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MANAGEMENT AND ALLOCATION OF PRODUCTIVE ZAKAT TO ENHANCE THE ECONOMIC WELFARE OF MUSTAHIK

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Information	Abstract:
Article History: Received : 27.02.2024 Revised : 18.05.2024 Accepted : 25.05.2024	<i>This study aims to determine the management and distribution of productive zakat and to find solutions in improving the mustahik economy. This research uses library research, namely research carried out by searching literature (library) in journals, notes, and reports on research results from previous studies. The results of this study are the distribution method of zakat productive consists of two forms: First, zakat is submitted directly to mustahik to be developed. It means 'ayn al-zakah which is attached to mustahik so that zakat becomes the full property of mustahik. This kind of distribution is also called the distribution of zakat productive as non-investment or referred to as traditional productive. Second, the distribution of zakat productive in the form of investment, namely zakat is not directly handed over to mustahik, or termed creative productive. Productive zakat funds are intended for business capital or additional business capital. So the funds given do not just run out, but the funds will be managed into a business and will generate income. This income will meet the needs of life and prosper the economy of the mustahik family. Mustahik who manages productive zakat funds used as a business will generate additional income, so that the income increases.</i>
Keywords: Management, Distribution, Productive Zakat	

A. INTRODUCTION

Zakat is one of the pillars (pillars) of the five pillars that make up Islam. *Zakat* is *mâliah ijtimâ'iyah* worship which has a strategic and decisive position for the development of the welfare of the people. *Zakat* does not only function as a form of worship that is vertical to Allah (*hablumminallah*), but *zakat* also functions as a form of worship that is horizontal (*hablumminannâs*) (Hidajat, 2017). *Zakat* is one of Islam's most important and strategic religious subjects, in addition to the creed, prayer, fasting, and pilgrimage. *Zakat* is the third pillar of Islam after the creed and prayer, which is more related to humans and more social as a form of human responsibility on earth to help each other and share among others (Yahya, 2020). *Zakat* is a solution to overcome economic problems in every country. Since the first, *Rasulullah SAW* has directly practiced how *zakat* solves the people's problems and becomes a source of the state treasury. *Zakat* will be effective if it is used to alleviate poverty. *Zakat* has a significant position, including as an instrument for improving Muslims, education/knowledge and developing public infrastructure and public services relevant to the welfare of the Indonesian people (Siregar et al., 2021).

Zakat is one of the Islamic monetary instruments in developing the socio-economic community because *zakat* assets taken from the rich (*muzakki*) will be distributed to those entitled to receive it (*mustahik*) to meet various needs and their survival as rich people can live (Fitrianto, 2013). The management of *zakat* in Indonesia has been carried out since the beginning of Islam and developed by individuals and certain groups or institutions. However, most scholars worldwide and in Indonesia agree that *the government should manage zakat*. Management by formal institutions is expected to increase the effectiveness of the collection and allocation of *zakat* funds to achieve the targeted targets (Pratama, 2015).

The distribution of *zakat* funds serves as an effort to reduce the difference between rich and poor because the wealth of the rich helps to grow the economic life of the poor so that the economic situation of the poor can be improved. Therefore, *zakat* serves as a means of social security and community unity in meeting individual needs and eradicating the poverty of mankind; in this case, *zakat* is evidence of social care (Badriah et al., 2018). The use of *zakat* so far can be classified into two

categories, consumptive *zakat* and productive *zakat*, for example, to build social projects or increase the capital of small entrepreneurs (Triantini, 2013). So, *zakat* in the hands of *mustahik* (people who are entitled to receive *zakat*) is not only used for consumptive needs; *zakat* can be used for productive needs, which is called productive *zakat*. The function of productive *zakat* is more on the form and pattern of *zakat* utilization to be productive in the hands of *mustahik*. So, the distribution of *zakat* will be more productive to increase or as a *mustahik* business capital (Kamarni & Saputra, 2021).

Productive *zakat* does have a positive impact on society as consumptive *zakat*. However, it is necessary to clarify productive *zakat* in terms of needs. *Zakat* will be maximal and useful if it is under the needs of the community to develop its economy (Khafsoh et al., 2021). Productive *Zakat* is *zakat* funds given to *mustahik* not spent but developed and used to help their business so that with this effort, they can meet the needs of life continuously. Productive *zakat* is realized in the form of skills training, work tool assistance and revolving business capital assistance (Wicaksono, 2019). It can be concluded that productive *zakat* is managed in a productive way, which is done by giving capital to *zakat* recipients and then developing it, to meet their living needs for the future. Based on the background described above, the main problems of this study are as follows: How is the management and distribution of productive *zakat*? What is the solution to improve the *mustahik* economy?

B. LITERATUR REVIEW

The Concept of Productive *Zakat*

In general, productive *zakat* is the productive utilization of *zakat*, which is more about how or methods of delivering *zakat* funds to the target in a broader sense, under the spirit and goals of *syara*. Productive *zakat* is defined as *zakat* in the form of assets or funds and is given to *mustahik* who are not used and spent directly for the consumption of certain needs but are developed or used to help their businesses so with these efforts, they can meet their daily needs continuously (Nopriansyah, et.al., 2022). Productive *zakat* is distributed to *mustahik* by being managed and developed through business behaviors. The indication is that the assets are used as capital, which is expected to increase the *mustahik's* economic level. The notion of productive

zakat is that if *zakat* assets are managed and developed by *amil*, then the results are distributed to *mustahik* regularly. More specifically, productive *zakat* is *zakat* distributed to *mustahik* in an efficient, effective, and versatile system under the message of the Shari'a and the socio-economic function of *zakat* (Sari, 2018).

Productive *zakat* is managed productively by providing business capital to the needy and poor as *zakat* recipients and then developed to meet their future needs. Productivity contains an understanding of philosophy and the definition of work. Philosophically, productivity is a view of life and a mental attitude that always strives to improve the quality of life. Today's situation must be better than yesterday's, and tomorrow's quality of life must be better than today's and beyond. The amount of productive *zakat* given to *mustahik* will be used as business capital. Capital factors are important in carrying out production activities and business development. The greater the amount of productive *zakat* received by *mustahik*, the larger the scale produced so that it will affect the productivity of *mustahik* (Tanjung, 2019). To achieve productivity, management is necessary. Management comes from the word manage, which means to control or organize. Management means the process of carrying out certain activities by mobilizing other people's energy, or it can also be interpreted as the process of providing supervision on all things involved in implementing policies and achieving goals. So, management is concerned with the process of an activity. Concerning *zakat*, the process includes socialization of productive *zakat*, collection of *zakat*, distribution and utilization and supervision (Anwar, 2018).

The productive distribution of *zakat* has also been the opinion of scholars since ancient times. Masjfuk Zuhdi said that Caliph Umar bin Al-Khatib always gave financial assistance to the poor from *zakat*, which was not only to fill his stomach in the form of a little money or food but some capital in the form of camels and others to meet the needs of his life and his family. Likewise, as quoted by Sjechul Hadi Permono who quoted the opinion of Asy-Syairozi who said that a poor man who could afford his strength was given working tools, who understood trade was given trading capital, then An-Nawawi in Al-Muhazzab detailed that bakers, selling perfume, tailors, carpenters, and so on are given money to buy suitable tools, trading experts are given

zakat to buy merchandise whose results are sufficient for a permanent source of livelihood (Wicaksono, 2019).

Zakat is a solution to improve the economy of the *mustahik* and at the same time strive for the welfare of the *mustahik's* life. *Zakat* is an absolute right of the 8 groups as mentioned in the Qur'an QS. *At-Taubah*: 60 is as follows:

وَابْنِ اللَّهِ سَبِيلٍ وَفِي الْعَرْمِينِ الرِّقَابِ وَفِي قُلُوبِهِمْ وَالْمَوْلَقَةِ عَلَيْهَا وَالْعَمَلِينَ وَالْمَسْكِينِ وَالْفُقَرَاءِ الصَّدَقَاتُ إِنَّمَا
حَكِيمٌ عَلِيمٌ وَاللَّهُ اللَّهُ مَنَّ فَرِيضَةً السَّبِيلِ

Translation: Zakat is for the poor and for the needy and for those employed to collect (Zakat). And for those whose hearts will be brought together (for Islam) and for slaves and for those in debt and for (those) on the Way of Allah and for the travelers - an obligation by Allah. And Allah is All-Knowing, All-Wise (Mustafa, 2021).

From the explanation of the verse above, it can be understood that *zakat* cannot be given to other than the eight groups mentioned in this verse. In contrast to *infaq* and *sadaqah*, they can be used for other purposes in developing the people. *Zakat* has several purposes. They are: 1) Elevating the status of the poor and help them get out of life's difficulties and suffering. 2) Helping to solve problems faced by *mustahik*. 3) Bridging the gap between the rich and the poor in a society. 4) Developing a sense of social responsibility in oneself, especially for those with wealth. 5) Educating humans to be disciplined in carrying out obligations and surrendering the rights of others who have them. 6) As a means of equal income distribution to achieve social justice (Hawari & Zen, 2020).

Management and Distribution of Productive *Zakat*

Management of *zakat* funds must be supported by the role of professional *amil* so that the community can feel the socio-economic impact of *zakat*. In Indonesia, the management of *zakat* funds cannot be separated from the state's role because the government is the holder of power in collecting and distributing *zakat*. Evidence that

the state has power over the regulation of *zakat* is the enactment of Law (UU) No. 38 of 1999, which was then updated in Law No. 23 of 2011 on *Zakat Management* (Ansori, 2018).

In terms of the form and nature of the distribution of *zakat*, if we look at the management of *zakat* at the time of the Prophet Muhammad and his companions and then apply it to current conditions, we find that the distribution of *zakat* can be distinguished in two forms, namely:

- a. Temporary assistance (consumptive) means that *zakat* is only given to *mustahik* only once or for a moment. However, this means that distribution to *mustahik* is not accompanied by a target for economic independence (empowerment) in *mustahik*. This is done because the *mustahik* concerned can no longer be independent, which in its application can include elderly people, disabled people, displaced refugees or victims of natural disasters.
- b. Empowerment (productive), namely the distribution of productive *zakat*, which is expected to occur *mustahik* economic independence. In this empowerment, it is accompanied by coaching or assistance for the efforts carried out (Ansori, 2018).

The management of *zakat* in Indonesia is emphasized in Law Number 23 of 2011 the government establishes the *National Amil Zakat Agency (BAZNAS)* in the Central, Provincial and Regency/City areas. To ease the work of the *National Amil Zakat Agency*, each sub-district is formed a *Zakat Management Unit (UPZ)*. The task of collecting and distributing *zakat* is carried out by two agencies, namely *BAZ* and *LAZ*. *BAZ* is an organization formed by the government consisting of government and community elements and has the function of collecting, distributing and utilizing. While *LAZ* is an institution founded by the community engaged in education, *da'wah*, social and the benefit of the people (Siregar, et.al., 2021).

In the management of *zakat* funds, there are several main pillars of *zakat* management and empowerment, namely a) trust, the nature of trust is the key to quality assurance of public trust. b) Professionalism, efficiency and effectiveness of management requires a professional attitude from all administrators of *amil zakat* institutions. c) Transparent, a good control system will occur if transparency in managing people's funds can be implemented. Because the ease of access for *muzakki*

to know how their funds are processed will increase trust in the institution (Hidajat, 2017).

Zakat will be able to have a wider impact (multiplier effect) and touch all aspects of life if the distribution of *zakat* is more directed at productive activities. Utilization of *zakat* also needs to be done towards long-term investment. This can be in the form of, firstly, *zakat* being distributed to maintain work incentives or to earn their income among the poor. Second, at least 50% of the *zakat* collected is used to finance productive activities for the poor, for example, using *zakat* to finance various activities and training of productive skills, providing working capital, or initial capital assistance (Pratama, 2015).

The distribution of productive *zakat* is divided into two forms, namely: First, *zakat* is submitted directly to *mustahik* to be developed, meaning *'ayn al-zakah* which is attached to *mustahik* so that *zakat* becomes the full property of *mustahik*. This kind of distribution is also known as the distribution of *zakat* productively, non-investment, or traditional production. Distribution in this form consists of two models, namely:

- a. *Zakat* is given in cash or exchange for *zakat* objects used as business capital. The nominal is adjusted to the needs of the *mustahik* in order to make a profit from the business.
- b. *Zakat* is given as goods that can be bred or the main work tools, such as goats, cows, razors, sewing machines, etc.

Second, the distribution of *zakat* productively that is being developed now is distribution in the form of investment, namely *zakat* is not directly handed over to *mustahik*, in other words, *mustawlad al-zakah* which is attached to *mustahik*. Alternatively, termed creative productive. This kind of distribution also consists of two models, namely:

- a. Providing business capital to *mustahik* in a rotating manner rolled out to all *mustahiks*.
- b. Building social and economic projects, such as a workplace for *mustahik* and others.

The distribution of productive *zakat* in the form of investment, especially providing capital, is that capital is given in rotation and rolled out to all *mustahik*. The status of the capital is not the individual's property but the joint property of the *mustahik*. Also, it does not belong to the *amil* or the institution, because these funds may not be included in the *Bait al-Mal* treasury for safekeeping. This distribution system is often practiced through '*aqad qard al-hasan*', '*aqad mudarabah*' and '*aqad murabahah*' (Zalikha, 2016).

In today's social life, the management and distribution of *zakat* for the poor must include:

- a. Development of agricultural infrastructure and facilities as the foundation of the people's economic welfare, in a broad sense, is the development of the industrial sector, which is directly oriented to improving the welfare of the people at large.
- b. Organizing skills and vocational education centres to overcome unemployment.
- c. Providing business capital to *mustahik* as the first step in establishing a business.
- d. Life insurance for the invalid, the elderly, orphans, and people without jobs.
- e. Provision of health facilities and infrastructure for every citizen or people in need.
- f. Procurement of facilities and infrastructure that is closely related to efforts to improve the welfare of the lower-class people (Jaya & Hurairah, 2020).

The cooperation of all parties, both *muzakki*, *zakat* institutions and *mustahik* is needed to optimize the distribution of productive *zakat*. The steps for productive *zakat* distribution are as follows;

- a. Accurate data collection so that the recipient is the right person.
- b. Grouping participants into small, homogeneous groups in terms of gender, education, economy and age. Then, the group leader is selected and given a mentor and trainer.
- c. Providing basic training. The training should focus on creating productive businesses, business management, financial management, etc. In this training,

religious reinforcement was also given so that it gave birth to members with character and responsibility.

- d. Funding. Funds are given after the material is achieved, and participants are deemed to have received the material well. Planned efforts can also be taken. Members will be guided by mentors and mentors intensively until they are independent enough to run their businesses (Ansori, 2018).

The distribution pattern of productive zakat must be regulated so that the objectives of this program are not achieved. The following steps serve as a reference in the distribution of productive *zakat*:

- a. Forecasting, namely predicting, projecting and making estimates before giving the *zakat*.
- b. Planning, namely formulating and planning an action about what will be carried out to achieve the program, such as determining the people who will receive productive *zakat*, the goals to be achieved, and so on.
- c. Organizing and Leading, namely collecting various elements that will lead to the program's success, including making standard rules that must be obeyed.
- d. Controlling is a supervision of the program so that if something goes wrong or deviates from the procedure, it will be detected immediately (Wicaksono, 2019).

In distributing *zakat* for productive businesses, its implementation must meet the provisions as regulated in Article 29 of Law No. 38 of 1999, as follows:

- a. Conducting a feasibility study. What is meant by a feasibility study is an effort to gain confidence that a business financed from *zakat* funds can grow and can repay the loan. The results of this feasibility study must show the following: Clear data on prospective *mustahik*, definite loan needs, ability to repay with a clear period, the amount of profit sharing that can be paid and clear loan allocations.
- b. Determining the type of productive business. This step can be of two kinds. First, if the *mustahik* does not yet have a business, then the *amil* must encourage and direct so that the *mustahik* can open a decent business. As

much as possible avoid the impression of coercion let alone patronize, because it will have a positive impact. Second, if the *mustahik* already has a business but it is not growing, then the task of the *amil* is to analyze his business. The results of the analysis can show two possibilities. The first possibility is that the business can be expanded and the second is difficult to develop, so an alternative can be found to replace it. In the second possibility, it is the duty of the *amil* to make sure that his business has bad prospects and try to find a replacement business.

- c. Conducting a guidance and counseling. Guidance and counseling are a duty to keep the business running and growing as well as securing *zakat* funds. Without this function, it is feared that *zakat* funds will be misused for purposes that are not in accordance with the proposal. This function should be played for consultants. To make this function effective, *mustahik* can be made into groups, making it easier to direct and educate.
- d. Monitoring, controlling and supervising. This task becomes difficult to do when *mustahik*, has not realized the importance of control. Although the *amil* is responsible for monitoring and supervision, the most important thing is creating awareness of supervision by *mustahik*. This means educating *mustahik* to be responsible for all business decisions and social behavior.
- e. Evaluating. Evaluation is carried out to obtain data, that the business being run can develop according to plan, and that the funds channeled are truly on target. This program can be done together with *mustahik*. It is hoped that the *amil* only facilitates so that *mustahik* will evaluate himself (Wicaksono, 2019).

C. METHODOLOGY

This study aims to determine how to manage and distribute productive *zakat*. What is the solution to improve the *mustahik* economy. The researcher tries to describe what the research subjects understand and describe. Then the qualitative approach is chosen by using descriptive methods. This type of research uses library research, namely, the research is carried out by searching literature (library) in the form of journals, notes, and reports on research results from previous studies. Secondary data is obtained from observations about managing and distributing

productive *zakat* and solutions to improve the *mustahik* economy. Furthermore, the author carries out the data collection technique by identifying themes or discourses from journals, theses from previous research results, the web (internet), or also data taken from other information related to the theme of this research to look for things in the form of notes, newspapers and so on related to the research focus. The data collected is then analyzed descriptively and qualitatively.

D. RESULT AND ANALYSIS

Productive *Zakat* is a Solution for Improving the *Mustahik* Economy

Zakat is the perfect instrument for translating Islamic principles of brotherhood and humanity into real life. Allah SWT very clearly wants *zakat* to be addressed as a form of real contribution to the sense of brotherhood to improve progress and welfare, among others. A strong sense of brotherhood makes a country strong (Mufidah, 2016). *Zakat* requires good management because *zakat* is a potential source of funds that can be used to realize people's welfare. Implementing *zakat* worship involves several activities related to property management, starting from the collection, distribution, supervision, administration, and accountability of *zakat* assets. Thus, for the implementation of *zakat* worship under religious provisions, to achieve the correct value of worship, it is absolutely necessary to have good, correct and professional *zakat* management (Siregar et al., 2021).

Based on the Law Number 38 of 1998 concerning the organization of *zakat* management, it can be carried out by the *Amil Zakat Agency (BAZ)* and the *Amil Zakat Institution (LAZ)*. *BAZ* and *LAZ* have the main task of collecting, distributing and utilizing *zakat* according to religious provisions. In carrying out their duties, *BAZ* and *LAZ* are responsible to the government according to their level. The most important requirement in sustaining the success of *zakat* management in implementing social goals is the distribution and application of good ones, which means giving *zakat* to those who should be eligible as recipients of *zakat* (Siregar et al., 2021).

As for the distribution of productive *zakat*, especially for economic empowerment, the first party is given to the poor and the second to the poor, so the main *purpose* of giving *zakat*, especially productive *zakat*, is to alleviate poverty. For the recipients of *zakat*, its existence has been clearly regulated in the Qur'an.

Utilization or utilization of *zakat* funds outside the existing provisions must have a strong legal basis (Siregar et al., 2021). Productive *zakat* funds are intended for business capital or additional business capital. So, the funds given do not just run out; the funds will be managed into a business and generate income. This income will meet life's needs and prosper the *mustahik* family's economy. *Mustahik*, who manages productive *zakat* funds to be used as a business, will generate additional income to increase his income. Productive *zakat* is given to *mustahik* as capital to carry out an economic activity, namely to develop the economic level and productivity potential of *mustahik* (Hidajat, 2017).

Rumah Zakat is one of the *amil zakat institutions (LAZ)* that distributes productive *zakat* funds that empower the underprivileged, where every *mustahik* is given capital for independent entrepreneurship; the capital can be in the form of cash or livestock. In addition to getting capital assistance for entrepreneurship and raising livestock, *mustahik* also gets coaching to gain knowledge in entrepreneurship. With the program provided, *zakat* houses can *develop* their business. Thus, they can increase their income. Developing small and medium enterprises with capital derived from *zakat* will absorb labour. This means that the unemployment rate can be reduced. The reduced unemployment rate will impact increasing people's purchasing power for a product or service; increasing people's purchasing power will be followed by production growth; this production sector growth will be one indicator of economic development (Hawari & Zen, 2020).

So that the productive *zakat* program can run effectively and there is a significant improvement in the welfare of the poor, efforts are needed from all Muslims, both the government, *Amil Zakat Agency*, and people in Indonesia, in developing *zakat* according to its potential, so that *zakat* can be utilized according to its function. In addition, to be able to effectively achieve the goal of increasing the independence of *mustahik* businesses, a targeted and *efficient* program is needed, one of which is assisting in managing funds for those in need so that the funds allocated to *mustahik* will ultimately improve their welfare and bring them out of poverty (Pratama, 2015).

To achieve maximum results, effective and efficient results, as well as the achievement of the *goals* and objectives of *zakat*, the utilization of *zakat* fund allocations can be classified into four categories as follows:

- a. Traditional consumptive nature, namely *zakat* is distributed to *mustahik* to be used directly, such as *zakat fitrah* given to the poor to meet their daily needs or *zakat* assets distributed to victims of natural disasters.
- b. Distribution is consumptive creative. Namely, *zakat* is realized in other forms from the original goods, such as being given in the form of school equipment or scholarships.
- c. Distribution in traditional productive forms, namely *zakat*, which is given in the form of productive goods such as goats, cows, shaving tools, etc. Giving in the form of means of production is expected to create a business that opens up job opportunities for the poor.
- d. Distribution in the form of creative productivity, namely *zakat* is given in the form of capital either to build social projects or increase the capital of traders or small entrepreneurs (Jaya & Hurairah, 2020).

With a productive, targeted and sustainable distribution model, *zakat* is expected to improve welfare, free oneself from economic misery, and raise the status of the poor (*mustahik*) to become *muzakki* in the future. One example of productive utilization of *zakat* can be done by providing productive financing (working capital) to *mustahik* and providing training and assistance in business activities (Wicaksono, 2019). The productive distribution pattern developed generally takes the *qard hasan* scheme, a form of loan that stipulates the absence of a certain rate of return (return/profit sharing) from the loan principal. However, suppose the *mustahik* cannot return the principal. In that case, the *zakat* law indicates that the *mustahik* cannot be prosecuted for his inability because the funds are the rights of the *mustahik* (Wicaksono, 2019).

Mustahik welfare can be seen from several factors, namely increased income, business development, and has become a *muzakki* or the ability to donate and give to charity after receiving productive *zakat* funds. *Zakat* is one component of the Islamic welfare system. If *zakat* is managed as exemplified by the Prophet SAW, surely it will increase the welfare of the *mustahik* and, simultaneously, reduce the number of the

poor. If the welfare of *mustahik* increases, the poor will gradually decrease (Wicaksono 2019).

From the short analysis above, it can be discussed that the long-standing debate on the management and allocation of productive zakat to enhance the economic welfare of *mustahik* encompasses diverse perspectives on the topic. One viewpoint argues that the management and allocation of productive zakat are highly effective in improving the economic welfare of *mustahik*. Proper management of productive zakat can significantly enhance the economic well-being of *mustahik*. Unlike consumptive zakat, productive zakat is provided in the form of business capital or other assistance that enables *mustahik* to start or develop businesses. Consequently, *mustahik* not only receive temporary aid but also gain opportunities to achieve long-term economic independence. For example, several studies indicate that providing productive zakat in the form of small business capital can significantly increase *mustahik's* income. Those who initially relied on aid are now able to generate their own income, which in turn can improve their quality of life and reduce poverty rates. Effective management also ensures that zakat funds are distributed transparently and accurately, maximizing their benefits for *mustahik*.

On the other hand, there is a contrasting view that the management of productive zakat faces significant challenges that can reduce its effectiveness. Although the concept is theoretically sound, its implementation in the field often encounters various obstacles. Identifying and assessing *mustahik* who are truly ready and capable of managing productive aid is problematic. Not all *mustahik* possess the skills or knowledge to start and manage businesses, which can result in suboptimal use of the aid and even the risk of failure.

Moreover, the lack of training and mentorship for *mustahik* after receiving productive zakat is also an issue. Without ongoing support, many small businesses initiated by *mustahik* do not last long, eventually causing them to revert to their original conditions. Additionally, the administrative and management aspects of zakat funds are often lacking in transparency and accountability. Numerous cases exist where zakat funds are not efficiently distributed or even misused, eroding public trust in zakat management institutions.

To address these issues, the author suggests enhancing capacity and improving oversight systems. Training and mentorship should be integral parts of productive zakat programs. Zakat institutions should collaborate with parties experienced in developing small and medium-sized enterprises to support *mustahik*. Additionally, applying technology in zakat management can increase transparency and accountability. Technology-based management systems allow for more effective monitoring and evaluation, ensuring that zakat funds are distributed and used as intended.

Furthermore, a more cautious approach is necessary in assessing the readiness of *mustahik* to receive productive zakat. In-depth and ongoing evaluations should be conducted to ensure that the aid provided can be optimally utilized. Strengthening cooperation with various parties, including the private sector and government, is essential to create a supportive ecosystem for *mustahik*. This includes access to markets, skills training, and sustainable financial support.

E. CONCLUSION

Productive *zakat* distribution is distributed to *mustahik*, which is managed and developed through business behaviours where the assets are used as capital to improve the *mustahik's* economic level. The method of distributing product *zakat* consists of two forms: First, *zakat* is handed over directly to *mustahik* to be developed, meaning *'ayn al-zakah* which is attached to *mustahik* so that *zakat* becomes the full property of *mustahik*. This kind of distribution is also called the distribution of productive *zakat* as non-investment or traditional productive. Second, the distribution of productive *zakat* in the form of investment, namely *zakat* is not directly handed over to *mustahik*, in other words, *mustawlad al-zakah* is attached to *mustahik*. Alternatively, it is termed creative productive. Productive *zakat* funds are intended for business capital or additional business capital. So, the funds given do not just run out; the funds will be managed into a business and generate income. This income will meet life's needs and prosper the *mustahik* family's economy. *Mustahik*, who manages productive zakat funds to be used as a business, will generate additional income to increase his income.

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