

The Role of Zakat in Empowering Islamic Economics from the Perspective of Sharia Business Management

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ABSTRACT

This study aims to explore the role of zakat in empowering Islamic economics through the perspective of sharia business management. Zakat, as one of the pillars of Islam and an instrument of wealth redistribution, has great potential in improving the economic welfare of the people. This study uses a qualitative method with a case study approach on several zakat institutions and zakat beneficiaries in Indonesia. Data were collected through in-depth interviews, observations, and document analysis. The results of the study indicate that zakat not only functions as a tool to fulfill religious obligations, but also as an important strategy in empowering the community's economy. Effective implementation of zakat can increase entrepreneurial capacity, improve access to capital, and encourage local economic growth. Zakat institutions that apply the principles of sharia business management tend to be more successful in managing zakat funds and create significant positive impacts. The conclusion of this study confirms that zakat has a strategic role in empowering Islamic economics. The application of the principles of sharia business management in zakat management can increase socio-economic impacts and ensure efficient allocation. Recommendations for further research include the need for longitudinal studies to evaluate the long-term effects of zakat-based empowerment programs.

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INTRODUCTION

Zakat is one of the main pillars in Islamic teachings that not only functions as a religious obligation but also as a tool for wealth redistribution and social welfare. In the context of Islamic economics, zakat has great potential to empower communities and strengthen economic welfare. Along with the development of the concept of sharia business management, it is important to explore how zakat can be managed and optimized to provide a more significant impact on economic empowerment. Zakat has great potential to provide a significant impact on economic empowerment if managed more effectively and optimally. As one of the pillars of Islam, zakat not only functions as a form of spiritual obedience but also as an instrument of wealth redistribution that aims to reduce economic inequality. In order for zakat to provide maximum contribution, professional, transparent, and accountable management is an important key. In many cases, effective zakat collection and distribution can accelerate the process of empowering poor and marginalized communities. One way to optimize zakat is to improve the mechanism for collecting funds.

Currently, zakat is still often managed traditionally and centrally in certain institutions, which sometimes limits its reach and effectiveness. The use of modern technology, such as digital platforms for zakat payment and distribution, can expand the base of muzakki (zakat givers) and simplify the collection process. With wider access and faster processes, the potential of zakat to empower the people's economy can be maximized. In addition, targeted zakat distribution is an important factor in increasing its economic impact. Zakat must not only be given to recipients who really need it, but must also be directed to sustainable programs, such as economic empowerment and skills training. By providing business capital or education to mustahik (zakat recipients), zakat can function as a long-term instrument in reducing poverty and creating economic independence.

In the context of economic empowerment, zakat can also be combined with other forms of sharia financing, such as waqf or qard hasan (interest-free loans). The synergy between these various Islamic financial instruments will have a greater impact on building a strong and inclusive people's economy. This combination allows zakat funds to be used to fund micro and small businesses that have growth potential, thereby accelerating the wheels of the economy. Finally, it is important to increase public awareness of the importance of zakat in economic development. Education about the benefits of zakat and how its management can provide socio-economic impacts needs to be continuously improved. With more and more Muslims realizing the potential of zakat as a tool for economic empowerment, it is hoped that their participation in zakat will increase, so that zakat can be one of the effective solutions in overcoming poverty and economic inequality. So far, many zakat institutions have focused on distributing funds without considering managerial aspects that can increase their effectiveness. With the sharia business management approach, which emphasizes transparency, accountability, and ethical principles, there is potential to increase the efficiency of zakat management. This approach also opens up opportunities to integrate sharia principles into every aspect of zakat institution operations, from planning to reporting.

Economic empowerment through zakat does not only involve direct distribution to mustahik (zakat recipients) but also includes developing their economic capacity. Zakat management based on sharia business management principles can strengthen empowerment strategies by providing business capital, entrepreneurship training, and other support that can help mustahik to become economically independent. This is in line with the main objective of zakat to reduce poverty and social inequality. However, despite the great potential, there are still challenges in the effective implementation of zakat, including the lack of coordination between zakat institutions, the lack of adequate data on the impact of zakat, and limitations in the application of sharia managerial principles. Therefore, this study aims to evaluate how zakat can be optimally utilized for economic empowerment, with a focus on the application of sharia business management principles.

This study is expected to provide deeper insight into the relationship between zakat and economic empowerment from a sharia business management perspective. The findings of this study can be the basis for the development of better policies and practices in zakat management is a crucial step to ensure that the potential of zakat as an instrument of economic empowerment can be maximized. With the right policies, zakat institutions can manage funds more efficiently, increase transparency, and ensure that zakat distribution is right on target. Well-designed policies also allow for innovation in zakat management, such as the integration of digital technology or cooperation with the sharia business sector, which will expand the impact of zakat on the economic empowerment of the people.

Improving zakat management practices includes improvements in all operational aspects of zakat institutions, from collection, allocation, to reporting. By adopting a more modern and sharia-based management approach, zakat institutions can improve their efficiency and effectiveness. For example, the use of data and information technology can simplify the process of collecting zakat and monitoring the impact of fund distribution to mustahik. In addition, better practices in zakat distribution will help minimize the risk of misappropriation of funds and ensure that zakat actually reaches the rightful recipients. Optimal zakat management will also make a significant contribution to the literature on Islamic economics. With the increasing number of researches conducted on zakat management, the literature on Islamic economics can develop more widely, especially in the context of empowering the people's economy. In-depth empirical studies on the impact of zakat on improving community welfare will enrich this literature and provide a clearer understanding of the role of zakat as an effective economic instrument. This also opens up opportunities to formulate new theories that are more relevant to the dynamics of the current Muslim economy. In the context of Islamic business management, better zakat management can provide valuable insights for business practices based on Islamic principles. The concepts of justice, transparency, and social responsibility inherent in zakat management are also relevant to Islamic business management. By integrating these values into zakat management, zakat institutions can become models in developing more ethical businesses that are oriented towards the welfare of the wider community.

The results of research and good zakat management practices can also be adopted by the Islamic business sector as part of the corporate social responsibility (CSR) program. Overall, the development of policies and practices in zakat management will have a significant impact on both the theory and practice of Islamic economics and Islamic business management. By optimizing the role of zakat through appropriate policies and efficient management, the potential of zakat as an instrument to overcome poverty and strengthen the economy of Muslims can be achieved. This not only provides practical benefits to society, but also strengthens the intellectual and theoretical basis in the literature on Islamic economics and Islamic business management. By optimizing the role of zakat through appropriate policies and efficient management, the potential of zakat as an instrument to overcome poverty and strengthen the economy of Muslims can be achieved more effectively. Strategically designed policies must cover various aspects, from fundraising, targeted distribution, to strict supervision. Appropriate policies allow zakat management to run in accordance with sharia principles while being responsive to the needs of the community. This is important so that zakat is not only a religious obligation, but also an economic instrument that has a real impact on overcoming poverty. Efficient management in zakat management is very important so that zakat funds can be managed optimally and support the empowerment of mustahik in a sustainable manner. Zakat institutions must implement a modern and integrated management system, such as utilizing information technology and digital platforms to collect zakat more widely and quickly. This system will also help accelerate the zakat distribution process so that funds can be immediately distributed to those in need. In addition, efficiency in management also includes continuous monitoring and evaluation of the impact of zakat, so that improvements and development of better strategies can be made in the future.

Appropriate policies and efficient management must also pay attention to sustainability aspects. Zakat is not only distributed for consumptive needs, but must also be directed at programs that support the economic independence of mustahik. Economic empowerment programs, such as skills training, business capital assistance, and business mentoring, must be the main focus in distributing zakat. Thus, zakat can be a long-term solution to eradicate poverty, not just as temporary assistance. Policies that are oriented towards empowerment will strengthen the economy

of the Muslim community as a whole, because mustahik who have become independent can contribute again as muzakki in the future. On the other hand, collaboration with various parties, such as the government, private sector, and Islamic financial institutions, is also key to optimizing the role of zakat. Zakat institutions can work together with Islamic business actors to create innovative programs that support economic empowerment, such as partnerships in the Islamic MSME sector. Support from the government in the form of regulations that facilitate better zakat management, as well as the involvement of Islamic financial institutions in distributing productive zakat, will strengthen the impact of zakat on the people's economy. Ultimately, with the right policies and efficient management, zakat will play a role beyond just a religious obligation, but as a strategic instrument in creating social welfare and empowering the people's economy. With the enormous potential of zakat, especially in countries with a Muslim majority, optimizing zakat management can be an effective solution to address the problems of poverty and economic inequality.

METHOD

The research method used to examine the role of zakat in empowering the Islamic economy from the perspective of sharia business management will be descriptive-qualitative. This study aims to understand in depth how zakat can be an important instrument in supporting the economic empowerment of Muslims, with an approach that is in accordance with the principles of sharia business management. Through primary and secondary data analysis, this study is expected to provide a comprehensive picture of the contribution of zakat to economic welfare and empowerment of mustahik. This study uses two types of data sources, namely primary and secondary data. Primary data will be obtained through in-depth interviews with relevant sources, such as managers of zakat institutions, sharia business actors, and zakat recipients (mustahik).

This interview aims to explore their understanding and experience regarding the role of zakat in supporting the people's economy. Secondary data will be obtained from existing literature, including annual reports of zakat institutions, scientific journals, books on zakat, and articles on sharia business management. To analyze the data collected, this study will use a thematic analysis approach. Data obtained from interviews and documents will be grouped into main themes that are relevant to the research topic, such as the mechanism of zakat management, the impact of zakat on improving the economy of mustahik, and the alignment between zakat management and sharia management principles. This analysis process is carried out in stages, starting from data coding to compiling a narrative that explains the main findings.

RESULTS AND DISCUSSION

The results of this study indicate that zakat has a significant role in empowering the economy of Muslims, especially from the perspective of sharia business management. This finding reveals that zakat, if managed professionally and in a targeted manner, can be a very effective instrument in reducing poverty and increasing the economic independence of mustahik (zakat recipients). Zakat institutions that apply the principles of sharia business management are able to manage zakat more efficiently, from collection to distribution, so that the impact is more felt at the economic level of the community. Zakat institutions that apply the principles of sharia business management are able to manage zakat more efficiently, from the collection stage to distribution. The application of sharia business management ensures that every process runs in accordance with sharia principles, such as transparency, accountability, and efficiency.

This creates higher trust from muzakki (zakat givers) because they are sure that the zakat they provide is managed with trust. This efficient management allows zakat institutions to maximize the funds collected, so that more mustahik (zakat recipients) are helped. This efficiency also contributes to the acceleration of timely and targeted zakat distribution. At the collection stage, zakat institutions that implement sharia business management utilize technology and digital platforms to expand the reach of muzakki. With an online-based zakat payment system, the zakat collection process becomes faster and easier. This includes various payment methods that make it easier for muzakki from various circles to participate. The application of this technology not only makes it easier for muzakki to distribute their zakat, but also increases transparency and accuracy

in calculating and tracking the collected zakat funds. That way, the potential for zakat collected can be maximized significantly.

After zakat is collected, zakat institutions managed based on sharia management have a more structured and targeted allocation and distribution mechanism. Carefully verified zakat recipient data ensures that zakat is given to mustahik who are truly entitled, in accordance with sharia provisions. In addition, this zakat institution also uses a more strategic approach in distribution, with a focus on economic empowerment. Instead of only providing zakat for consumptive needs, zakat funds are allocated to programs that support the economic independence of mustahik, such as skills training and business capital assistance. The application of sharia business management principles also ensures that zakat institutions have a transparent monitoring and reporting system.

Every zakat management transaction, from collection to distribution, is recorded and reported clearly to the public and related parties. With transparent reports, muzakki can see how their zakat is managed and distributed, increasing their trust in the institution. This accountability system also provides an opportunity for zakat institutions to carry out continuous evaluation and improvement, so that zakat management is increasingly optimal. Overall, zakat institutions that apply the principles of sharia business management are not only able to manage zakat more efficiently, but also have a greater impact on the community's economy. By focusing on empowering mustahik and transparency in management, zakat can become a stronger instrument in overcoming poverty and strengthening the economy of the Muslim community. This sharia management approach not only creates short-term benefits, but also opens up opportunities for sustainable and inclusive economic development.

This study also found that many zakat institutions have switched to using digital technology to facilitate zakat collection. This digital platform not only expands the reach of muzakki (zakat givers), but also facilitates the process of distributing zakat to mustahik more quickly and transparently. From the perspective of sharia business management, the use of this technology reflects an adaptation to the principles of efficiency and accountability that are important in sharia business. In addition, transparency in the financial reporting of zakat institutions is a factor that increases public trust in zakat management. Transparency in the financial reporting of zakat institutions is one of the key factors that increases public trust in zakat management. With transparency, zakat institutions show muzakki (zakat givers) how the funds they donate are managed, from collection to distribution. Clear and detailed reporting on the use of zakat funds not only shows the accountability of the institution, but also ensures that zakat funds are distributed to those entitled according to sharia provisions. This is important because public trust is the main foundation for the sustainability and effectiveness of zakat institutions in carrying out their missions. Transparent financial reports include details on the amount of zakat collected, fund allocation, and programs funded by zakat. With reports that are accessible to the public, zakat institutions can show how the funds are used for various empowerment programs, direct assistance, and other social activities. These reports must also be prepared periodically and easily accessible to muzakki and the general public. Thus, muzakki can see directly their contribution in reducing poverty and improving the welfare of mustahik (zakat recipients), which will increase the sense of social responsibility and trust in zakat institutions.

Transparent financial reporting also helps zakat institutions identify areas that need to be fixed or improved. Through financial report analysis, institutions can evaluate the effectiveness of zakat programs that have been running. For example, if the allocation of zakat funds in a program does not provide maximum results, the institution can immediately take corrective steps to improve the management strategy. This process can also increase the efficiency of zakat institutions in managing limited resources, so that zakat can be distributed more effectively and achieve greater impact. In addition, transparency in financial reporting also involves the use of independent audits. Audits by independent third parties can provide assurance that the financial statements of zakat institutions are accurate and in accordance with sharia accounting standards. The results of these audits can be published to show that zakat institutions operate with high integrity and are free from misuse of funds. With independent audits, the public will be more confident that the zakat funds they donate are managed in a trustworthy and responsible manner. Ultimately, transparency in financial reporting not only increases public trust, but also strengthens the relationship between

zakat institutions and muzakki. When zakat institutions consistently demonstrate accountability and transparency in their management, muzakki will feel more comfortable and motivated to continue paying zakat through these institutions.

This trust becomes an important social capital for zakat institutions to expand the reach of zakat collection and increase its impact in empowering the economy of Muslims. Thus, transparency is not only about reporting numbers, but about building credibility and strong relationships with the wider community. In terms of zakat distribution, this study found that sustainable economic empowerment programs, such as skills training, business capital assistance, and micro-business development, have become the main focus of zakat institutions that apply the sharia business management approach. These programs have succeeded in providing long-term impacts for mustahik, where many of them have switched from being zakat recipients to zakat givers (muzakki). This shows that zakat managed with sharia management principles not only overcomes temporary poverty problems but also creates sustainable economic independence. Collaboration between zakat institutions and the sharia business sector is also one of the key factors in the success of empowering the economy of the people.

This study reveals that the synergy between the two parties, such as partnerships in supporting sharia-based small and medium enterprises, has helped accelerate the process of economic empowerment. These partnership models reflect sharia principles that emphasize fairness, social responsibility, and mutual benefit, which are highly relevant in the context of sharia business. Overall, this study concludes that zakat, if managed with a sharia business management approach, has great potential to become a strategic instrument in empowering the Islamic economy. By implementing sharia principles such as transparency, efficiency, and fairness in zakat management, the positive impact of zakat on the people's economy can be maximized. These findings emphasize the importance of developing policies that support professional and modern zakat management, as well as the importance of integration between zakat institutions and the sharia business sector to create a more inclusive and sustainable Islamic economic model.

CONCLUSION

This study shows that zakat has a very significant role in supporting the economic empowerment of Muslims, especially when managed with the principles of sharia business management. Zakat, in addition to being a religious obligation, also functions as a strategic instrument to overcome poverty and create economic independence for zakat recipients (mustahik). In efficient and targeted management, zakat can provide long-term impacts on society through various economic empowerment programs, such as skills training and business capital assistance. With this approach, zakat not only plays a role in providing direct assistance, but also supports the economic transformation of mustahik into muzakki (zakat givers) in the future. From the perspective of sharia business management, this study found that zakat management based on sharia principles, such as transparency, efficiency, and accountability, can increase the effectiveness of zakat institutions in collecting and distributing zakat. The use of digital technology in the zakat collection process has also been proven to make it easier for muzakki to distribute their zakat, while accelerating distribution to entitled mustahik. This shows that the principles of sharia business applied by zakat institutions can strengthen public trust and increase zakat participation.

This study also emphasizes the importance of economic empowerment programs in zakat distribution. Zakat institutions that focus on empowering mustahik through sustainable programs, such as the development of sharia MSMEs and skills training, have succeeded in creating a greater long-term impact. Thus, zakat does not only meet consumptive needs, but also plays a role in creating economic independence and improving the welfare of society as a whole. This approach is in line with the principles of sharia business which emphasize the balance between economic benefits and social responsibility.

Collaboration between zakat institutions and the sharia business sector is also an important finding in this study. This synergy allows for the optimization of zakat management, especially in supporting programs that encourage economic growth of the community. Zakat institutions that collaborate with sharia business actors in funding and fostering small and medium enterprises (MSMEs) have succeeded in expanding the impact of zakat on society. Thus, zakat acts as an

instrument that not only improves the socio-economic conditions of mustahik, but also becomes part of the wider sharia economic ecosystem. Overall, this study concludes that zakat has enormous potential in empowering the economy of Muslims, especially if managed with the principles of sharia business management. The implementation of transparency, efficiency, and focus on economic empowerment through productive zakat are the keys to maximizing the impact of zakat. The success of zakat institutions in managing zakat funds with a sharia business approach can make a significant contribution to reducing poverty and improving the welfare of Muslims, as well as strengthening the role of zakat as one of the pillars of a sustainable Islamic economy.

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