



The Effectiveness of Zakah, Infaq, Sadaqah (ZIS) Management by BAZDA to Improve the Welfare of Society in Central Java

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Abstract : The big potential of Zakah, infaq, and Sadaqah (ZIS) in Central Java is one of the instruments for reducing poverty and improving the welfare of the society. This study aims to assess the effectiveness of management ZIS optimally so as to make a significant contribution to poverty reduction and improved well-being. Regulation No. 23 of 2011 on the management of Zakah has provided the legal basis which is very strong in the management of Zakah, by collecting, distributing, and accountability of it. The unit of analysis in this study is the Bazda in Central Java Province. The sample is four districts/cities, including: the city and regency of Semarang, Jepara and Demak district. In addition, the study respondents are managers of Bazda, muzaki, and mustahik in four districts/cities. The findings show that all Bazda have already had database on muzaki and mustahik, but still incomplete, so it cannot be done for the sake of collecting and mapping the distribution of ZIS effectively and efficiently. Moreover, the condition of the building, infrastructure and operational funds sourced budgets have not been able to support the operations and performance of the collection, distribution and reporting effectively and efficiently. Distribution and utilization of ZIS is dominated for the fulfillment of consumer needs and focused on the areas of health, education and social, while, empowering productive business activities is still slightly low, so that it is necessary to have a paradigm shift in the management of the ZIS to make mustahik become more productive. It is required a coordinated and integrated cooperation between Bazda District/City, Baz Districts, the regency/state, enterprises, SOEs and private agencies in order to collect ZIS effectively and efficiently and not only dominated merely by the civil servants. Reporting and accountability system, so far, has been conducted in a transparent and accountable through a written report to the District / City Government and Parliament, but some Bazdado not provide it to mustahik in detail, either in book form or through the WEB. Only the district of Jepara which has a complete reporting system, regular, detailed and printed in book form to be sent to the Government, Parliament, and the muzaki of related parties.

Keywords : management of Bazda, Muzaki, Mustahiq, poverty, welfare.

Introduction

One effort to solve the problem of poverty is by optimizing *zakah* as an instrument of poverty alleviation. *Zakah* is *maaliyah ijtimaiyyah* worship which has a very important position, especially to the development of the welfare of the people. According to Regulation No. 23 of 2011, the management of *Zakah* is the domain of government (National *Zakah* Agency/BAZNAZ) and assisted by regional and local agency (BAZDA and LAZ). Nationally, the *Zakah* potential in Indonesia has reached Rp.20 trillion per year. According to the Chairman of the National *Zakah* Agency, Didin Hafidhuddin, the national potential for *zakah* reaches Rp.213.7 trillion annually, if calculated from the number of Indonesian people today, which has reached 250 million people. Moreover, according to Said Aqiel Munawar, the potential of

Zakah reaches Rp. 7.5 trillion per year. BAZNAS, since established in 2001, always obtains the increase in the number of *Zakah* givers about 15.8 percent annually. Even, in 2011, the revenue of *Zakah*, *Infaq* and *Sadaqah* (ZIS) reached 1.7 trillion, then in 2012 increased to 2.2 trillion. According to Regulation no. 23 of 2011 which is as a refinement of the Regulation No.38 of 1999, the management of *Zakah* is the domain of government (National *Zakah* Agency) and assisted by regional and local agency (BAZNAS and LAZ). However, until now, such a large potential of *Zakah* has not been able to be achieved by BAZNAS and BAZDA especially in Semarang. As a result, *Zakah* role to eradicate poverty has not been effective and efficient.

The low ratio of the realization of collecting ZIS and the existing potential of *Zakah* does indicate that there is still un-optimal management of *zakah* in BAZNAS and BAZDA, so that, the role of *Zakah* has not been able to drive to eradicate poverty. The regulation No. 23 of 2011 has given great authority to BAZNAS and BAZDA in the planning, execution, control; reporting and accountability for the collection, distribution and allocation of *Zakah*. Under these conditions, the problem in this study is how to improve the effectiveness of the management of the ZIS (*Zakah*, *Infaq*, and *Sadaqah*) by BAZDA in Central Java province in their participation in alleviating poverty. The purpose of this study is to identify and further examine the role of BAZDA in Central Java province in the management of the ZIS to make *mustahik* become more productive and, even, can be *muzakki*, so that the level of poverty will decrease.

Literature Review

Zakah, *Infaq*, and *Sadaqah* (ZIS)

Terminologically, *Zakah* means issuing some treasures with certain requirements to be given to certain groups (*mustahiq*) with certain requirements as well. Meanwhile, *Infaq* and *Sadaqah* mean issuing some treasures for interests commanded by Allah outside *Zakah*. *Sadaqah* is sometimes used for immaterial. *Zakah*, *Infaq* and *Sadaqah* are the embodiment of love and compassion to fellow human beings. A love of *Muzakki* will eliminate envy and jealousy of the *Mustahik*. Meanwhile, the urgency and wisdom in carrying out the ZIS (Hafifudin), among others is: (1) As an embodiment of faith in Allah and the truth of his teaching (QS.9:5, QS. 9:11), (2) as an embodiment of thanks giving favors, especially favors of objects (QS.93:11, QS.14:7), (3) to Minimize the characteristic of greedy, materialistic, egoistic and selfish. Curmudgeonly is inherently reprehensible and will make people away from God's grace. (QS.4:37). Being Parsimonious will slowly destroy the treasure we possess. Our Prophet, Muhammad PUBH said: "*The envy could spend goodness, as fire burns wood; sadaqah (charity) can eliminate the error, as water can extinguish the fire; that prayer is the light of faith, and fasting is a shield from the torment of the fire of hell*". (Ibn Majah). (4). to cleanse, purify and create mind-peace of *Muzakki* (people who pay *zakah*) (Verse 70: 19-25), (5) On Assets issued for *Zakah*, *infaq* and *sadaqah*, it will thrive and give blessing to its owner. Luck and Fortune will always be opened by God (Verse 2: 261, 30:39, and 35:29-30). (6) As the embodiment of love and compassion to fellow human beings. A love of *Muzakki* will eliminate envy and jealousy of the *Mustahik* to them. (7) *Zakah*, *Infaq* and *Sadaqah* are source of funding for infrastructure development which should be possessed by Muslims, as a means of education, health, economic institutions, and so forth (Q.Verse 9:71). (8) To promote business ethics right, because *Zakah* is not to clear the dirty treasure, but to clean up the property acquired by way of a clean and true, of the property of others (Q.Verse 51: 19). (9) In terms of the development of the welfare of the *ummah* (society), *Zakah* is an instrument for redistributing income, with a well-run management, it is possible to build economic growth to achieve economic with equity (Q.Verse 59:7), and (10) *Zakah*, *infaq* / *Sadaqah* will encourage the Muslims to have a work ethic and a high effort, so that, the property possessed in addition to meeting the needs of self and family life can also give benefit to those who deserve it.

The Contributions of Zakah to Economic Welfare of Society

According to Qardhawi (1997), alleviating poverty is the purpose of *Zakah*. Chapra (2000) states that *zakah* is a religious instrument to help indigent and poor people which are not able to afford their lives expenses. Some state that *Zakah* is an effective tool in alleviating poverty (Nurzaman, 2010) because (1). the allocation of *Zakah* has been determined for 8 *ashnaf* (those who deserve) according to QS. At-Tawbah: 60 (*fuqara, masakin, amilin alaiha, muallafatul qulub, fir-Riqab, gharimin, fisabilillah, and ibnus sabil*), (2) *Zakah* is imposed on the wide-range basis and various economic activities such as agricultural products, animals, gold and silver; commercial activity, minerals and physical and financial assets, including professions/skills of employees so that it has considerable potential to reduce poverty. (3) *Zakah* is a spiritual tax paid by each Muslim in any condition.

Several studies on the impact of *Zakah* on the community well-being have been conducted by many researchers. There are three categories associated with *zakah*, they are, *fiqh-zakah* (Qaradawi, 1997; Mahmud and Haneef, 2008), the management of *Zakah* (Kahf, 1999; Islahi, 2005; Azharudiddin, 1988; Faridi, 1993, 1995; Ajeel, 1995; Abdul Wahab, 1995; Khan, 1993; Jamjom, 1995; Mohammad, 1995; Balogun, 1999) and economic *zakah* which includes the impact of *zakah* to the aggregate of economic, production, consumption and investment. The study conducted by Khatimah (2004) elaborates the impact of *zakah* toward the increase in the welfare of *mustahik* through productive financing and in-depth investigation on program counseling done by *Community Development Circle* in *Dompot Duafa Republika*. Based on the statistical findings, it can be concluded that most of the partners program earn significant revenues through financing model of *zakah*. Factors of gender, level of education, total alms received and type of business influences the level of income significantly. Moreover, the study conducted by Sina (2005) evokes that *zakah* has an influence on *mustahik* income. The study by Susanto (2002) on *Zakah* as an anti-difference and poverty policy alternative concludes *zakah* is effective to alleviate inequality and poverty in Indonesian society. Even, the study by Beik (2009) also concludes that *Zakah* plays an important role in the redistribution of assets, capacity and wealth creation policies.

Qardhul Hasan

Qardhul hasan or benevolent loans is a social financing in the *Sharia* Financial Institutions (LKS). *Qardhul hasan* is derived taken from the Qur'an, Surah al-Hadidverse 11 and al-Baqarah verse 245. *Qardhul hasan* financing is a form of implementation of the instruction of the National Sharia Board No. 19/DSN-MUI/ IV/2001 on *qardh* by LKS. That the Shariah Financial Institutions (LKS) in addition to a commercial agency, must be able to act as a social institution that can boost the economy to the maximum, and a means of economic development. LKS can distribute funds through *qardh* principle. There is no contradiction in terms and conditions arranged by *qardh*. According to Abu Hanifah, Malik, and Ahmad, wemay not take benefits of the property on loans. Likewise, according to Imam Shafi'I, wemay not precede any requirement as well.

Based on the description above, there are four types of usury/*riba* (*fadhli, nasi'ah, yadh, and nasa*). However, in *qardh*, there are only two, namely, *nasi'ah* and *Fadl*. *Riba nasi'ah* is often called as *riba qardh* and often done at the *jahiliyah* periods, so that; it is also called as *ribajahiliyah*, which occurs in addition tenor of debt in return for that period. This occurs when the *qardh* is in form of money. Yet, *Riba Fadl* is a *qardh* in the form of goods as surplus.

Research Framework

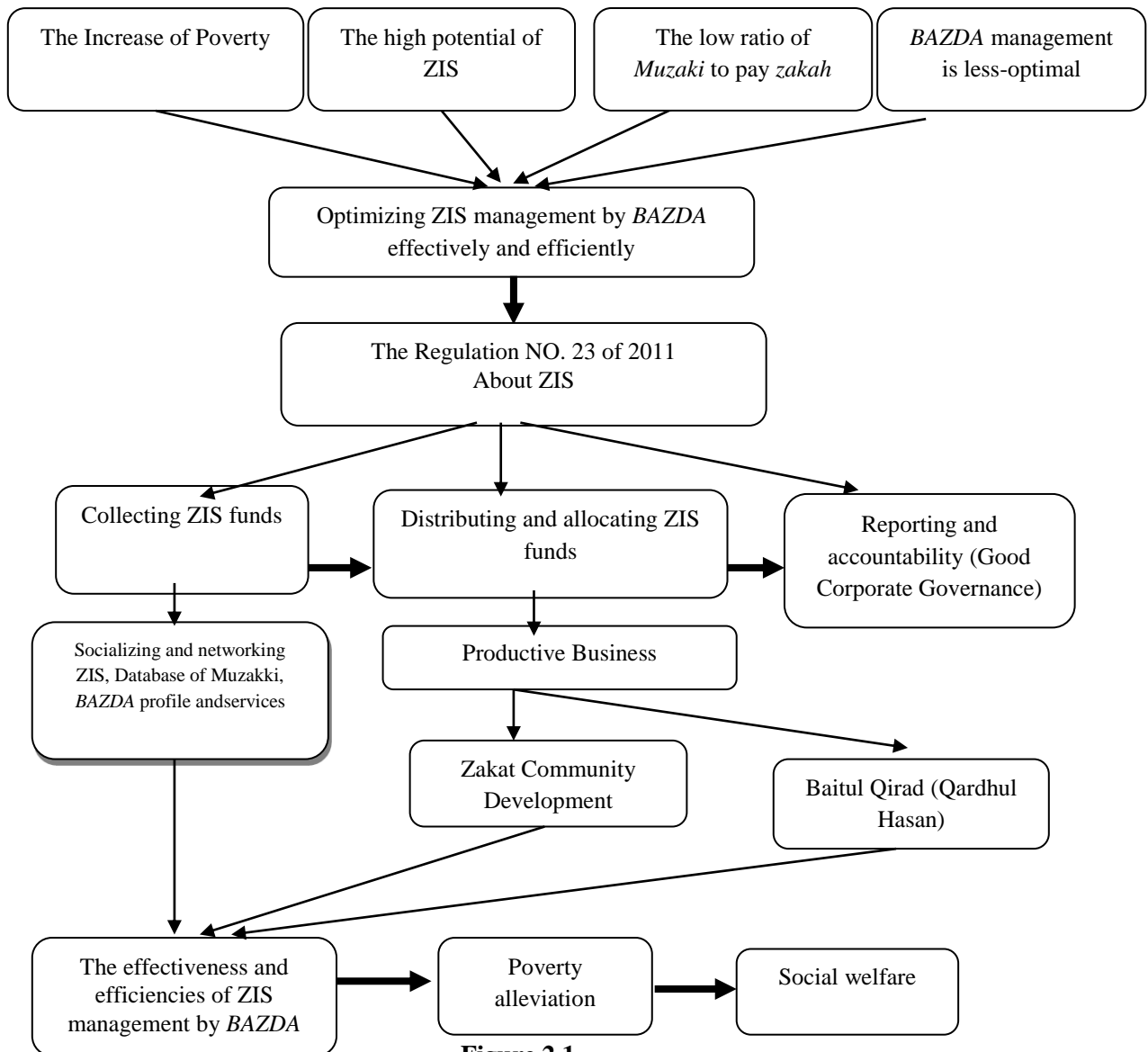


Figure 2.1.

Methods

Population and Respondents

The scope of the research involves BAZDA in Central Java Province by taking samples of BAZDA in Semarang, Demak and Jepara regency. The respondents consist of 60 muzakki, 60 mustahik, and 40 managers of BAZDA. The Sampling is *purposive sampling* technique. The data collected is the primary and secondary data. The primary data are obtained through questionnaires and interview to muzakki who have already paid Zakah through Bazda, mustahik who have gained support from Bazda, especially those that have **productive business**, ZIS managers at the district level, and managers of Bazda. In addition, the secondary data is obtained through various sources such as BAZDA and related institutions. It is obtained from BAZDA which includes the amount mustahik and muzakki, the data distribution of ZIS and the ZIS management reports.

Data Analysis Techniques

The data analysis technique used is descriptive analysis by analyzing the respective answers of the respondents. The first analysis performed is on the results of the responses about the perception of *muzakki* to *Bazda*, it is analyzed by using descriptive statistics by SPSS 12.0 software assistance, either from the frequency value (value and percentage), mean, median or mode, then, it is analyzed qualitatively. The second Analysis performed is on the results of the perception of *Bazda* managers and *mustahik* on the distribution and utilization of *Zakah* through productive financing and its impact on the welfare of *mustahik* by using SPSS 12.0 software assistance, both of the value of the frequency (percentage and values), mean, median and mode, correlation and regression values, then, it is also analyzed qualitatively.

Findings and Discussion

The Management of BAZDA

The management of *BAZDA* is dominated by the manager in the productive age, between 31-40 years and 41-50 years which is about 67.5%. For education level, the managers are dominated by the managers with a high school education levels (27.5%), under-graduate (40%), and post-graduate (20%). The presence of a fairly high level of education for managers of *Bazda* will certainly contribute to the high quality of *BAZDA* management because *Bazda* is a unit of activity that needs to be professionally managed from the collection, distribution, and accountability. *BAZDA* management needs of personnel manager who has relevant competence.

Based on the work periods of the respondent of *Bazda* managers, on average, they work in *Bazda* district/city level between 1-10 years with a percentage of 95%. This is certainly influenced by the presence of *Bazda* that in some districts is still relatively new. The managers, in general, are also *muzakki* of *Bazda* in each district/city, and the *Zakah* paid is largely *Zakah* of profession (80%). The management of *ZIS* requires an information system that can provide easiness for *muzakki*, *mustahiq*, and managers. In this study, the largest *muzakki* are still dominated by a 'captive market', i.e. civil servants in each district/city. Moreover, Media information they get to do with the payment of *Zakah* is from the internet and brochures, which reach 87.5%. The manager/*muzakki* has a tendency to pay *ZIS* directly to the office of *Bazda*, though there are some managers who directly pay it to the poor. While the distribution of *ZIS* to the indigent is reaching 77.5% and the poor is 20%. Considering that most of the alms (*zakah*) are distributed to needy groups, so the assistance given is merely to traditional consumer interests.

An example of obstacles faced by *BAZDA* managers at district/city level is a lack of *muzakki* to consciously pay and give *Zakah* of 2.5% of their properties, especially for *muzakki* in private and public servants in general. This lack of awareness, perhaps, is due to the lack of socialization and proper promotion. As a result, *Muzakki* need to be reminded regularly. Another obstacle is the issue of distribution and allocation of *Zakah* to be given to the *mustahiq* in a far distance or range from *Bazda* office; this is caused by a lack number of field workers possessed by *BAZDA*.

According to the respondents' perceptions of *BAZDA* managers about the socialization of paying *ZIS*, they have done such socialization through the print and electronic media as a very precise and relevant media to disseminate *BAZDA* and *ZIS* to all citizens who have potential to be *muzakki*. Respondents also perceived that socialization has been done through collaboration with other agencies. To be able to increase the number of *muzakki* and distribute *Zakah* more precisely, it is necessary to know who will be *muzakki* and prospective *muzakki*. Besides, it is also necessary to map *mustahiq* capability of providing a clear description of proposed *mustahiq* anyone and anywhere. This is certainly going to avoid overlap in the provision of assistance to *mustahiq*, so it can achieve even distribution of *zakah*. Based on Table 4.6, it shows that the

mapping of even distribution of *zakah* to *muzakki* is still not done yet. Furthermore, many BAZDA still do not have valid database of *muzaki/mustahiq*.

Improving competence of *amil* (zakah collector) in performing their duties is a very important variable. The comfort of *Bazda* office in general, according to the manager, is quite comfortable, even though there are still managers who feel that the comfort level still needs to be improved. The knowledge of *amil* and the number of personnel are very important asset in relation to managing *Bazda*. According to the respondents, generally, the knowledge of *amil* is sufficient and the numbers have also been proportionate. Moreover, in terms of competence, respondents perceive that *amil* have good competences.

Bazda measure of success in improving the welfare of society can be measured by the level of credibility and trust from stakeholder. Generally, it indicates that *Bazda* has already had good credibility; however there are some respondents which are still uncertain about the credibility of *Bazda*. It is also associated with the belief that the public does not fully trust in *Bazda* in carrying out its functions to improve the welfare of society. The important method for *Bazda* in improving the welfare is through the distribution of *Zakah* for people who truly deserve. Distribution is carried out by the basis of well-targeted and transparent. The Success in *Bazda* management cannot be separated from the information systems they apply. In this present era, information system is created to provide convenience for the interest parties. Furthermore, based on the perception of the respondents, the presence of WEB still needs to be optimized as a suggestion to provide easy and cheap access of information. Yet, the publication of the report and accountability, according to respondents' perceptions, still requires improvements.

In association with the management of ZIS report carried by *Bazda*, it is generally good, in relation to the report of audit, accountability, and transfer of *mustahiq* to *muzakki*. However, in relation to the audit, there is still a perception of respondents stating that the audit has not been carried out every year. Similarly, the accountability report also still needs to be improved. The purpose of giving *zakah* to the *mustahik* in order to turn them into *muzakk* in the future, according to the perception of the respondents, has not also fully implemented yet because it requires a long time to change *mustahiq* habits, and they need for more assistance model in order to have productive activities.

The distribution of ZIS fund should be carried out correctly in accordance with the provisions of the existing rules (at-Tawbah; 60). To be able to distribute ZIS fund properly, previously, it is necessary to determine the *mustahiq* eligible to receive funds of ZIS. The existence of a feasibility study to determine who is entitled to the ZIS up on what kind of business would be helped, counseling guidance and a series of evaluation to be provided is interrelated factors to determine the distribution of ZIS effectively. Table 4.11 shows that the feasibility studies for productive *zakah* giving are still not fully implemented (10%). In determining the type of business, as much as 18% respondents state that there is still no determination of activities to be carried out in providing assistance of distributing ZIS. Guidance and monitoring to productive enterprises in general have been performed by the management of ZIS in relation to the monitoring of aid given.

Mustahiq

In this study, the main focus is the productive *mustahiq* in four districts/cities becoming the object of study. The study of *Mustahiq* is an exploration associated with general description, the terms of applying for, and the consequences of the loans. The Number of dependents *mustahiq* is 67.3% with 1-3 people in his/her family. Meanwhile, there are 32.7% of dependents *mustahik* who have between 4-6 people in his/her family. These findings indicate that the number of dependents *mustahiq* is quite small numbers. The duration for the *mustahiq* selling mostly between one and nine years, it means that the period of selling is quite a while. The *mustahiq* also perceive that they amount sufficient number of buyers.

If we judge from the income and expenditure of the *mustahiq*, their sales turnover are perceived to be good because they have average revenue more than 100,000 rupiahs per day. Meanwhile, their spending levels range from 50,000 rupiahs. According to the perceptions of *mustahiq*, they can obtain profit in the range of 50,000 rupiahs per day. Types of the *mustahiq* productive profession engaged in trade, such as: oxygenated water, *angkringan* (side-road cafe), chicken pieces, meatballs, selling petrol, fruit, green bean porridge, coconut ice, fried foods, sewing, snacks, buying and selling equipment and gear for motor cycles, grocery, chips, pastries, a variety of snacks, rice cake and *pecel*, food and beverage, Muslim clothing, snacks, bread production, cigarettes, ice and snacks, toast, vegetables, groceries, HP service, sausage and ice pop, tofu mix, goats, and food stalls.

ZIS assistance for *mustahiq* will be very helpful if the impact is to improve the welfare of the *mustahik*. Table 4.20 shows that the assistance with no refund (*qardhul hasan*) is very helpful to improve the *mustahiq* productive effort. Besides, they also perceive that it is able to improve their performance. On the other hand, for loans that need to be paid, there are still some *mustahiq* (21.2%) who said that they had arrears in loan repayment. Terms of the loan are provisions that must be met by potential borrowers. Briefly, In the case of loans granted by *Bazda* certainly have different characteristics with commercial loans. *Mustahiq* in four districts/cities as the object of the study think that *qardhul hasan* access, administration, and general business capability assessment shows ease, although there is still a bit difficult to assess access, and administration is somewhat convoluted, such as: when respondents need to get assistance, they feel that the procedure is a bit complicated in relation to character assessment, appraisal, and need for a recommendation from another party. 87% Loans is for the sake of working capital. Meanwhile, in solving the problem of arrears, there are indeed some respondents said that they ever had delinquent loan repayments (24% of respondents). Most of them (90%) state that the loans can increase business profits.

Zis Management Model

Following up the findings of studies that have been described above, to be able to improve effectiveness in managing ZIS by *Bazda*, it is necessary to develop a management model of ZIS that serves as an overview for *Bazda* managers in carrying out their duties. As mentioned in the law on the management of *Zakah* No. 23 of 2011, in article 6, it is stated that *Baznas* is an authorized institution of *Zakah* to manage it nationally. Meanwhile, in article 7, it is stated that *Baznas* performs the functions of planning, implementing, and controlling in relation to the collection, distribution and utilization of *Zakah*. Based on the articles, then in its implementation, we need to develop a management model of ZIS. In this study, the management model is focused in three groups, namely: collection, distribution, and accountability model of ZIS.

The collection of *zakat*, *Infaq*, and *Sadaqah* (ZIS) conducted by various *Bazda*, in this study, actually show improvement over the last three years. This certainly indicates a better performance. However, if looked at the potential, the potential is still very prospective, especially for *muzakki* of public servants (PNS) in the location of the study, it is necessary to make more efforts to achieve the existing potential. We must keep in mind that the average participation rate is approximately 20% of civil servants in the pay of ZIS. Other potential that can be developed is derived from school children ranging from elementary to senior high school, private sector employees, and the community as individuals.

The method to be developed in the model of ZIS collection certainly must begin first with a database of *muzakki*, it should always be revised/improved every year. With up to date database of *muzakki*, a new manager can carry out socialization as well as regular meetings with *muzakki* to provide the ease of information for them about how much *Zakah*, how payment, and how transparency that will be applied, as described in Article 21 paragraph 1 and 2.

In article 25, it is mentioned that the *Zakah* is compulsory distributed to *mustahiq* in accordance with Islamic *Shari'a*. Meanwhile, the distribution of *Zakah* is done based on priorities with regard to the principle of equity, justice, and territorial. Based on the second clause, to ensure the principle of equity, justice and territorial, it needs to be preceded by the provision of *mustahiq* valid data base to ensure that the ZIS given is in accordance with a priority scale. In addition to providing openness, it needs for an open and transparent system of ZIS administration in granting funds to *mustahiq*. The distribution of *Zakah* can also use the concept of utilization to *mustahiq*. This concept is proposed to productive business in the handling of the poor and improving the quality of the people (Article 27). *Zakah* for a productive business is a higher level and hoped to create a new *muzakki* which is previously as *mustahiq*.

Accountability of the various activities associated with the management of the ZIS is a very crucial stage in the management of *Bazda*. Accountability can be done through regular reporting to *Baznas*. Accountability is made to all the activities that have been performed and the assistance that has been given to *mustahiq*. To be able to give an account in easy and fast way is via website in each *Bazda*, through various menus displayed. From the findings of the study, not all offices of *bazda* have representative website and been able to provide complete and up to date information for the wide community.

Discussion

Based on data survey through questionnaires and interviews with *Bazda* managers and *muzakki*, it shows that the public interest to pay for *Zakah* is still low and not optimal. During the collection of *Zakah*, *infaq* and *Sadaqah* (ZIS), it is dominated by the civil servants from government agencies. Although the target of collecting ZIS by *Bazda* increases each year, but if compared to the potential *muzaki* in each region, it is still relatively low. As an illustration, the number of civil servants in each district/city is about 10,000 on average; yet, only 40% of them which are aware of paying ZIS. Meanwhile, ZIS potential of other government agencies, state and private companies and individual employees is still very low. Based on the findings of the study, every *Bazda* in districts and cities has been trying to disseminate to various government and private agencies, however, because of limited operational funds and the amount of human resources, and incomparable range of *muzaki*, then, the potential *Zakah* to be collected is still not optimal. There are several factors becoming constraint in optimizing the collection of *Zakah* in every *Bazda* in Central Java, such as, the absence of representative building to support infrastructure and operational funds from district allocation budget (APBD). Based on the findings of the study, the building, facilities and infrastructure to support *Bazda* activities in collecting ZIS are less-adequate.

On the other hand, the existence of *Bazda* institution, based on regulation no. 23 of 2011, is very strategic because it serves as a place for Muslims in performing the obligation of *Zakah* for those who are capable of in accordance with law and religious regulation that aims to improve the welfare and the justice of the community. Therefore, the management of ZIS must meet the elements of professionalism and be able to create a reputation, image and "trust" for the *muzaki*. Reputation, image and trust can be obtained if *Bazda* service is well-perceived by the *muzakis*. Good quality services include the fulfillment of the "tangible" element such as buildings, facilities and infrastructure, and representative vehicles of operational; and *intangible* elements such as reliability, responsiveness, *empathy* and assurance service fulfillment of ZIS. Under these conditions, the building of *Bazda* in each district and city that exists today needs to be relocated in a strategic place and built a new one which is representative through the budget support of district/city governments. The *Bazda* building used this time is the remainder of the building inventory of the regency/city government, so prior to use, it requires a very large renovation costs. A representative *Bazda* building is one way to create trust of the *muzaki*, especially a large scale of *muzaki* both individuals and large

companies. Some *Bazda* building that need relocation to a very strategic place such as *Bazda* of Semarang city which is currently located at Jl. WR Supratman No. 77 Semarang, *Bazda* Semarang Regency which is located on Jl. Slamet Riyadi No. 3 Unggaran, *Bazda* Demak which is located in the Jl. Kauman Gg. II, No. 8 Demak. To realize the conditions, it takes commitment, coordination and synergy between the board of *Bazda*, Chairman of Regency/City as well as the Legislative Council and the benefactors.

In addition to the relocation and remodeling of buildings, facilities and infrastructure, operational facilities need to be completed to support good performance of *Bazda* such as furniture, vehicle operations, operating costs of socialization, ZIS collection and utilization, information technology and systems tools that support the management of *Bazda*, in particular the availability of *mustahik* and *muzaki* online databases. During this, the operational costs for *Bazda*s from the budget allocation of government which is about Rp 100.000.000,- and *amil* right corresponding to the regulation No. 23 of 2011 on the ZIS articles 31 paragraph 1 and 2. Some *Bazda* claim that the operational cost of Rp.100 million is still not sufficient to operate and optimize potential *muzakis*. It is necessary to have more allocation of operating costs of *Bazda* as much as Rp 200,000,000/year to support the operations and performance of *Bazda* in socializing, gathering, distribution and reporting of ZIS. The essence of *Bazda* success in realizing the potential ZIS would further reduce the level of poverty in the city/county.

Related to the database of *mustahik* and *muzaki*, there is no complete database system from *muzakis* and *mustahik*, as a result, the collection and distribution methods have not been fully optimized. With complete data base of the *muzakis* and *mustahik*, it will facilitate *Bazda* in determining the proper socialization for each *muzaki* and *mustahik*. It is necessary to gain data collection by involving *Bazda*, governments in district/city and ministries of Religious Affairs with funding from the budget. Based on the findings of the study, it is showed that the majority of the *muzakki* are civil servants (PNS) in the District/City (25%) and individuals (27%). While from the private businessman is still quite low. The database which needs to be collected includes information about the name, age, education, and occupation, place of residence, gender, monthly income and monthly expenses. The database gained then grouped and mapped based on jobs, income and expenses to calculate the potential *Zakah*, *sadaqah* and *infaq*, to decide potential and proper socialization methods in pay *Zakah*, *Sadaqah* and *infaq*. Furthermore, the database of *mustahik* and *muzakki* will upload the website of *Bazda* to be accessible to the public. So far, the use of *Bazda* WEB is not fully optimized as a provider of media information of dissemination activities related to the collection, distribution and reporting for *mustahik*, *muzakis* and other relevant stakeholders.

Furthermore, to optimize the performance of *Bazda* in district/City, the role of human resources is essential in quality and quantity. The management of *Bazda* in district/ city has had quite a lot of personnel, yet, for daily operation is still very little. The structure and number of board of *Bazda* currently still use regulation No. 38 of 1999. Based on regulation No. 23 of 2011, Article 8, the board of *Bazda* consists of 11 (eleven) members by 8 (eight) members from the community, and 3 (three) from government elements. Community element consists of elements of scholars, professionals, and Islamic community leaders. Government representatives appointed are from ministries/agencies relating to the management of *Zakah*. Based on the study, 50% of *Bazda* managers are bureaucrats and the rest is the elements of society, and the average of bureaucrat officials is still active. This often makes *Bazda* difficult to develop quickly and less focused. From the four existing *Bazda*, 3 of which are chaired by the bureaucrats (*Bazda* in Kota Semarang is by the deputy mayor of the city, *Bazda* in kabupaten Semarang is by the district Secretary, and *Bazda* in Demak by Head of cooperatives and industrial). However, the BAZDA of Jepara is chaired by former vice-regent. Based on the above conditions, it needs to reform the structure of the new governing

structures in accordance with the new legislation and expand operations to attract potential employees and distribute *Zakah* to *mustahik*.

The socialization systems and methods for collecting *Zakah*, *sadaqah* and *infaq* have been done by all *Bazda* through print and electronic media, but because of limited funds and human resources, the ZIS potential has not been fully achieved. Socialization in ZIS collection system involves the commitment of all parties, both *Bazda* board in district/city and governments. At *Bazda* level, it needs to optimize the role of *Zakah* collection unit (UPZ) at village, district (District of BAZ), UPZ in the SKPDs district/city, UPZ within enterprises, SOEs and UPZ in private companies. The biggest challenge for *Bazda* managers based on the results of the study is the *muzaki* who do not pay ZIS through *Bazda* is more likely to funnel directly into *mustahik* (86%). Until today, *muzaki* is dominated by civil servants because of the instructions/circulars call to tithe from the Regent/Mayor and it only realize for 40% for those who pay *Zakah*. The majority of civil servants paid ZIS have income of about Rp.3,000,000 per month. An illustration of rough calculation of potential *Zakah* for civil servants, if there is 10,000 civil servants in the District/City pay *zakah* with average of Rp. 50,000/month, then in one year, it will obtain ZIS as much as Rp. 6 billion per year. Yet, the total collection of ZIS of the four *Bazda* is currently about 1.5-2 billion dollars per year. This does not include the potential potency of ZIS in SOEs (especially Bank), enterprises and private companies (private banks and manufacturing companies) in each district/city. ZIS optimization step can be done through coordination between *Bazda* District/city, District / city governments, public and private agencies in the establishment and optimization of the UPZ. For civil servants in the district/city, it needs to strengthen the system of *reward* and *punishment* for Muslim civil servants in the pay of *Zakah*, such as one of the considerations in the promotion system. Meanwhile, for agencies outside the district/municipal government, it is required the cooperation (MOU) with the district/municipal government and *Bazda* to optimize ZIS through the establishment of an UPZ.

Based on this study, distribution and utilization of the complement system of ZIS has been distributed in accordance with the criteria of 8 *ashnaf* (indigent & poor, *Riqqob*, *sabilillah*, *Ibnu Sabil*, *muallaf*, *Ghorim* and *Amil*). The utilization of ZIS is allocated to education, health, social and productive business empowerment. The largest proportion of ZIS distribution *Bazda* is far more towards traditional consumptive than productive and creative as well as conventional and creative productive. Under existing conditions during this time, it is necessary to have paradigm shift in the form of the distribution and utilization of empowering ZIS into productive activity, so that each *mustahik* can turn into *muzaki*. Regulation No. 23 of 2011 section 27 subsection 1.2 and 3 includes the utilization of *Zakah* for productive business in the handling of the poor and improving the quality of people. Effectiveness on the distribution of ZIS can be achieved when *Bazda* have had *mustahik* database completely, so it can perform mapping (*mapping*) as a basis for determining priorities and forms of *mustahik* assistance program to be implemented. If *mustahik* basic need have been met, then the distribution of productive ZIS is directed to aid in the form of equipment or working capital assistance, business assistance, *community development charity* (which has been initiated BAZNAS) and the establishment of cooperatives or Islamic microfinance institution that channel the ZIS productive either through loans virtues (Qardhul Al Hasan) or through financing with sharia regulation to *mustahik*. Utilization of ZIS through business in order to be effective requires work with various parties, including the role of universities in the process of mentoring. The results of the distribution and production of ZIS empowerment needs to be reported and disseminated to the various *stakeholders* in a transparent and accountable manner through a written report to the City/County Councils, the *muzaki* and book publishing reports/bulletins and information via WEB of *Bazda* respectively.

Conclusions and Recommendations

Based on findings of this study, there are several conclusions that illustrate overall management effectiveness,

1. The entire *Bazda* (Semarang, Semarang regency, Demak) already have data on *muzaki* and *mustahik*, but does not yet have a database of *mustahik* and *muzakis* completely, so it cannot be *mapped* to the benefit of the collection and distribution of ZIS effectively and efficiently. On the other hand, ZIS potential in each district/city is still very large. The condition of the building, infrastructure and operational funds sourced budgets have not been able to support the operations and performance of the collection, distributor and reporting effectively and efficiently.
2. It is Required a coordinated and integrated cooperation between *Bazda* District/City, Baz Districts, the City/County, enterprises, state-owned and private agencies in order to collect ZIS effectively and efficiently and not only dominated by the civil servants alone.
3. Distribution and utilization of ZIS is dominated by the fulfillment of consumer needs and focused on the areas of health, education and social, while empowering productive business activity is still relatively small, so it requires a paradigm shift in the management of the ZIS to make *mustahik* become *muzakis*.
4. Reporting and accountability system, so far, has been conducted in a transparent and accountable through a written report to the District/City Government and Parliament, but some *Bazda* do not convey to *mustahik* in detail, either in book form or through the WEB. Only the district of Jepara which has a complete reporting system, regular, detailed and printed in book form for the report sent to the district government, parliament, and *muzakis* to related parties.

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