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on Islamics Economics  
and Business*

Faculty of Islamic  
Economics and Business  
Islamic State University of Alauddin  
Makassar  
2019

*Proceeding Book*



UNIVERSITAS ISLAM NEGERI  
**ALAUDDIN**  
M A K A S S A R

# *Prosiding*

**1<sup>st</sup> ALAUDDIN INTERNATIONAL CONFERENCE ON ISLAMIC  
ECONOMICS AND BUSINESS 2019**

**FAKULTAS EKONOMI DAN BISNIS ISLAM (FEBI)  
UIN ALAUDDIN MAKASSAR  
2019**

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## FOREWORD

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*Assalamualaikum wa rahmatullah wa barakatuh*

Praise to Allah swt for giving His blessings to us so that the proceedings of 1<sup>st</sup> Alauddin International Conference in Islamic Economics and Business (AICIEB) 2019 by Faculty of Islamic Economics and Business UIN Alauddin Makassar can be completed properly.

This proceeding book contains a number of research articles on strategies in developing the role and position of Micro, Small and Medium Enterprises (MSMEs) which were presented at the International Conference organized by the Faculty of Islamic Economics and Business (FEBI) UIN Alauddin Makassar in August 2019. This conference was held as a series of commemoration of the 5th Milad of the Faculty of Islamic Economics and Business.

In an international conference on optimizing the roles and positions of MSMEs in shaping and sustaining the economy from an Islamic economic point of view, a general theme was proposed *Cultivating Islamic Civilization Through SME's*. This theme is stabilized by considering the existence of empirical evidence of the ability of MSMEs to survive in the economic crisis situation faced by Indonesia in 1998. Nowadays, in this era of disruption, MSMEs are still able to survive and are even believed to be able to sustain the economy of the poor. We believe that to build a civilization, an established economic foundation is needed, and that established foundation can be built through Islamic economics.

We are grateful that our idea has received massive response from the presence of conference participants from various academic backgrounds, universities, and institutions spread along Indonesia. For the implementation of this activity, we thank you for the support, especially to:

1. Rector of UIN Alauddin Makassar
2. Speakers and Moderator
3. Academic community of FEBI UIN Alauddin Makassar
4. Committee
5. Conference participants
6. Article contributors and reviewers

Finally, if there are less pleasing in the conduct of International Conference and in the publication of these proceedings we are beg for forgiveness, we hope what we have done is beneficial to the progress of Islamic Economics in the future. Amien

*Wassalamualaikum wa rarahmatullahi wa barakatuh*

Samata, August 2019  
Commitee,

Dr. H. Abdul Wahab, SE., M.Si

**MESSAGE FROM THE DEAN  
OF ISLAMIC ECONOMICS AND BUSINESS FACULTY  
UIN ALAUDDIN MAKASSAR**



*Assalamualaikum wa rahmatullahi wa barakatuh*

Starting this remarks, let us together praise to Allah swt for all blessings so that a grand event "1<sup>st</sup> Alauddin International Conference on Islamic Economics and Business 2019" about empowering Micro, Small and Medium Enterprises (MSMEs) has been completed and took place smoothly, solemnly, and produced a proceeding book that summarized the actual themes presented during the conference.

The international conference was in accordance with the vision of the Faculty of Economics and Islamic Business of UIN Alauddin Makassar in an effort to develop into a superior, civilized, and highly competitive faculty in facing the Global Challenges of 2025. The theme raised in this inaugural event was "Cultivating Islamic Civilization Through SME's". This theme was taken in order to strengthen the position and role of MSMEs in shaping civilizations that benefit humans, and Muslims in particular.

On behalf of the Faculty of Islamic Economics and Business (FEBI) UIN Alauddin Makassar, on this occasion would like to express thanks to all those who have contributed energy and thoughts, especially in the initiative of developing potential economic resources and carried out by most people, especially the middle class down.

Thank you also to the Universitas Islam Negeri (UIN) Alauddin Makassar for their support in organizing this activity. We also do not forget to extend our highest thanks and appreciation to the organizing committee, the editorial board for their hard work in realizing the activities of the International Conference and the publication of this proceeding book. Hopefully this will become the field of Da'wah and Jariyah that will benefit others.

Finally, I hope that this proceeding book can contribute greatly to the development of scientific treasures and ideas in developing the economic potential of the people towards a better future. thanks.

*Wassalamualaikum wa rahmatullahi wa barakatuh*

Samata, August 2019  
Dean,

Prof. Dr. H. Ambo Asse, M.Ag

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## **THE EMPOWERMENT OF ZAKAT AS SOCIAL FINANCIAL PERSPECTIVE OF ISLAM**

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### **ABSTRACT**

The focus of this research is on the empowerment of Islamic Social finance perspectives in finding the optimal empowerment model. Still not optimal management of zakat funds so that the potential in advancing the economy through social finance can not be achieved. The purpose of this research will reveal some important points as an idea in building up empowering social finance of zakat funds. This research approach is a qualitative perspective using the grounded theory method. Based on the results of the study will produce a basic theory about the empowerment of zakat funds contained in 5 T i.e. precise target, precise amount, appropriate cost, timely and precise influence.

Keywords: Empowerment, Zakat, Financial

## INTRODUCTION

Indonesia's high poverty rate is an evaluation for the nation to find the right instrument in accelerating the poverty decline. The various policies of both sectoral, monetary and fiscal and other policies turned out to be 94 not effective in lowering the significant poverty rate for this nation. This is described in the current poverty rate which reaches 14% of the total population in Indonesia meaning there are about 30 million poor people in Indonesia. In addition, Gap between the wealth and poverty of Indonesia's large population indicates that there is a problem in the distribution of wealth and income in Indonesia. It is demonstrated by the Gini coefficient which is the parameter in indicating the level of wealth inequality that reaches 0.4.

To anticipate the impact of the global economy, including the impact of rising fuel prices, the government has prepared a number of policy packages, among which is the Cash Direct assistance package (BLT). Nevertheless, these BLT policies are often ineffective due to poor coordination and management. Therefore, there is a number of alternative instruments that are expected to be the solution to the problem of poverty and other economic problems. One such instrument is zakat, infaq and Alms (ZIS).

Theologically Zakat is one of the pillars of Islam, and in Indonesia has published a LAW that specifically to manage zakat. Unlike other Islamic pillars, for example, Hajj and fasting have gained serious attention from the government and gained a positive response from the Muslims about the improvement of the Pilgrims' service from year to year. The management of zakat in Indonesia tends to produce a less successful story, consequently, no data is found that Mustahik or zakat recipients tend to diminish from year to year. Another thing is from the economic potential shows that various reports found that the potential Zakat fund in Indonesia, estimated to reach but the funds collected only reached a few percents.

Noting the condition of zakat management, apparently, is also influenced by the way Muslims see zakat in relation to scholarly studies. Zakat tends to be understood as a part of jurisprudence, consequently the law of Zakaah encompasses who and how much is accepted by Mustahik, is already established and completed. But in terms of governance related to the realm of economic sciences, especially Islamic finance has not fully gained serious attention among zakat observers. Looking at the pillars of Islam, it appears that zakat represents the financial realm of Muslims because it talks about income and distribution and its impacts. As a result of the Misview on zakat, tends to be the manager of Zakat, treating zakat funds as an Islamic public fund or Social fund that is the same as other instruments such as infaq and Sadakah and placed on the level of empathy in establishing relationships Between Amil (Zakat Manager) and Muzakki (obligatory zakat) and Mustahik (zakat beneficiary).

Various negative facts above are considered unprofitable zakat as Islamic finance, therefore treated restudy in the framework of the governance of Zakat Fund. Rearrangement of zakat funds, very urgent, not only the rise of Islamic economic sciences academically, but the Sharia banking industry also showed a step forward, but the management of Zakat can be an alternative financial in increasing Kesejahteraan community.

By various circles have offered an alternative idea of the term zakat empowerment, which in fact this idea directly shows the emergence of awareness for the Zakat manager to produce more optimal fund management. Empowerment that brings to the management of optimal funds is not as simple as imagined, because the fund zakat in addition is an implementation of the obligation of Muslims (Muzaaki) because it is born from pillars of Islam that can be called as worship funds, so that it cannot be likened to empowerment on non-zakat funds or other funds.

The characteristics of this Zakat fund will be a serious concern in this paper by looking at Islamic finance.

### **THEORETICAL BACKGROUND**

The results of the research from Baznas and IPB showed that the potential zakat in Indonesia is very large, reaching the number of Rp 217 Trillion. Potentials the can be continue to grew up for his Rising Consciousness The Community in the pays Zakat through Institution Amil Zakat (National Amil Zakat Agency, 2016). According to Ridlwan and Sukmana (2017) the government 's religious, psychological, social, and regulatory factors positively influence to the public motivation to pay zakat on the body of Amil Zakat in East Java. Mature these, developments zakat institute in Surabaya City experiencing increased. It can be seen from the number of government and private zakat institutions that stand in Surabaya City such as Rumah Zakat, Nurul Hayat, National Amil Zakat Agency of East Java province, Lembaga Amil Zakat Oorphans Mandiri, The Institution of Amil Zakat Dompot Dhuafa, Amil Zakat Agency Al-Azhar and others. However many The Zakat agency has been stood up not yet optimal to do distribute zakat and empower devotees. Anwar (2012) suggested that the Management of Zakat in BAZ and LAZ is quite effective but still not optimal. Realization between targets and achievement in the field still not yet in accordance.

In order to optimize the role of zakat for poverty alleviation, there are four important steps that need to be implemented. First, continuous socialization and public education about the concept of zakat. Secondly, strengthening government regulatory support. Thirdly, accelerate the capability of BAZNAS organization and other zakat institutions under the leadership of BAZNAS. Fourth, the need to strengthen international zakat cooperation.

As for the first step, the study conducted by Mukhlis (2011), Sariningrum and Alhasanah (2011), and Firdaus et al., (2012) which is worth mentioning. They have attempted to identify factors that influence the willingness to pay zakat through a formal Amil agency. One of the main findings of this research is the importance of public education and socialization of zakat concept. Awareness of zakat obligation must be developed through appropriate and effective socialization. They suggest optimizing the mass media as an effective means for socialization. Mass Media is believed to have had a huge impact on community perception and awareness.

There are three main issues that need to be resolved in this public education approach. The first issue is related to the presence of zakat of profession or income, corporate zakat, and other modern sources of zakatable items. The second issue is related to the importance of paying Zakaah through BAZNAS and its network of Amil institutions, and the third is related to the lesson or wisdom behind the orders of Allah on Zakat. The second step is strengthening regulatory support. This is very important because the nature of the Zakat collection requires strong regulatory support. In terms of this regulatory framework, Beik (2012) has built various models of zakat regulation in the Islamic world. This model consists of a comprehensive model, partial model, secular model, and models as possible.

Presence agency amil zakat infaq and ssadaqah is to answer various challenge actual that faced people Islam with utilizing power that have on people islam it own. Especially institutions manager zakat should changed from exclusive zakat an traditional to way that more professional with formulation the strategy. Wrong one strategy that need created is create perception people especially innovation dan mustahik about zakat and management. mustahik that given zakat should have responsibility answer dan not only is giving solely as reply pity or sympathy, but more from it is to their can use zakat the to develop himself more mandiri that finally despite from chain poverty:

(a) Public we can build strategy that used in empowerment zakat including increased economy an direct with give capital business. Strategy this used to the mustahik that productive an ability trying like trade, services (plumber shoe, hour front desk wage plow rice fields, etc) that need capital. (b) Increased economy an giving skills and skills through workshop or training to mustahik that still productive. (c) Increased economy the king giving capital business to mustahik that want increase independence in economy. (d) Increased economy through open field work for mustahik that not have ability take care entrepreneurial own. by creation strategy above expected can increase welfare ummah dan always increase business the mustahik in use zakat fund it to right to dan empowered to.

Various expert views on zakat can be understood as an acknowledgement of zakat as an economic instrument for Mustahik. That view

is among others. (1) David Ali in the Book of the Islamic Economic system and Waqf has declared the categorisation of zakat utilization; (2) Abu Yusuf in the book *Al-Kaharaj*, call it the state of the memento and meet the needs of the community's consumables; (3) Ahmad Muhammad Assal in the book *Annidham al-Iqtishad fi al-Islam*, called it, encourages the community to work; (4) MM. Metwaly in his book theory and model of Islamic Economic calls it encouraging communities to work.

The position of zakat as a welfare instrument is considered very strategic in the life of Muslims. It is understood in general that he became one of the pillars of Islam and also be the initial information that allowed Alquran version Mushhaf Ustmani. It is known that the first five verses of Surah Al-Baqarah alquran introduce faith, prayer and Infaq. The three pillars of this by Al-Quran refer to it as a successful person (al-Muflihun).

The achievement of zakat as a part to become a Muflihun, requires the management of zakat referring to the realm of Islamic finance. Islamic finance demanded that funds be managed by observing aspects of financial growth as understood in Alquran about the example for the person who is in Alquran Surah Al-Baqarah: 2/61.

In Islamic finance, the property functions include two things namely worship and Tasharrufiyah. The first function relates to the theology of Muslims, the second is related to maximizing the function of wealth as an object to be developed. The second function of this property is relevant to the example of a wealth management in the case of the infaq that has been done optimally. With zakat, the empowerment of zakat should refer to optimal management. To support the empowerment of zakat in order to achieve maximum results, the indicator of zakat utilization measurement is required.

## METHODOLOGY

Grounded Theory Research is a qualitative research design that allows researchers to form a construction and build a theory of data that is directly collected by researchers rather than the theory that has already mentioned in advance. Grounded Theory Research was first introduced by Barney and Anselm Strauss in 1967. Research these done if they researchers make observation or other participate. In behaviours socially and a try to do understands behaviours the (Babbie, 1992). Research grounded theory deliver researchers an ability to do lowers theorist in the contexts the data that collected. Strauss and Corbin describes grounded theory as a theory derived from data that systematic.

Data collection techniques in grounded theory data retrieval is conducted using interviews whose questions unstructured is through an interview known as unstructured interview with an interview not structured is an interaction between interviewers and respondents. Where the interviewer only has plan the

question or plan things or the context or topic it will ask. Inquiries the is usually is a Inquiries a very common and a is not is a a bunch of inquiries specifics a very must be asked questions with a the word certain and a with the order certain. Collected and analyze through at he process research. the difference between methods research grounded theory with a methods research other, in particular is on the approaches phylosif is development theorist, that is a very advise of relationship continuous between collecting and data analyses data.

One of the strengths of grounded theory is the comprehensive nature of perspectives that can be gained by of researchers. With a how to instantly plunge to the in the phenomenon socially and perform observation to complete, in order researchers can be develop understanding a very profound and a complete. Grounded theory is a systematic methodology of qualitative research in the social sciences that emphasise discoveries theorist from south data in the process continuity research. Grounded theory is a research method that explains systematic instructions for the collection and data analysis with the purpose of building frameworks that can explain collected data.

## RESULTS

### A. Islamic Social Finance

Genetically scientific knowledge of Islamic economics is a development of jurisprudence muamlaah. The jurisprudence is a jurisprudence. Jurisprudence on the beginning of scholarly development is a key word for the entire field of Islamic sciences. Alquran uses the word jurisprudence to uncover the breadth of Islamic sciences that he called *Liyatafaqqahu Fiddin*. Islamic Social finance, will feel the substance when attributed to the development of the Islamic economy is associated with the banking industry that provides financing services for economic productive activities with various example instruments Murabahah, Mudharabah, Muzaraah, and Musyarakah.

The term Islamic social finance, relevant to the public finances of Islam, as both are outside the Islamic business realm. He has an impact on the development of economic social capital by not emphasizing the business aspect. Save my Islamic polarization such as such less relevant because in view of the economic characteristics of Islam, have a multi-dimensional either to the individual also to social in the sense that on the individual property there is a social obligation. In other words for social finance players have the opportunity to acquire individual rights. This final polarization is seen to be relevant to the Islamic economic significance known as *iqtishad* by referring to the meaning of simplicity. Simplicity is not skewed right in the sense of extravagant and neither to the left in the sense of miser.

The mainstreaming of the Islamic financial concept for the present era is increasingly important especially on two things. Firstly, Indonesia has provided economic burden to the company through CSR funds and can be paired with an



infaq concept in the Islamic economy. Secondly, Islamic finance can be sacrificed academically in order to strengthen Islamic economic sciences. Thirdly, Social Finance is differentiated to develop equitable aspects, while the business economy tends to be on the aspect of growth.

Zakat is seen as a part of Islamic finance, because it is given to the completion of the problem, as a result of the inequality of the economic life of Mustahik in a society.

## **B. Zakat Empowerment Indicator**

Hamzah is going to be the five indicators of zakat empowerment in order to achieve maximum results. The fifth indicator covers the so-called 5 right or five T, i.e. precise target, precise amount, appropriate cost, timely and precise influence. Firstright target. This indicator gives room for Zakat manager to do the selection strictly so it is ensured that the person or Mustahik Zakat recipient can be allegedly strong to manage zakat well. Accuracy for the management of Zakat to "distribute" the recipient of zakat, resulted in an implication that zakat can not be done by divide Zakat Fund. The divide attitude should be avoided by Zakat manager. The attitude of the management of zakat like this in addition to being Tabzir also contradicts the meaning of amil substance.

Amil as a term addressed to the manager of Zakat as Amil, which is a term aimed at the manager of Zakat is actually a professional term. Amil by language differs from the file in Arabic, although both means worker. *Ar-Raghib al-Ashfahany* distinguishes these two terms. According to him, *al-Amil* means effect or work that considers influence while *al-Fail* only works without considering the effect. Hamzah stated that *Al-Fail* is conceptualize to contain actions that contradict safety and happiness, while *al-Amil* contains the meaning of work preceded by the correct input and risk considerations appropriate. This conception can be a prototype of the management of zakat so that its professionalism can be maintained.

Second, precise amount. This indicator means that the Zakat funds given by to mustahik is a suspected strong fund can be developed in accordance with the proposed proposals in the proposal. The adequacy consideration of the funds requires the Amil to examine the budget items offered in the carried proposal. A number of questions that need to be found for the proposal are, whether the funds are deemed sufficient in accordance with the proposed proposal, whether the funds do not cause a mark-up financing. This hali becomes an important part of Amil's responsibilities. This description implicates in economics with a term of rationality which reflects the opinion of Amil in the consideration of the suitability of funds with proposed proposals so that Amil is not influenced by the territory of "feelings".

Another thing is, the proposal funded by Amil or manager of Zakat with a lower study value compared with the proposal, is considered not to make room for Mustahik to do their proposal optimally.

Third, cost. The cost is related to the management budget used by the Zakat manager. Don't let the "big stakes off the pole". This means the allocation of zakat funds to the cost of management of zakat should be lower than with the funds to be allocated for Mustahik. This applies the principle of efficiency in management and zakat.

The fourth, time. Zakat Manager In addition to examining proposals on the amount of budget items also at the time of execution offered. Whether the program's implementation time is considered very conducive or not conducive. The suitability of the time or schedule of activities submitted with the disbursement of zakat budget by Zakat management becomes important.

Fifth, precise influence. The precise indicator of influence refers to the basic question, whether the proposed program offered Mustahik to Zakat manager, according to the assessment of Zakat management will have a positive effect for mustahik or not. The Zakat Manager hypothesis on the answer that leads to the inability to bring positive impact, provides space for the management of Zakat to seek other strategies in assisting Mustahik in realizing a Mustahik proposal. Conversely, if the results of the study show that Mustahik can have a positive impact, then what needs to be developed are aspects of monitoring and evaluation of the program.

### **C. Empowerment Model**

The formulation of zakat empowerment model there are two steps to be done. Firstly, determination of Zakat fund in launched program. Theoretically the funds disbursed on the Zakat Empowerment Program, by Hamzah set two sources known as pattern, namely single and integrated. The singular means that the manager of Zakat only specialized Zakat fund in the launching of the program, is integrated means that besides and zakat, then launched non-zakat funds in the form of Infak, alms and grants.

The empowerment Program of Zakat fund with single pattern, saving authors seems to provide less optimal to be developed in Indonesia, although the development of this pattern is most common. It is said to be less optimal because fresh funds can not fulfill the needs of Mustahik and become a big complaint for Zakat manager. The applicability of the patterns can be an offer in addressing the shortage of funds for the Zakat manager.

Second, model assignments. Following financing is again introduced by banks in state-owned enterprises known as educational credits. Sources of non-zakat funds such as funds sourced from cooperatives, and other funds, are very possible to be integrated with zakat funds in order to develop a model of the program.

## CONCLUSION

The determination of zakat empowerment is preceded by the ability of zakat management to cultivate zakat funds according to the indicator of Islamic social finance. With the application of this indicator, zakat will function optimally as a Mustahik welfare Instrument to create the management of optimal zakat empowerment.

## FURTHER STUDY

1. Further study could develop this study by identifying other variables effecting tax avoidance and earnings management.
2. Further study is expected to replace the object of study on issuers in other sectors of companies listed on the IDX or overseas capital markets.

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