & Abdillah, 2019). In reality, LAZISMU and LAZISNU are in charge of one aspect of zakat management in the Banyumas Regency. Zakat may be used by LAZ to improve the social and economic development of qualified communities in accordance with program priorities. If the zakat money are effectively and accurately managed in accordance with Shari'a, it can enhance human welfare, particularly in eradicating social injustice and poverty (Kinanti et al., 2021).

The average household income might rise with the zakat program when it is used productively. This occurs as a result of the constant active efforts made by zakat managers to enhance the welfare of mustahik through various prepared initiatives, such as business support programs. But even so, this situation is not ideal because a deterrent to the distribution of productive zakat, namely a shortage of human resources, exists (Fathaniyah & Makhrus, 2022).

## **B. LITERATURE REVIEW**

Zakat is described as barakah, which is Arabic for "holy, pure, growing, and having benefits." Additionally, the word "zaka" implies to develop and grow, therefore someone who is said to be "zaka" has comprehension, which denotes that they are a decent person (Abbas, 2017). The transfer of ownership rights to specific properties that are obligatory to particular people established by sharia and only for Allah SWT is what is meant by zakat, according to the phrase, even though academics explain it differently (Ismail & Dkk, 2018). According to verse 60 of the letter al-Taubah, known as the "group of eight," there are eight groups that are eligible to receive zakat. Faqir, the underprivileged, Amil, converts, slaves, Gharim, Fisabilillah, and Ibnu Sabil are some of these categories (Sanusi, 2021).

In Indonesia, there are two methods to manage the zakat distribution process: consumptive distribution and productive distribution. On the basis of the consumptive distribution, it is possible to conclude that zakat is given directly to mustahik to satisfy their immediate needs, meaning that the funds cannot be used for an extended period of time. If zakat is distributed in a productive or indirect manner, meaning that zakat given through amil zakat cannot be spent directly by the mustahiq, zakat distribution in this model typically takes the form of a business that can be managed by the manager or the mustahiq. Therefore, mustahiq spends the profits from this enterprise (Mardiantari et al., 2020). Productive zakat is defined as assets or funds that are distributed to mustahik but not spent directly because they are used to meet

certain requirements. Rather, these assets are used to develop their business so that they can continue to meet their needs through this business. In other words, productive zakat refers to the distribution of zakat funds or assets that enable the recipient to produce something in a sustainable manner. According to Law Number 23 of 2011 concerning Zakat Management, zakat can be channeled not only in a consumptive but also in a productive manner, so that funds collected through productive zakat distribution can be utilized effectively, particularly in the business world. which generates outcomes and advantages for the individuals (Budiman, 2020).

The term "social entrepreneurship" is a derivative of "entrepreneurship." This term is comprised of a group of words containing the word "social," so the terms social entrepreneurship and social entrepreneurship imply community-based entrepreneurship. (Mursidi et al., 2020). Social entrepreneurship focuses business endeavors by involving and bolstering the community financially and in terms of expertise. The results or profits of the enterprise are then returned to the community in order to increase its income. Institutions of *amil zakat* are able to support the practice of practical social activities. In addition to community- and group-centered participation and collaboration with partners, which makes program objectives mutually motivating and supportive, program auxiliary factors influence success. (Kinanti et al., 2021).

*Amil zakat* institutions based on community organizations are typically established to optimize the role of mass organizations for the community, including members of the mass organization as well as the broader community (Siti Kalimah, 2018). The presence of these two organizations that own LAZ presents an excellent opportunity to raise awareness about zakat. The two community organizations, Nahdlatul Ulama (NU) and Muhammadiyah, are major mass organizations in Indonesia that seek to aid the government in alleviating poverty by assisting zakat management institutions (Saoki & Abdillah, 2019). Zakat management institutions play a crucial role because, as institutions that manage and distribute ZIS funds, they must be able to provide optimal assistance and guidance so that the assets received from zakat, *infaq*, and *alms* can be distributed correctly, correctly, and responsibly with proper management (Ghulam et al., 2021).

There are several studies that have been carried out by previous researchers, one of which is that zakat is able to have a positive impact in reducing poverty levels (Wahyuningsih & Makhrus, 2019). Good social service organizations involve Islamic philanthropic organizations in operating their organizations in a professional and empowering manner to promote ethical decision-making, assembling applicable values and shared beliefs to support ethical practices

within the organizational environment (Papouli 2022). Consequently, social service organizations typically operate in areas where operational stability and flexibility are in conflict, resulting in innovation barriers (Schröer 2021). Dalam aspek meningkatkan pengelolaan zakat salah satunya dengan mengadakan sekolah amil zakat yang mampu meningkatkan keterampilan, kemampuan, dan kompetensi (Makhrus et al., 2023).

### **C. RESEARCH METHODOLOGY**

The researcher used a type of field research with the research object of LAZISMU and LAZISNU of Banyumas Regency as community-based amil zakat institutions, both of them have managed zakat professionally and institutionally, while the approach used was a qualitative-descriptive approach. The data collection technique used in this study is: first, interviews, this was done to the managers of the two amil zakat institutions above. Second, observation, in this case the researcher follows the process of distributing productive zakat with social entrepreneurship carried out by the object of this research. Third, documentation, this data is used to complement research data which includes activity reports, photos, and other official documents. Data analysis was carried out by finding and compiling information systematically from interviews, field notes, documentation, and other materials so that the results can be better understood by presenting data deductively.

### **D. RESULT AND DISCUSSION**

LAZISMU is a national zakat institution committed to empowering the community through the distribution and utilization of zakat, infaq, alms, and other socio-religious funding sources (ZISKA) by individuals, institutions, and others. Confirmed by the Minister of Religion of the Republic of Indonesia via Decree No. 457/21 November 2002. Banyumas Regency has a large potential for zakat, infaq, and charity. LAZISMU Banyumas Regency was established on October 2, 2010 as an area whose economy continues to expand. However, this potential cannot be optimally managed and utilized in the community to have a significant impact on problem-solving. With the existence of LAZISMU Banyumas Regency as a zakat management institution based on modern management, it is anticipated that it can become a component of zakat and a social problem solver.

The LAZISMU Banyumas Regency has five programs, the first of which aims to increase human resources and cadres at the local and national levels through educational activities. The second program is the health pillar program, which aims to enhance services in the public health sector. Third, the economic program, whose objective is to promote community self-sufficiency by increasing income, welfare, and entrepreneurial zeal. Fourth, the da'wah pillar program

targeted social da'wah initiatives for the establishment of an Islamic community. The focus of the fifth pillar, the social humanitarian program, is disaster management and humanitarian response. While distributing zakat efficiently, LAZISMU Banyumas Regency has compiled three initiatives for mustahik, namely;

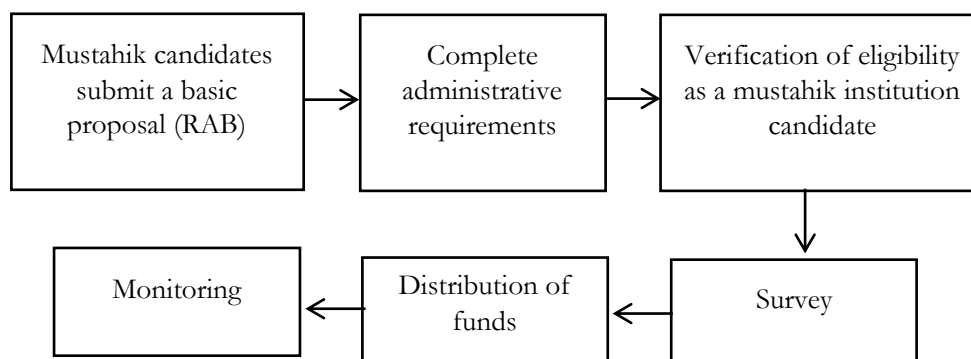
Table 1. Productive zakat distribution program in LAZISMU Banyumas Regency

Economics	Provision of business capital in the form of funds or products to micro, small, and medium-sized enterprise actors who have businesses but lack the capital to operate them. This program aims to improve mustahiks' standard of living.
Education	Providing aid in the form of subsidies to teachers in order to improve the quality and welfare of teachers by increasing the younger generation's access to quality postsecondary education despite economic constraints.
Da'wah	In addition to providing TPQ teachers with subsidies to enhance their quality and welfare, LAZISMU Banyumas Regency provides the facilities and infrastructure required by TPQ schools that lack the funds to complete these infrastructure facilities.

Source: LAZISMU Banyumas Regency

The objective of this productive zakat fund distribution program is to strengthen the people's economy so that they can improve their standard of living and economic quality. Additionally, the distribution of productive zakat is carried out to educate the public in the form of infaq invitations, so that those who initially receive zakat or as mustahiq through their business can become a muzzaki who donates. The phases involved in the distribution of productive zakat by the LAZISMU Banyumas Regency are as follows:

Figure 1. Stages of the distribution of productive zakat LAZISMU Banyumas Regency

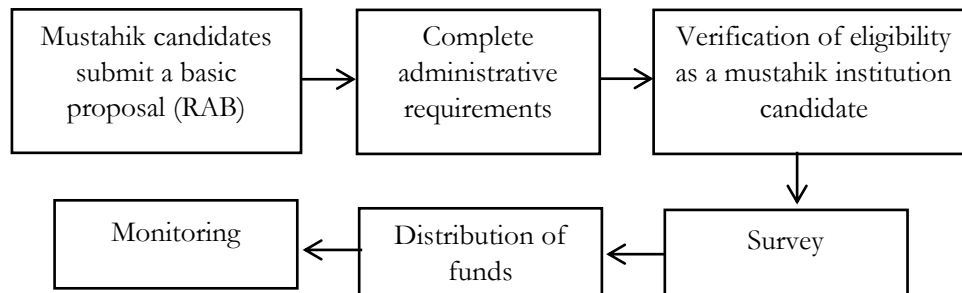


In carrying out each of their programs, zakat management institutions have a number of supporting and inhibiting indicators that serve as a benchmark for improvement. LAZISMU Banyumas Regency has a number of supporting indicators, such as the community's eagerness to participate in socialization activities, which can be utilized as a media/means to educate and

motivate the community to contribute to the management of zakat and as a means to empower the people. Without the cooperation of LAZISMU Banyumas Regency in all activities held, the accomplishment of this event would have been impossible. The implementation of the productive zakat distribution program in LAZISMU Banyumas Regency is hindered by factors such as the lack of control over the mentoring schedule that LAZISMU Banyumas Regency must carry out for mustahik in running their businesses, preventing the mentoring and monitoring processes from being carried out optimally. A lack of community comprehension regarding the significance of ZIS is also a barrier to the distribution process. The mustahik who have received the funds still do not comprehend the work program that has been determined by LAZISMU Banyumas Regency, indicating that they continue to use these funds for purposes other than business operations.

LAZISNU is a zakat management organization with formal legal legitimacy, having obtained Decree of the Minister of Religion of the Republic of Indonesia (SK) No. 255 dated 26 May 2016 regarding the granting of permits for the Amil Zakat Infaq and Sadaqah Nahdlatul Ulama (LAZISNU) institutions as the National Amil Zakat Institution (LAZNAS). The LAZISNU Banyumas Regency has distributed its zakat funds to those who are eligible based on the four pillars of its programs, which are education, health, economic, and disaster preparedness. LAZISNU's quality policy ensures that all existing categories of activities are carried out in accordance with existing directives and regulations. LAZISNU Banyumas Regency uses five quality policies as part of its quality management: modern, accountable, transparent, trustworthy, and professional. For effective distribution of zakat funds, LAZISNU Banyumas Regency has a Business Capital Assistance program. This aid is intended for MSMEs (micro, small, and medium enterprises) that lack/do not have the capital to operate their businesses, in the expectation that their standard of living will eventually improve. Due to limited funds, the LAZISNU Banyumas Regency distributes more zakat funds to mustahik for consumptive needs than productive needs. As a result, the assistance provided productively is only in the form of business capital assistance programs, and the nominal funds provided are relatively small, amounting to approximately IDR 1,000,000 per person. LAZISNU Banyumas Regency follows the same steps as other zakat management institutions when it comes to effectively channeling zakat funds:

Figure 2. Stages of the distribution of productive zakat for LAZISNU Banyumas Regency



LAZISNU Banyumas Regency is bolstered by factors that facilitate the distribution of funds, namely the zeal of those who wish to engage in business to enhance their standard of living. Even though the allocated funds for the productive zakat distribution program are limited, this program is supported by the enthusiasm of its participants. As for the impeding factor, it is the paucity of Human Resources (HR) that prevents the LAZISNU Banyumas Regency from carrying out assistance activities for mustahik. Therefore, the monitoring procedure is made difficult due to a lack of human resources. LAZISNU Banyumas Regency hopes that this productive zakat will change the status of a new mustahik, at least from a mustahik to a person who can provide for his own needs (*muktafi*) and a spender (*munfiq*), despite the fact that the funds designated for the productive zakat program are still relatively small. minor, with causes requiring additional funding.

One method of empowering zakat funds that must immediately alleviate community poverty is the creation of productive zakat funds through entrepreneurship, which must be accompanied by a change-instigating passion and personality (Tolkah, 2020). The government must incorporate the social functions of zakat, infak, and shadaqah into the program for alleviating poverty by assigning the *amil zakat* institutions in Banyumas Regency with the primary responsibilities. Development of productive zakat funds are used as business capital and given to the primary beneficiaries of zakat, namely the impoverished, so that they can continue to run or finance their lives by developing their underdeveloped businesses.

According to the observations of Yusuf Al-Qaradawy, zakat is not merely occasional assistance to the poor to alleviate their suffering; rather, its purpose is to eradicate poverty so that the poor can become wealthy permanently, discover the root causes of poverty, and endeavor to better their own lives. Zakat is collected from individuals who possess assets whose value is specified in the Qur'an, insofar as it satisfies the obligatory conditions of zakat and must be given in accordance with Allah's objectives and conditions specified in the Qur'an. Experience



demonstrates that the distribution problem is the most significant (Qardawi, n.d.). The distribution of zakat funds must also benefit all groups, and one of the additional productive zakat funds that must be developed is in the field of education, because productive zakat can also benefit education in addition to expanding the economy through entrepreneurial programs. Beneficiaries and educational institutions should be able to directly experience the impact of these productive zakat funds with the assistance of zakat funds in the form of scholarships (Tolkah, 2020).

The distribution of zakat funds must be carried out in such a way that it can be effectively conveyed to the intended recipients, so both LAZISMU and LAZISNU in Banyumas Regency are not arbitrary in providing assistance, but the institution will first carry out the classification and administration of the requirements that prospective mustahik must meet. The conditions imposed are not intended to restrict mustahik candidates, but rather to foresee what the Banyumas Regency amil zakat institution will do in the event of an unforeseen event. The following requirements apply to mustahik who apply for assistance:

Table 2. Requirements for submitting productive zakat funds

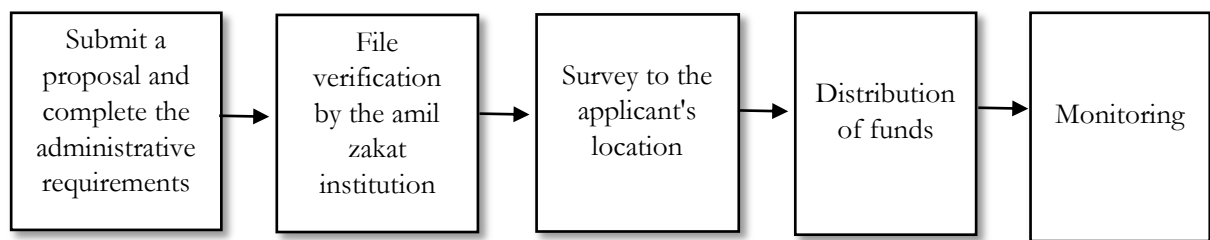
<b>LAZISMU</b>	<b>LAZISNU</b>
Submit a straightforward RAB (Budget Plan) proposal.	Submit a straightforward RAB (Budget Plan) proposal.
Included among the eight categories of asnaf specified in verse 60 of at-taubah	Included among the eight categories of asnaf specified in verse 60 of at-taubah
Due to funding constraints, having a business that is not developing correctly.	Due to funding constraints, having a business that is not developing correctly.
Complete administrative requirements such as KTP (Resident Identity Card), KK (Family Card), and SKTM (certificate of incapacity)	Complete administrative requirements such as KTP (Resident Identity Card), KK (Family Card), and SKTM (certificate of incapacity)
Mustahik who reside or are domiciled in the empowerment area and receive mandatory assistance	Mustahik who reside or are domiciled in the empowerment area and receive mandatory assistance
Attach a list of instructor salaries and school profiles for education and da'wah assistance programs.	Willing to comply with all policies and activities; in this case, determined to improve one's life.
Willing to adhere to all policies and activities; in this case, determined to improve one's existence.	

Productive zakat is not only able to assist mustahik who are business owners, but it can also assist in the field of education through scholarships for students, students and educators, as well as educational institutions that require assistance, such as TPQ and its instructors. For

assistance programs in the fields of education and da'wah, it is necessary to include a list of teacher salaries and school profiles, as well as to append a list of teacher salaries. The process of distributing zakat, infaq, and shadaqah funds can be divided into two categories: consumptive and productive. However, the process of disbursement is more effective if it is conducted in a productive manner, as the provided funds will be useful for an extended period of time through an entrepreneurial endeavor that will undoubtedly fulfill their daily needs.

In order to maximize the utilization of ZIS funds when channeling productive zakat funds, a number of measures must be taken. The distribution stage begins with the submission of proposals by mustahik candidates and concludes with the institution's monitoring of the program. Following are the steps involved in the distribution of zakat donations from amil zakat institutions in Banyumas Regency:

Figure 3: Stages of distribution of zakat funds by amil zakat institutions



According to the information presented above, the amil zakat institution in Banyumas Regency has arranged a flow so that the distribution of zakat zakat can be accepted by mustahik and used appropriately, without these funds being diverted to other than entrepreneurial purposes. The amil zakat institution in Banyumas Regency has completed five stages of distribution, and the mechanism from the submission phase to the monitoring phase is as follows:

1. Proposal submission is required. The mustahik candidate submits a proposal containing a budget plan that will be used as business capital in the first stage, followed by the completion of several administrative requirements such as KTP, KK, and SKTM, as evidenced by a letter from the local village administration.
2. File verification. The amil zakat institution verifies the ex that mustahik candidates have submitted. The Amil Zakat Institution determines whether mustahik candidates satisfy the criteria and requirements for assistance. If the criteria and requirements are met, a survey will be conducted.
3. Surveys. The amil zakat institution conducts a survey of the prospective mustahik's location and verifies that the submitted information corresponds with his or her condition.

In addition to conducting surveys, amil zakat institutions identify mustahik candidates to the adjacent community as a factor in providing productive zakat funds.

4. Funds are dispersed. After the mustahik candidate has passed through several stages and been deemed eligible to receive funds, a process for channeling funds will be implemented. Then, Mustahik will use the funds to purchase entrepreneurship necessities. Therefore, the amil zakat institution will oversee mustahik to ensure that the funds are used in accordance with the specified program.
5. Monitoring. The purpose of the monitoring phase is to monitor the business activities of mustahik who receive productive zakat funding assistance. In this instance, the amil zakat institution will give close attention to any changes in the community or musthik's economy, in particular.

The amil zakat institution in Banyumas Regency prioritizes the distribution of business capital to individuals whose enterprises are experiencing difficulties or have not developed adequately. This is done to ensure that the offered program is compatible with the available funds. The amil zakat institution in Banyumas Regency has devised a number of programs that can serve as a point of reference in the distribution and utilization of zakat funds.

Table 3. productive zakat distribution program at LAZ Banyumas Regency

Program	LAZISMU	LAZISNU
Economics	In order to enhance their standard of living, the LAZISMU Banyumas Regency provides financial and material assistance to MSME actors in the form of funds and goods. For instance, carriage assistance, additional capital assistance, and others.	In order to enhance their standard of living, LAZISNU Banyumas Regency provides MSME actors with funds to operate their businesses, which are hampered by a lack of venture capital. The LAZISNU in Banyumas Regency tends to provide small merchants, such as those on the market and those with daily bank loans, with funds.
Education	The assistance/subsidy program provided by LAZISMU for teachers, scholarships for needy students, and a volunteer retraining program.	-
Da'wah	The assistance/subsidy program provided by LAZISMU for TPQ teachers (Quran teachers) is in the form of funds.	-

Based on these statistics, it is clear that the programs compiled by the amil zakat institution in Banyumas Regency will serve as a model for the process of channeling productive zakat funds, which are intended not only for economic development programs but also for educational,

social, and religious programs. Consequently, Amil Zakat institutions have distinct programs in each area of their organization, but they continue to prioritize the poor who have the greatest need for them based on survey results, identification criteria, and eligibility scales. Assistance distributed to mustahik productively from an economic standpoint is in the form of a grant using the method of increasing business capital, so the capital is not required to be returned to the institution. This assistance is provided to small merchants in accordance with the Qardhul Hasan principle, namely revolving loan assistance for fostered partners who apply for the funds, so it is anticipated that these mustahiks will be able to make regular donations. However, capital continues to be provided without explicit assistance and reporting. As a result, many mustahik fail to properly administer their businesses, and even the provided funds are depleted without accountability. Despite the fact that the program was initially intended for the economic development sector, it aims to improve the well-being of mustahik.

The implementation of the zakat program aiming at productive businesses in the two amil zakat institutions in the studied Banyumas Regency results in a program whose core is community development. Utilizing zakat funds in a productive, educational, and cost-effective manner is crucial for the socioeconomic conditions of modern society. Because the productive use of zakat received by mustahik does not end there, but can be expanded in accordance with the will and objectives of the zakat syari'at, namely alleviating poverty and increasing the welfare of the poor in the hope that their status will not always be that of mustahik, but will eventually change to that of muzakki (Wafa, 2019). In other words, the purpose of zakat is to meet the requirements of mustahik so they can achieve economic independence and overcome their misery, poverty, and economic difficulties. This is supported by Yusuf Qardhawi's explanation that, to begin with, Zakat is a financial resource used to alleviate everyone's hardships and meet their requirements in the economy and other fields. Second, Zakat is a social system because its purpose is to save people from inherent weaknesses and circumstances, to deal with various disasters and calamities, to provide humanitarian aid, those who are able to help the helpless, the strong to help the weak, the poor, and Ibn sabil, and to reduce the disparity between the rich and poor (Qardawi, n.d.).

As zakat administrators, the government and amil zakat institutions play a crucial and significant role. If the government, as the controlling owner, monitors the policies of several extant Amil Zakat institutions, synergy can be created for good zakat management and the effective, efficient, and directed use of Zakat, Infaq, and Shodaqoh funds. Amil zakat institutions must bolster institutions, enhance the quality of human resource management (amil), and adhere

to all applicable regulations. This effort is one method to improve the effectiveness of zakat administration (Adelia et al., 2023).

Every organization that is established must have both factors that facilitate and impede the implementation of its intended program. Support from all stakeholders, both in the context of collection and distribution, is an indicator of the success of zakat management institutions' programs. Based on research conducted at the Amil Zakat Institution in the Banyumas Regency, it can be concluded that the process of instituting productive zakat distribution is influenced by both encouraging and inhibiting factors. One of the supporting factors for the productive zakat distribution program at LAZISMU, Banyumas Regency, is the existence of socialization activities that can be used to educate and motivate the public to contribute to the management of zakat and to empower the people. Cooperation between parties is also a factor in the distribution of productive zakat funds. For instance, collaboration with KL (Service Office), which has many service offices dispersed throughout various subdistrict or branch levels and at the village or branch level, can extend the zakat movement via institutions. This explains how each member takes these steps earnestly in accordance with their individual responsibilities. Regarding the supporting factors for the distribution of zakat at LAZISNU, Banyumas Regency, the availability of LAZISNU's own funds is essential for the program's success. Even though funds are limited, the mustahiq's desire for entrepreneurship is a crucial aspect of this program's operation.

In conjunction with the existence of supporting factors in the productive zakat distribution program, LAZISMU Banyumas Regency also has several inhibiting factors, namely the lack of public understanding of what productive zakat is and the lack of awareness of paying zakat, as there are still mustahiq who use these funds for consumptive needs and as it has become common for some Muslims to believe that the obligation to pay zakat is only obligatory in the case of wealth. There is a lack of public awareness and comprehension of the various work programs implemented by LAZISMU for the distribution of productive zakat funds, and for the monitoring issue, an organized schedule has not been established, so LAZISMU does not routinely visit the businesses of the mustahiq who have received productive zakat funds.

The limiting factors encountered by LAZISNU in Banyumas Regency are, first and foremost, limited funds, which are one of the most essential requirements for a zakat institution. The collection of funds by LAZISNU in Banyumas Regency was restricted to donors. Therefore, the zakat distribution process will be more effective the more donors and individuals donate their zakat; conversely, the distribution process will not be effective if the donor's funds are small or limited. Second, the absence of human resources (HR). Due to a lack of existing HR (Human

Resources), the process of surveying, mentoring, and monitoring mustahiq productive zakat recipients did not run smoothly. As a result, there was no supervision or monitoring of mustahiq's efforts, and LAZISNU Banyumas Regency was unable to determine what mustahik do with the aid they receive.

The Banyumas Regency Amil Zakat Institute recommends that recipients of productive zakat funds be able to make daily contributions, which are then deposited monthly to assist with the next distribution program. The objective is for the mustahik to inculcate a giving attitude and gradually transform from a mustahik to a munfiq, and even better, a muzzaki. Based on the findings of a study of the supporting factors owned by the Amil Zakat Institution in Banyumas Regency, namely the community's eagerness to participate in socialization activities, a media/means that educates and motivates the community to contribute to the management of zakat and a means of empowering the people are proposed. Despite the institution's limited financial resources, the enthusiasm of those who wish to operate their own business is hampered. Each entity works diligently to collaborate with the institution, the team, and the service office.

The primary factor inhibiting the Amil Zakat Institution in Banyumas is the absence of public awareness regarding zakat payment. Even though the people of Banyumas Regency have been taught about zakat, infaq, and alms, this awareness has not been able to take root. When awareness of the obligation to pay zakat is increased within zakat management institutions, the ZIS funds they have managed can be maximized. Second, the paucity of human resources (HR) has hindered the process of assisting and monitoring the recipients. Some mustahik do not make optimal use of the funds they have received due to unanticipated requirements. In addition, limited funds are one of the factors that impede the distribution process, given that funds are the most crucial factor.

Government, religious figures/leaders, zakat management organizations, and the community, who are aware of the importance of zakat for economic development and social welfare, are the only parties capable of resolving these issues. Consequently, the goal of productive zakat should be to alleviate poverty problems, which can be achieved through the cooperation of multiple parties. Banyumas Regency has a high potential for zakat, so the Amil Zakat Institution is entrusted with assisting local governments in various sectors to improve the welfare of the people. As stated in Law No. 23 of 2011, the Amil Zakat Institution is a community-based organization whose mission is to collect, distribute, and utilize zakat collectively. Based on the preceding description, it can be concluded that the management of

zakat is not performed individually, as if it were delivered directly to the mustahik by the muzakki, but rather by the institution that manages zakat. Because the role and function of the amil zakat institution is to manage zakat funds. Therefore, planning the flow of zakat distribution is essential so that programs can be implemented in accordance with their intended goals.

## **E. CONCLUSION**

In the current socioeconomic climate, it is crucial that zakat is distributed in a productive manner. Because the productive use of zakat distributed to mustahik can be optimized in accordance with the will and objectives of the zakat syari'at, namely alleviating poverty and enhancing the welfare of the poor, in the hope that their status will gradually change from mustahik to muzakki. The activity program developed by the amil zakat institution in Banyumas Regency will serve as a guideline for the process of channeling productive zakat funds, which are intended not only for economic development programs, but also for educational, social, and religious initiatives. Therefore, the institution Amil Zakat has distinct programs in each field, but always gives priority to the truly needy poor, and still refers to the results of the survey, identification, and eligibility scale of priority.

Even though the funds owned by the Amil Zakat Institution in Banyumas Regency are limited, their ability to distribute productive zakat funds is bolstered by the people's desire to operate a business, which is hindered by the limited funds owned by the institution. Each entity works diligently to collaborate with the institution, the team, and the service office. As for the impeding factor, it is the absence of public awareness regarding the payment of zakat. Even though the people of Banyumas Regency have been taught about zakat, infaq, and alms, this awareness has not been able to take root. When their awareness of the obligation to pay zakat has been increased, zakat management institutions can maximize the administration of ZIS funds. Lack of HR (human resources) causes mentoring and monitoring of beneficiaries to be delayed. Some mustahik do not make optimal use of the funds they have received due to unanticipated requirements. In addition, limited funds are one of the factors that impede the distribution process, given that funds are the most crucial factor.

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