

---

# Alternative Financing Model of Micro Enterprises Based on Productive Zakat by Amil Zakat Institution (LAZ) in Surabaya

Alfin Maulana<sup>1\*</sup>, Sirajul Arifin<sup>2</sup>

<sup>1</sup>Postgraduate Islamic Economics Doctoral Student at UIN Sunan Ampel Surabaya and FEB Lecturer at Universitas Wijaya Putra, Surabaya, <sup>2</sup>Postgraduate Lecturer at UIN Sunan Ampel Surabaya.

---

## Article Info

**Paper type:**

*Research paper*

**Keywords:**

*Micro-entreprises; Amil Zakat Institution; Productive Zakat*

**Article history:**

*Received: June*

*Revised: July*

*Accepted: August*

*Available online: September*

---

## Abstract

*This article discusses the problems that arise in micro- enterprises in Indonesia in general, namely capital problems, income distribution and the quality of the products offered. Which of these problems can reduce the productivity of micro-enterprises and in the end cannot guarantee the welfare of the local community. This study aims to identify and analyze the benefits of productive zakat as an alternative financing model for micro-enterprises. The research method used by researchers is descriptive qualitative field research. Data collection tool used is triangulation (observation, interview and documentation). The data analysis technique uses three stages, namely data reduction, data presentation and conclusion. The results of the analysis show that there is a significant multiplier effect to reduce economic disparities in Surabaya through meeting the capital needs of micro businesses by implementing the LAZ concept and micro businesses as catalysts for developing micro businesses through productive zakat schemes. The pattern for developing micro-enterprises is through productive zakat funds that have been collected by the Amil Zakat Institution (LAZ) for micro-enterprises. The author will describe the mechanism and role of the Amil Zakat Institution (LAZ) in channeling productive zakat funds so that through this they are able to overcome the problems of micro-enterprises.*

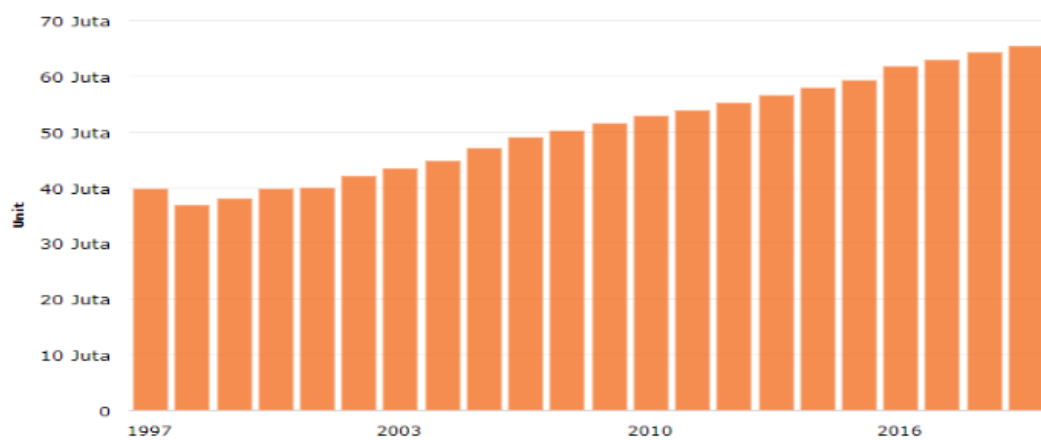
---

\*Corresponding author.: [alfinmaulana@uwp.ac.id](mailto:alfinmaulana@uwp.ac.id)

---

## Introduction

Micro Small and Medium Enterprises (UMKM) are business people who work in various business lines that are very close to the community. Based on data (BPS, 2021), the number of micro, small, and medium enterprises (UMKM) in Indonesia reached 65.5 million units in 2019, the number has increased by 1.98% since 2018, which amounted to 64.2 million units. If detailed, it is known that the number of micro-scale businesses in 2019 reached 64.6 million units. While small businesses reached 798.7 thousand units and as many as 65.5 thousand medium-scale business units. While the number of UMKM in Indonesia per year 2019 is equivalent to 99.99% of the total business units as a whole. While for large-scale businesses only 0.01% of the total business units in the country. Not only that, UMKM are also able to contribute 60.51% to gross domestic product (GDP) to prevailing prices, but at constant prices, UMKM are able to contribute to GDP of 57.14%.



Source: (BPS, 2021)

Figure 1. Number of UMKM in Indonesia

UMKM have an important role in economic growth, national income, poverty alleviation and are able to absorb labor, but UMKM have weaknesses in their operations, including lack of capital, lack of experts, and low forms of promotion of traded products. Thus, the development of UMKM is one of the strategic ways in order to increase and strengthen economic milestones for most Indonesians, especially through the provision of jobs, equitable distribution of income, and reducing the existing poverty gap. Where, UMKM are one of the most important factors in developing the concept of a populist economy, but the rapid growth of UMKM is not accompanied by acceleration in terms of attention to this sector by the government (Yustika, 2007).

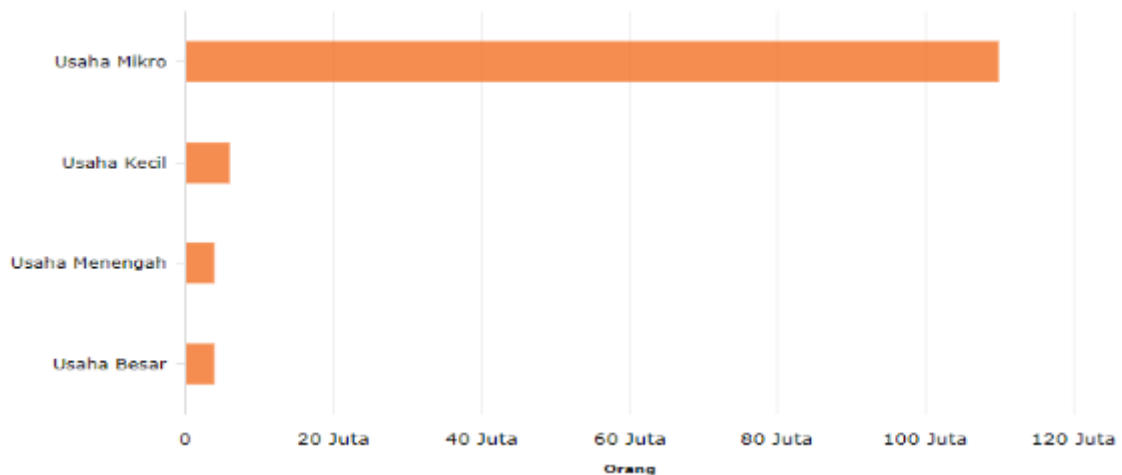


Figure 2. Employment of Indonesian Business Unit

Source: (Kemenkopukm, 2021)

There are a number of 119.6 million Indonesians working in the UMKM sector (Kemenkopukm, 2021), although equivalent to 96.92% of the total workforce in Indonesia absorbed in the sector, but has not been able to improve the level of public welfare in general. The cause of this is the lack of capital and weak market potential for UMKM. Until now micro-power institutions, both conventional and sharia have provided financing/capital functions but still have not played an optimal role, such as sharia cooperatives and Baitul Maa wat Tamwil (BMT). Not all Islamic microfinance institutions have high liquidity reserves. Not only that, not evenly distributed sharia cooperatives and BMT in every village, so it is not uncommon for people, especially UMKM, to be able to access used financing facilities. One solution to be able to solve the problems faced by UMKM is by optimizing the function of Zakat, infak and alms funds. Amil Zakat Institution (LAZ) is a zakat, infak and alms fund management institution that certainly has a surplus of zakat funds. Which is often the Amil Zakat Institution (LAZ) experiencing weaknesses in terms of the distribution of funds, especially productive zakat funds. According to Law Number 23 of 2011 on Zakat Management, which is an institution initiated or formed by the community, which has a duty to help in terms of collecting, distributing and utilization of zakat funds. Today, LAZ not only manages consumptive zakat, but also manages zakat funds that are productive.

Zakat is a form of realization of the third pillar of Islam. Which, zakat is one of the obligations that must be fulfilled for Muslims / Muslims, and the existence of Zakat itself aims to instill the value of faith. Therefore, zakat is a religious obligation that must be fulfilled by all Muslims who have fulfilled the requirements under any circumstances. Practically speaking, zakat is a worship that has a socio-economic dimension. Therefore, zakat is often used as a means to be able to help people who experience difficulties from the social and economic side. Zakat is a vehicle that is able to build community in a gotong royong and serves as a guarantor of social protection for the community (Fitri, 2017).

Indonesia is a country with a muslim majority population in the world, of course one of the hot issues is zakat. So that zakat in Indonesia not only stops at a religious perspective, but can also be used as a solution to social reality that is used as a national resource that needs to be managed and empowered in a trust and correct manner. Which means, that zakat is one of the economic resources that must be managed responsibly and used as an alternative solution to socio-economic problems used as an effort to empower people (society). According to the Indonesian Zakat Forum, indonesia has zakat potential reaching Rp 300 trillion per year. But from the considerable potential, only around Rp 1.8 trillion per year can be achieved (Fitri, 2017). In order to maximize the potential of zakat owned by Indonesia as an effort to improve the welfare of the community, zakat management can be done with two models, namely consumptive and productive zakat management. The management of zakat in a consumptive

manner is a model that collects and distributes is carried out that aims to be able to meet the basic (primary) economic needs of mustahiks that can be in the form of food supplies and so forth that are giving to be consumed directly by the recipients. In contrast to the consumptive zakat model, productive zakat management can be interpreted as zakat management that aims as empowerment and is generally done by providing capital assistance for weak entrepreneurs, coaching, free education and others (Soemitra, 2017).

Zakat comes from the formation of the word zakah which means to grow and develop, meaning that every zakat that has been issued will develop (Tambunan, 2016). Zakat is one of the Islamic instruments used in the distribution of income and wealth. With the existence of zakat fitrah, zakat maal and professional zakat, it is hoped that it can reduce the level of wealth inequality in Indonesia, and zakat can be used as one of the mechanisms in the problem of poverty that still exists in Indonesia today, namely through productive zakat (Pratama, 2015).

Productive zakat is the management and distribution of productive zakat funds, which have long- term effects for mustahik (Muzdalifah, 2019). Productive zakat has a strategic position in efforts to reduce poverty in Indonesia. This is because it is indicated by the existence of a large capacity for zakat in Indonesia, and a zakat management system that allows it to be used as an effort to reduce poverty in Indonesia. Thinking through the concept, MSMEs have a familiar orientation with the management of productive zakat (Efendi, 2017). Management of productive zakat funds aims to increase energy for zakat which has an impact on the welfare of MSMEs and solving poverty (Rosyidah et al., 2021). Zakat funds collected and distributed by the Amil Zakat Agency in East Java have an influence on the number of poor people (Firmansyah & Ridlwan, 2019).

Zakat channeled to mustahik will have a role as leverage in their economic improvement if tasharrufkan in productive activities. Thus, productive zakat management actually has the concept of careful planning and implementation, such as analyzing the causes of the emergence of poverty, the absence of working capital, and lack of employment. So, with the emergence of these problems, a plan is needed that can use zakat is productive (Fajri, 2010). The utilization of zakat is productive can be done by making zakat funds as business capital, which is used as economic empowerment for the recipient, and hopes that the recipients of these funds are able to run or finance their lives independently. With the productive zakat fund, it is expected that the recipients are able to produce a fixed income, able to increase the volume of business, develop the scale of the business and they are able to set aside their income to be used as savings (Sartika, 2008).

This research is supported by the research of Ali, et al where the provision of productive or consumptive zakat funds to mustahiq has an effect on increasing welfare, but productive zakat funds are more capable of increasing mustahik welfare compared to consumptive zakat (Ali et al., 2016). Other research on productive zakat says that productive zakat affects the increase in business performance of mustahik (Nidityo & Laila, 2015). If business performance increases, mustahik will face prosperity. Farid's research, ddk said that it did not significantly affect the profits or income of mustahik (Farid et al., 2013).

Through the productive zakat funds that have been collected by LAZ, this can be used as alternative financing capital that will be channeled to UMKM to improve the welfare of UMKM and be able to equalize distribution fairly and evenly so as to improve the welfare of the community in general. Based on this, the author tried to provide alternative economic dispariats solutions, especially in the UMKM sector through an article entitled "Alternative Financing Model of UMKM based on Productive Zakat by Amil Zakat Institution (LAZ) in Surabaya".

## **Literature Review**

### ***Urgency of The Role of Amil Zakat Institution (LAZ)***

Poverty is one of the problems that must be solved by the Indonesian government. Because on the basis of a difficult economy, so many crime has sprung up under the pretext

of meeting the needs of life. Not only that, poverty is also one of the problems for a family to get a decent life, such as the need for quality education. Therefore, the government must play an active role in reducing the number of poor people. One of the efforts that can be done is to optimize the distribution of zakat, infaq, and alms, especially the utilization of productive zakat to the community, especially for UMKM who need capital to develop their business. Thus, it is expected that UMKM actors can survive and be able to develop their businesses and be able to open new jobs. And in the end, it is expected to be a more prosperous society.

The welfare of UMKM and surrounding communities absorbed by UMKM is one of the indicators in reducing the number of poverty rates. When UMKM and communities absorbed by UMKM (mustahiq) have prospered, then the amount of poverty by itself can be controlled, to create these conditions, then the state, in this case the government must be able to optimize the role of BAZ (Amil Zakat Agency) and LAZ (Amil Zakat Institution). The role of BAZ and LAZ must be further enhanced, especially in collecting zakat funds from the mandatory zakat (muzakki). In addition, as amil zakat, BAZ and LAZ must be able to manage zakat funds, especially the management of zakat funds used for the benefit of productive activities (productive zakat). It is expected that the utilization of zakat that is productive is able to provide alternative financing for UMKM actors and in the future be able to become UMKM actors who develop and are able to open new jobs, so as to create prosperity for the community in general.

In its development, the role of LAZ can be an alternative financing institution when UMKM actors are unable to access financial services facilities due to the many limitations and some prerequisites that must be met by UMKM in banking and non-bank financial institutions. LAZ can be used as an alternative in financing for UMKM. Amil Zakat Institution (LAZ) has a function as an institution in collecting Zakat, Infak, and Alms (ZIS) funds from the community which is then distributed to those who are entitled to receive, especially for those UMKM. As for the distribution of zakat funds given to UMKM actors through financing products through zakat funds that are productive.

LAZ in the process of empowerment of UMKM by providing financing to UMKM actors. After the financing has been given to UMKM actors, LAZ officers will review the field to provide entrepreneurial and HR development of UMKM actors, as well as provide assistance and controlling for UMKM actors. Not only that, officers also provide supervision of productive zakat funds that have been given so that they can be used in accordance with what has been intended.

The guidance provided by LAZ to recipients of financing through productive zakat is needed. With coaching will be able to help UMKM to be able to increase their efforts both technically and mentally in solving problems arising in their business activities. The financing provided to UMKM actors is expected so that UMKM actors are able to raise income and can develop businesses. If UMKM can develop, then the economic problems of the community will be overcome. And it will ultimately have an impact on economic growth as well as the well-being of society in general.

### ***UMKM Problematika***

UMKM have a fairly important role in economic growth, national income, poverty alleviation and are able to absorb labor, but UMKM have weaknesses in their operations, including lack of capital, lack of experts, and low forms of promotion of traded products. Thus, the

development of UMKM is one of the strategic ways in order to increase and strengthen economic milestones for most Indonesians, especially through the provision of jobs, equitable distribution of income, and reducing the existing poverty gap. There are a number of 119.6 million Indonesians working in the UMKM sector (Kemenkopukm, 2019), although equivalent to 96.92% of the total workforce in Indonesia absorbed in the sector, but has not been able to improve the level of public welfare in general. The existence of small and medium enterprises (UMKM) is unquestionable, especially since they have demonstrated their ability to survive and become the driver of the economy after the economic crisis. However, UMKM are also faced with many problems, namely limited working capital, low human resources, low promotion of products managed by UMKM, and the lack of mastery of science and technology. Another challenge facing UMKM is the relationship between uncertain business prospects and unsustainable plans, visions and missions. This generally means that UMKM have not been able to manage their business capital for personal needs, with the characteristics (1) of the family business, (2) the relatively simple use of technology, (3) lack of capital access (bankable), and (4) has not been able to separate capital between business needs and personal needs (Sudaryanto et al., 2014).

There are many solutions that have been provided, including loan funds through financial institutions both banking and non-banks, but in practice it is not as easy as expected. Banking and non-bank financial institutions will have a lot of consideration in providing financing for UMKM. Not only that, high interest rates are also a problem for UMKM when applying for loans / financing funds in financial institutions both banking and non-bank. So, not a few UMKM go out of business due to higher debt levels.

One of the alternative solutions in overcoming capital problems for UMKM actors is to optimize the role of LAZ as a zakat management institution that is able to provide alternative financing in capital fulfillment for UMKM actors. Access to capital that is difficult for UMKM from financial institutions both banking and non-bank can be replaced by LAZ through productive zakat as an alternative financing. Not only as a capital provider for UMKM actors, LAZ also provides community empowerment services through the development of entrepreneurship and Human Resources (HR) for UMKM actors who have received financing through zakat produktif by LAZ, as well as provided assistance and controlling in increasing the productivity of UMKM and the use of financing capital in accordance with the designation. With the utilization of UMKM is expected to be able to leverage the welfare of UMKM actors and will eventually be able to leverage macroeconomic welfare.

## **Methodology**

In this article, the author uses descriptive writing with the use of data through a qualitative approach that uses the indepth interview method. According to (Moleong, 2000) interpret qualitative research as a research procedure that produces descriptive data in the form of written and oral words of others and observed behaviors. In-depth interviews are generally defined as the process of obtaining information as the purpose of a research through face-to-face with the interviewer and interviewee, through or without the use of interview guidelines, in which interviewers and informants are engaged in social life. According to (Sugiyono, 2014) explained that the tujuan of the indepth interview is to be able to find a problem more openly. The data through qualitative approaches is obtained through a process that produces descriptive data that includes words in writing or writing done using literature studies, both in the form of written data and numbers that are easy to understand. While the purpose of descriptive writing in this article is to provide a description or a systematic

picture of the contribution of thought in the form of concepts to the problems that have been outlined above by the author.

## Results and Discussion

### *Alternative Financing Model through Productive Zakat*

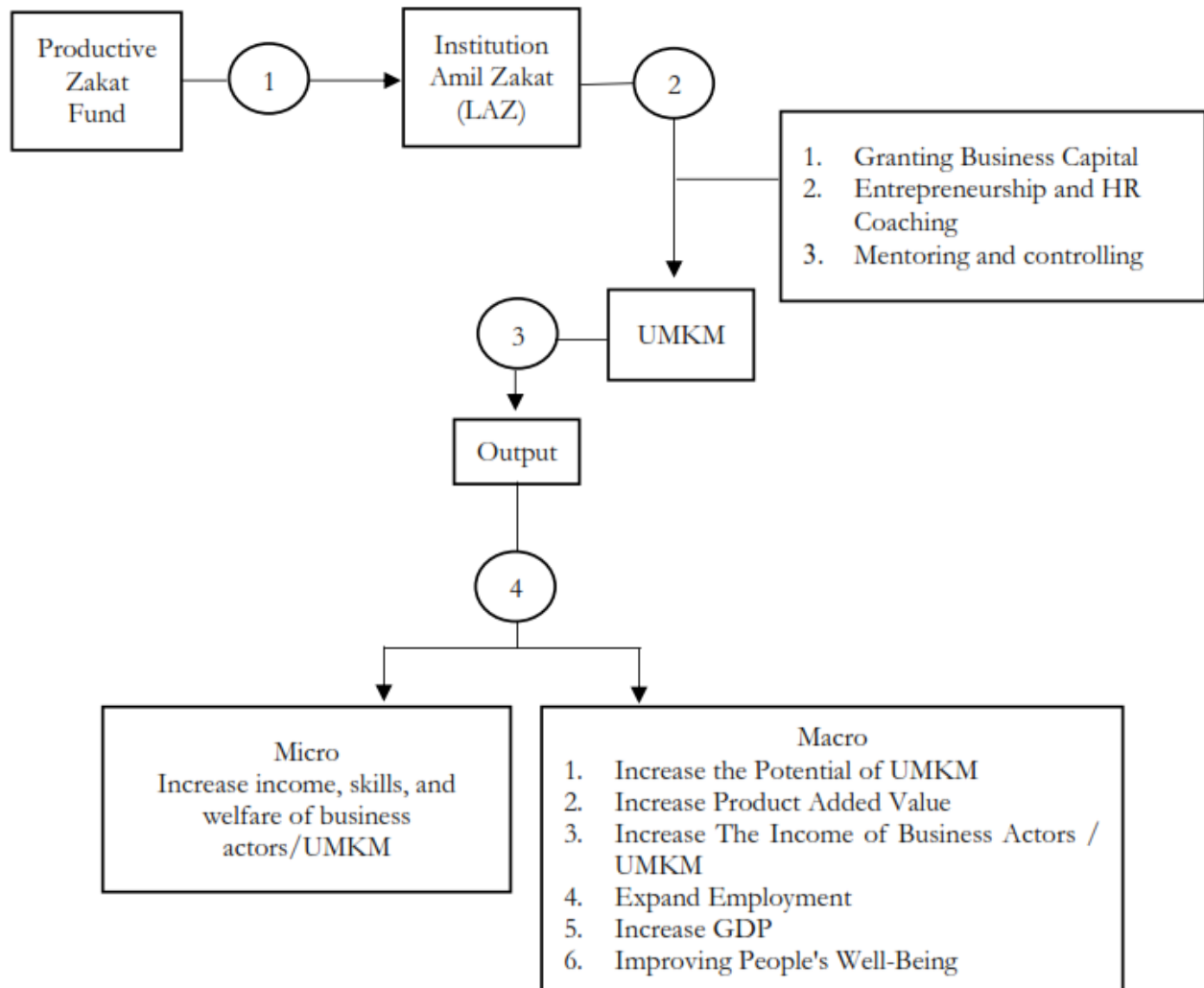


Figure 3. Alternative Financing Flow Based on Productive Zakat

#### Information:

1. Productive zakat fundraising by Amil Zakat Institution (LAZ) from muzakki
2. Distribution of productive zakat funds to UMKM by means of business capital, entrepreneurship and HR development, then assisting and controlling UMKM.
3. The development of UMKM after the provision of business capital, entrepreneurship and HR development, then assisting and controlling UMKM.
4. Proceeds from funding provided by Amil Zakat Institution (LAZ) to UMKM are expected to provide multiplayer effect:
  - a. Base on Macro
    - i. Increase the potential of UMKM
    - ii. Increase Product Added Value
    - iii. Increasing the Income of Business Actors/UMKM
    - iv. Expanding employment
    - v. Increase GDP
    - vi. Improving people's well-being
  - b. Base on Micro
 

Increase income, skills, and welfare of business actors/UMKM

### ***Multiplier Effect***

Alternative financing models through productive zakat for UMKM are expected to provide a broad impact for various sectors. The expected multiplier effect includes:

1. For the Government

It is expected that the government will get the effect in the form of periodic GDP increases and be able to reduce the unemployment rate in Indonesia.

2. For Society

It is expected that UMKM in particular will be able to obtain jobs and be able to increase income and will ultimately be able to improve the welfare of the community.

UMKM funding is often the main problem of business development and expansion initiated by the community in general. Through an alternative financing model through productive zakat that we offer can make an alternative financing solution that is valid legally normative law and religious law. We realize that the model we offer is too early to be an alternative solution to the UMKM problem globally, namely UMKM funding that is normatively funded through government and private sector. As (Esubalew & Raghurama, 2020) UMKM financing is often carried out by commercial banks through multi-group effect analysis as an effort to increase UMKM funding continuously. The use of government credit guarantee funds is also widely done in developing countries which is a political promise of actors to get as many votes as possible. Research (Adhikary et al., 2019) observed that government credit guarantees play an active role at the aggregate level of the industry compared to private financing. On the other hand, this study proposes at least one new model in UMKM financing, namely through productive zakat that does not violate sharia law or constitutional law. Although the study of the legal legality of the use of productive zakat against UMKM is not adequate, it can validly make alternative financing of UMKM.



### **Conclusion**

This research proposes a new financing model, so the relevance for application in certain areas and in particular still needs in-depth theoretical studies based on multi-perspectives. Further research is expected to observe the alternative financing of productive zakat to UMKM through multidisciplinary observations so that the accuracy and accuracy of the models we offer become relevant and valid to be used in other fields.

### **Author's Contribution**

First author contribution is cerating and designing analysis, and collecting data. The scond author contribution is comtributing data and analysis tools.

### **Acknowledgements**

Dr. Sirajul Arifin is the dean of the Faculty of Islamic Economics and Business and a postgraduate lecturer at the Sunan Ampel University in Surabaya

### **Declaration of Competing Interest**

Declare that Authors have no conflict of interest

## Reference

- Adhikary, B. K., Kutsuna, K., & Stephannie, S. (2019). Does the government credit guarantee promote micro , small , and medium enterprises? Evidence from Indonesia. *Journal of Small Business & Entrepreneurship*, 0(0), 1–26. <https://doi.org/10.1080/08276331.2019.1666338>
- Ali, K. M., Amalia, N. N., & El Ayyubi, S. (2016). Perbandingan Zakat Produktif dan Zakat Konsumtif dalam Meningkatkan Kesejahteraan Mustahik. *Al-Muzara'ah*, 4(1), 19–32. <https://doi.org/10.29244/jam.4.1.19-32>
- BPS. (2021). Badan Pusat Statistik.
- Efendi, M. (2017). Pengelolaan zakat produktif berwawasan kewirausahaan sosial dalam pengentasan kemiskinan di Indonesia. *Al-Ahkam Jurnal Ilmu Syari'ah Dan Hukum*, 2(1).
- Esubalew, A. A., & Raghurama, A. (2020). Commercial bank financing to micro , small , and medium enterprises ( MSMEs ): the mediating and multi-group effect analysis. *Journal of Small Business & Entrepreneurship*, 0(0), 1–29. <https://doi.org/10.1080/08276331.2020.1769253>
- Fajri. (2010). Pengaruh Pendayagunaan Zakat Produktif Terhadap Pemberdayaan Mustahiq Pada Badan Pelaksana Urusan Zakat Amwal Muhammadiyah (BAPELURZAM). 41–84.
- Farid, M., Sukarno, H., & Puspitasari, N. (2013). Analisis Dampak Penyaluran Zakat Produktif Terhadap Keuntungan Usaha Mustahiq The Analysis of Distribution Effect on Productive Zakat Toward Mustahiq ' s Profit. *Artikel ILmiah Mahasiswa*, 1–8.
- Firmansyah, M., & Ridlwan, A. A. (2019). Pengaruh Dana Zakat Terhadap Jumlah Penduduk Miskin Jawa Timur. *Jurnal Ekonomi Islam*, 2(2), 79–85. <http://jurnalmahasiswa.unesa.ac.id/index.php/jei/>
- Fitri, M. (2017). Pengelolaan Zakat Produktif sebagai Instrumen Peningkatan Kesejahteraan Umat Maltuf Fitri Pendahuluan Zakat adalah kewajiban yang harus ditunaikan seorang. 8, 149–173.
- Kemenkopukm. (2019). Kemenkop dan UKM Terus Dorong Kemajuan UMKM di Indonesia.
- Moleong, L. J. (2000). *Metodologi Penelitian Kualitatif*, Cet. XI. Bandung: PT Remaja Rosdakarya.
- Muzdalifah, N. N. (2019). ANALISIS PENDAYAGUNAAN ZAKAT PRODUKTIF DALAM PENINGKATAN PENDAPATAN MUSTAHIK MELALUI PROGRAM BANGKIT USAHA MANDIRI .... *eprints.ummi.ac.id*. <http://eprints.ummi.ac.id/1478/>
- Nidityo, H. G., & Laila, N. (2015). Zakat Produktif Untuk Meningkatkan Kinerja Produksi, Motivasi dan Religiusitas Mustahiq (Studi Kasus Pada BAZ Jatim). *Jurnal Ekonomi Syariah Teori Dan Terapan*, 1(9), 661. <https://doi.org/10.20473/vol1iss20149pp661-673>
- Pratama, Y. C. (2015). Peran zakat dalam penanggulangan kemiskinan (Studi kasus: Program zakat produktif pada Badan Amil Zakat Nasional). *Tauhidinomics: Journal Of Islamic Banking And Economics*, 1(1), 93–104.
- Rosyidah, U., Ajib Ridlwan, A., & Rosyadi, M. S. (2021). Analisis Pengelolaan Dana Zakat Produktif Untuk Meningkatkan Kesejahteraan Umkm (Studi Kasus LAZISNU Jombang). *JIES : Journal of Islamic Economics Studies*, 2(2), 92–103. <https://doi.org/10.33752/jies.v2i2.319>
- Sartika, M. (2008). Pengaruh Pendayagunaan Zakat Produktif terhadap Pemberdayaan Mustahiq pada LAZ Yayasan Solo Peduli Surakarta. II(1), 75–89.
- Soemitra, A. (2017). *Bank & Lembaga Keuangan Syariah*. Prenada Media.
- Sugiyono, P. D. (2014). *Metode Penelitian Kombinasi (Mixed Methods)*(Sutopo. Alfabeta, CV. Tambunan, K. (2016). Analisis Pengaruh Investasi , Operasi Moneter dan ZIS. [http://repository.uinsu.ac.id/1277/1/KHAIRINA\\_TAMBUNAN\\_EKNI\\_91214043375.pdf](http://repository.uinsu.ac.id/1277/1/KHAIRINA_TAMBUNAN_EKNI_91214043375.pdf)
- Yustika, A. E. (2007). *Perekonomian Indonesia: satu dekade pascakrisis ekonomi*. Badan Penerbit, Fakultas Ekonomi, Universitas Brawijaya.