Islamic Philanthropy: House of Zakat as a Funding and Capital Institution

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Abstract:

Every Islamic law that is revealed to the earth always has a maqasid sharia. Ibn Ashur defines maqasid sharia itself as the wisdom or value contained in the application of sharia. The purpose of stipulating zakat is an effort to reduce social inequality as well as to alleviate poverty. The problem is, so far zakat has not been very effective in poverty alleviation efforts. Mustahik still depends on the zakat issued by the rich every year. This paper aims to review zakat as an effort to alleviate poverty not only in the form of consumptive zakat but can act as an institution that encourages mustahik’s productivity. This study uses a descriptive analysis method with a literature-based research model using literature related to productive zakat. The author found one zakat institution that was quite successful in processing zakat funds given to mustahik in the form of capital. This zakat institution is located in East Java. The capital given to the mustahik can be managed properly and make the mustahik change its status to muzakki. Mustahik is not only given capital in the form of money but also skills and supervision in managing the capital provided. Such Amil Zakat agency should be further developed in Indonesia as an effort to eradicate poverty more massively.

Keywords: Capital Financing Institution, Poverty Alleviation, Productive Zakat, Social Inequality.
INTRODUCTION

Zakat is the 3rd pillar of Islam that must be practiced by every Muslim who can fulfill it. If there is a person who can pay zakat but does not carry it out, the scholars consider him an apostate. Zakat is defined as certain goods that must be issued at a particular time with a specific dose given to certain people. This Zakat obligation is based on surat Al-Baqarah; 43, at-Tawbah; 103, al-An'am 141. In addition, zakat is also based on the Hadith of the Prophet. (Wahbah az-Zuhaili, 2011)

In surat Al-Baqarah verse 43, the word zakat is juxtaposed together with prayer. The verse reads, "Establish prayer, pay the poor-due, and bow with those who bow."

Pairing the command of zakat with the command of prayer has the philosophy that prayer and zakat are two commands that go hand in hand. Islam is not perfect if one has not done both. A Muslim is not only commanded to be pious vertically worshipping Allah alone, but also to be pious socially, able to benefit all around. (Maghfirah, 2019)

Zakat has benefits as a form of help for mustahik to meet his life needs properly so that he can worship Allah better. In addition, the existence of zakat also aims to provide adequacy and welfare for the recipient, by eliminating or minimizing the causes that make their lives poor. Zakat becomes one of the concrete forms of social security prescribed by Islam. (Didin Hafidhuddin, 2002)

Wahbah Zuhaili, a commentator who is also an expert in jurisprudence, mentions the 4 pearls of wisdom of zakat. First, fortify the property from the reach of the perpetrators of the crime. Second, as a form of help to the needy. Zakat can protect the community and help the poor to a more noble life situation. Third, Zakat can purify the muzakki from miserliness, and part of the habit for believers to give and be generous. Fourth, as a form of gratitude.

Zakat obligation does not only stop at the religious aspect but also supports the moral-spiritual to financial aspects that will ultimately realize the prosperity and welfare of the community. (Isnaini, 2008) The main Target of the enactment of zakat is to alleviate poverty to the maximum. (Maghfirah, 2019) Then of course, for mustahik the usefulness of zakat will be much better if it can be felt for a longer time.

During the implementation of the law of zakat, there are at least two
patterns in its distribution, namely the traditional pattern that tends to provide consumptive goods and also the productive pattern utilizing economic empowerment. The first pattern, better known as Caritas, will be more quickly accepted by mustahik without a target so that mustahik can be economically independent. While the pattern of zakat distribution with the economic empowerment method not only prioritizes the speed of receipt of zakat assets to mustahik, but also aims to turn mustahik into muzakki. (Moh. Thoriquddin, 2014)

Interestingly, the distribution pattern of productive zakat has not been socialized properly. This is due to several factors, ranging from the lack of application of productive zakat in the community to doubts about its ability. (Fasiha, 2017) In this regard, some scholars have tried to do various ijtihad to realize one conclusion, that zakat if used as something productive is permissible.

Followers of Imam Nawawi, for example, say that for people who have skills and abilities should not be given consumptive zakat, but it is recommended to be given capital as a first step in carrying out a job. Even if it is possible and has the potential, the amount of zakat given can be greater than the consumption zakat. In addition, Yusuf Qardhawi also argued that the use of the proceeds of zakat used as an effort which is then distributed to the poor is something that is allowed in Islam. (Yusuf Qardawi, 1999)

This step is carried out considering the purpose of giving zakat to humans. In Islam, the purpose or wisdom of the implementation of sharia is better known as maqasid sharia, which Ibn Ashur defines as the wisdom or value contained in the application of sharia. (Ibn Ashur, 1979) Not only Ibn Ashur, but Imam Al-Ghazali also argues that Islamic law always has aspects that follow maqasid sharia. (al-Qadir, 2007).

Concerning maqasid sharia, zakat has a far-reaching goal, which is to make poor families into better families, from those who previously mustahik to muzakki, from those who previously only received zakat turned into a group that regularly issues zakat. (Isnaini, 2008) Zakat should not cease to be a good that is given freely but does not have a long impact. Zakat consumptive will only make mustahik be in an environment that always expects help from others in a prolonged manner.

Indonesia as a country with the largest Muslim population in the
world sees zakat opportunities very well. This is reflected in various efforts, one of which is by issuing law No. 23 of 2011 on the management of zakat. Article 26 mentioned that the distribution of zakat to mustahik can be done by way of utilization for productive business as one of the efforts to alleviate poverty as well as improve the quality of the people. (Law of the Republic of Indonesia No. 23 of 2011 on the management of Zakat)

METHOD

This study uses a descriptive-based analytical literature research method and contains studies related to philanthropic activities, and how much influence it has on self-reliance in the community. This study also contains normative research related to the permissibility of productive zakat. In addition, this study will also be filled with some suggestions related to zakat management so that mustahik independence can be realized until it changes its status to muzakki.

RESULTS AND DISCUSSION

A. Poverty Rate in Indonesia

Poverty has existed since ancient times. Efforts to eradicate poverty have also been going on for a long time even before the Prophet Muhammad the bearer of the Islamic treatise was born. One such simple example was in the Euphrates valley in 4000 B.C. where Hammurabi had drafted a written rule saying that God sent him into the world to prevent the rich from acting arbitrarily against the weak. Not only that, the heavenly religions brought by the previous prophets, such as Prophet Ibrahim, Ishaq, and Ya’qub have also instructed their people in poverty alleviation, carried out by way of Zakat. This is as stated in surah al-Anbiya; 73. The same is also blamed on the Prophet Ismail as in Surah Maryam; 54-55, and also to the Children of Israel (bani Israil) as in Surah Al-Baqarah; 83. The commandment of zakat was also prescribed at the time of Jesus as in the surah of Maryam; 31. (Yusuf Qardawi, 1999)

Efforts to eradicate poverty continued until the revelation of the Prophet Muhammad to the world by saving small people who are oppressed by the socio-political system of the economy in Arabia which is very discriminatory. Arabia at that time became one of the regions
whose economic resources were controlled by a handful of groups that had capital. People who do not have capital will continue to be in status of slavery. So, during an arrogant, discriminatory Arab culture that tends to oppress weak groups, the Prophet Muhammad came up with a brilliant, egalitarian, and reformative idea. (Sumanto al-Qurtuby, 2016)

Although the economic gap has been sought to be resolved immediately, its existence seems to be a matter that cannot be avoided. The Islamic world is plunged into the abyss of economic inequality, including Indonesia, which is dominated by Muslim communities. In a study conducted by Oxfam International, Indonesia ranks sixth worst in the world in terms of economic inequality. The numbers are staggering: the richest 4 have more wealth than the poorest 100 million combined (Syarifuddin et al., 2021).

The number of poor people in Indonesia in 2021 is 26.5 million people. (Badan Pusat Statistik, 2022). In fact, Indonesia is dominated by Muslims - who are anti-poverty - with a population of 231 million (Abdul Jaleal Nasreddin, 2022) The data shows that Indonesia’s poverty is still very worrying. At the same time, economic development has not been able to overcome poverty from year to year. (Maksum et al., 2018)

Several factors cause economic inequality as stated by Syamsuri. First, the elements that occur naturally, both from the weakness of human resources in managing the various potentials that exist to the weakness of natural resources that can be managed properly. Second, cultural factors that exist in a particular place will inadvertently reduce income. This is reflected in certain areas that are dominated by people with a low work ethic who just stand idly by waiting for help from other parties. Third, structural factors, related to various government policies. (Syamsuri, 2020)

Islam is a religion that is pro-poor, but at the same time instructs its adherents to eradicate poverty. This is like the actions of the Prophet Muhammad who denounces and condemns people who do not want to try to find wealth but busy themselves asking for it. For this reason, Islam commands its people to work in fulfilling their daily needs. (Maksum et al., 2018).

In Islam, the gap must be minimized in such a way that the gap does not further aggravate the situation. In minimizing this social gap, Islam
provides a solution that is better known in the Islamic world with the term zakat. (Didin Hafidhuddin, 2002).

The potential of zakat in Indonesia is very large, reaching Rp. 327 trillion rupiah per year (Rosana, 2022). With this number, the chances of poverty alleviation in Indonesia will be very large if zakat funds are used optimally. But the problem is, the distribution is still limited to zakat consumption, so the status of mustahik does not change over time. In this case, the purpose of zakat as one of the poverty alleviation efforts has not been achieved to the maximum, because it is mustahik will depend on his life on zakat which is always distributed every year.

The provision of assistance to those in need, including the provision of zakat, aims so that the recipient can improve his / her standard of living. The problem is, some parties actually “misuse” the assistance provided. This is as reflected in research conducted by Thomas Malthus, that cash assistance provided directly to the community is less effective in alleviating poverty. Instead, cash assistance is used to increase the number of beneficiaries by adding family members. People who receive assistance think that with the increase in the number of family members, the amount of assistance received will also increase. (Thomas Malthus, 1998)

A similar incident occurred in Indonesia. A study conducted by Rafly showed that with cash assistance from the government, the poor tend to add family members with the aim that the number of beneficiaries. (Bano et al., 2021) This is known as a Moral Hazard. Moral Hazard is a term more commonly used in economic theory. Moral Hazard is usually associated with the behavior of a person to commit various deviations and offenses. (Ralona M, n.d.) When it comes to beneficiaries, the beneficiaries maximize the amount of assistance received by increasing family members. Research conducted by Fafly and his colleagues shows that the recipient of assistance affects a person’s desire to have children. (Bano et al., 2021)

In fact, with the increase in the number of families, the level of poverty does not disappear. On the other writing, the poverty rate is on the rise in developing countries such as Indonesia. This is because, with the increasing number of people, there will be more unemployment, due to the unavailability of jobs. (Almasdi Syahza, 2017)
Poverty in Indonesia seems to be in a vicious circle. If it continues, this situation will not show improvement, on the contrary, it will only increase the problem. The number of families born to poor families is increasing, at the same time, the child cannot get something decent, both from housing, and food to access to education. This keeps the poverty-environment in the same circle without any opportunity for change.

There is a study that shows that philanthropic institutions can effectively reduce poverty if they are carried out properly. Research conducted by Arwady, for example (Arwady et al., 2021). This research shows that philanthropic institutions (in this case Zakat Infak Sedekah) which are given to be productive have a fairly effective impact. However, mustahik still cannot go out and change his status to muzakki. Philanthropy that drives the productivity of its recipients still needs to be developed.

As far as the author searches, research that focuses on the effectiveness of zakat as an effort to alleviate poverty carried out by socio-anthropological methods has not been found by the author. Nevertheless, the author feels there is a link between the research conducted by Bano et al with philanthropy given to the community, one of which is in the form of zakat. The results of the Bano study concluded that cash assistance provided directly is less effective for some people.

Seeing some of the facts mentioned above, the allocation of zakat funds given to mustahik in the form of productive zakat is felt to need to be re-developed and enforced in the community. Policymakers such as amil zakat should start to realize and learn about this productive zakat distribution scheme. This is none other than to achieve the goal of zakat itself, namely poverty alleviation efforts. Because basically, the spirit of Islam is not only an order to give some of our property to the needy, but also to motivate the poor to be able to get out of poverty. (Yusuf Qardawi, 1999)

As stated by Syamsuri, the inequality and poverty that occurs in Indonesia is caused by several factors, of them because of poverty to environmental conditions that have a low work ethic. An environment that has a low work ethic will affect the next generation to have a low work ethic as well, so it will be difficult to achieve prosperity. In an environment like this, the tendency of society is only to rely on generous
parties without any hard work from himself.

B. Productive Zakat on House of Zakat

This study indicates that giving zakat in the form of consumptive goods to mustahik who are still able to try is not recommended. Zakat as one of the pillars of Islam that has Maqasid sharia as an effort to alleviate poverty will have more impact if it is given as productive zakat. This is not so that the recipient of zakat does not always depend on the zakat of others. More than that, a mustahik if successfully managing productive zakat funds will become a muzakki in the future. Thus, the purpose of holding law of zakat as an effort to alleviate poverty will be more achievable with maximum.

Looking at the various data mentioned above, the existence of productive zakat will be very supportive if applied optimally. Productive Zakat can be given to several mustahik, including the poor who have the potential to do certain jobs. Productive Zakat can also be given to gharimin or people who are in debt. These mustahik are the right group if given in the form of productive zakat, as long as they can manage it.

The scheme of giving productive zakat to the entitled group does not merely give it for free. Giving productive zakat must be equipped with skills as well as supervision so that the funds provided are not only a consumption product. This process, of course, takes a relatively longer time than the provision of consumptive zakat as has been going on so far.

In the implementation of productive zakat, amil zakat not only provides material capital but also non-material, such as motivating so that someone wants to try and not always depend on others. In this case, amil zakat needs to guide in advance about how important it is to have the property that can be given even to the person who is entitled. In addition, knowledge about financial literacy also needs to be socialized, so that the cycle of poverty does not continue to repeat itself in the same group. The lack of financial literacy will result in the inhibition of prosperity. (Dewi et al., 2018) Please note that financial literacy in Indonesia is at a very low level, only 38.03% of the population is literate financial literacy. Financial literacy is the quality of decision-making and financial management in achieving prosperity. (Damara, 2021)

The East Java branch of the Indonesian Zakat initiative can be one
of the amil zakat whose success can be imitated by other Amil zakat agencies in Indonesia. LAZ Inisiatif Zakat Indonesia East Java branch is no longer "just" a Zakat agency in distributing Zakat consumptives only. LAZ Inisiatif Zakat Indonesia East Java branch has now become a capital house that not only provides capital services but also supervises mustahik who receive capital from this institution. The beneficiaries of this kind of zakat service are very satisfied because in the end they no longer depend on the muzakki (Darmawan et al., 2019).

Supposedly, the Amil Zakat Agency spread across Indonesia can try to follow the success achieved by the East Java branch of the Indonesian Zakat Inisiatif. Amil Zakat not only gives zakat to mustahik in the form of consumer goods but also productive goods. Amil Zakat can also provide various entrepreneurial training provided to mustahik who are entitled to receive it and have the willingness to open a business. The zakat capital provided is profit-sharing, where if a mustahik makes a profit, the profit-sharing provided is used to fulfill the needs for infrastructure or operational costs as well as become capital for the development of the Amil Zakat Institution. Meanwhile, if a mustahik recipient of capital from zakat funds fails or goes bankrupt due to factors beyond his control such as natural disasters, he has the opportunity to receive capital for the second time. However, if a mustahik uses the given capital for something consumptive, then he will not receive assistance a second time.

The role of Amil zakat as business capital can also replace the position of banks, where its legality is still debated until this moment amid Muslims. The debate revolves around whether bank interest is included in the riba prohibited by religion or not. With the existence of its capital institution, Muslims do not have to worry about the existence of bank interest that tends to fall into riba. Muslims it is time to create their economic model, not just adopt the economic system of other groups and then give the label of Sharia as a form of justification.

The use of zakat like this will also support the SDGs (Sustainable Development Goals) movement with one of its agendas, namely poverty alleviation. In addition, the use of zakat funds as business capital for mustahik is also included in one of the categories of maslahah mursalah, namely mashlahah daruriyah. In this case, the land that is being protected is for the benefit of property development. If associated with the context
of the SDGs, poverty alleviation enters into a dlaruriyah problem that must be resolved immediately (Maksum et al., 2018).

CONCLUSION

As instinctive as humans in general, living with abundance without experiencing hardships and difficulties is everyone's dream. However, the inability of man to realize abundance makes him fall into poverty and unable to meet his needs properly. No wonder the Devil scare people will be as illustrated in the letter Al-Baqarah verse 268. The form of fear that Satan whispers is diverse, ranging from being stingy and even not reluctant to commit murder.

Fear of poverty is what should be responded to properly, namely by trying harder, not surrendering to poverty and then relying on help from other parties. Work becomes one of the efforts to protect themselves in order to be free from the abyss of poverty. Conversely, not working will open up opportunities to fall into the pit of poverty, which often occurs due to the influence of culture, habits, culture or customs in a society that does not prioritize hard work. (Maksum et al., 2018)

The cultivation of the importance of being independent and not dependent on others needs to be emphasized more by Muslims. Muslims cannot stand idly by expecting the mercy of others. People who previously regularly received zakat must be changed their mindset as well as be encouraged and equipped with skills so that they do not dissolve in incompetence and depend on other parties. Independence is a value taught in Islam. Not only that, the existence of Amil zakat as a capital institution for mustahik can be the worst solution for Islamic economics.

BIBLIOGRAPHY


