

## Analyzing The Impact of Productive Zakat Utilization on The Mustahiq Economic Independence in Malaysia and Indonesia

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### **ABSTRACT**

This study aims to determine the institutional system of zakat management, the distribution mechanism of productive zakat, the influence of the utilization of productive zakat, and the impact of productive zakat empowerment on mustahiq economic independence in Malaysia and Indonesia. This research is a qualitative and quantitative research (mixed-method). The instrument of data collection was observation, literature study interviews and questionnaires which were tested with validity and reliability tests. Multiple regressions and descriptive analysis were employed as analytical tools. The focus of this study is on the development of business capital and human resources. The findings reveal that the current zakat institutional system in Malaysia and Indonesia may be compared on a number of levels, including legal basis, management institutions, management efforts, collection and distribution, and the nature and aspects of consequences. Economic independence of the mustahiq can be influenced in a variety of ways. Firstly, productive zakat has a 49.9% effect in Malaysia and 45.7 percent in Indonesia. Next, the provision of venture capital has a partially negative and inconsequential effect in Malaysia, with a -12.8 percent effect. Meanwhile, in Indonesia, business capital has a 50.0 percent positive and substantial influence. Human resource development has also had a good and considerable impact in Malaysia (76.5%) and Indonesia (31.6%). Finally, the impact of productive zakat usage in general has a considerable impact, as evidenced by interviews with informants who stated that productive zakat had an impact on mustahiq economy independence, as measured by the ratio of mustahiq to muzakki, which is about 50:50.

**Keywords** : *Productive Zakat, Economic Independence, Mustahiq, Business Capital, Human Resource Development.*

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## A. INTRODUCTION

The empowerment of productive zakat is an important effort in supporting the independence of the Mustahiq Economy. Zakat with good empowerment will increase work productivity, economic welfare, and ummah independence (Hidajat, 2017). Distributed zakat can develop the economy either through generating skills, as well as trade or business (Komariah & Damayanti, 2015). The recipient of zakat (Mustahiq) who is still productive and able to work must be empowered by providing various abilities by their interests and channeled into the world of work. While the group of zakat recipients (Mustahiq) who prefer entrepreneurship, need to be given capital assistance in the form of goods needs and sustainable construction (Sembiring et al., 2020). This form of productive zakat empowerment is a way to achieve the economic independence of Mustahiq (Amsari & Nasution, 2019).

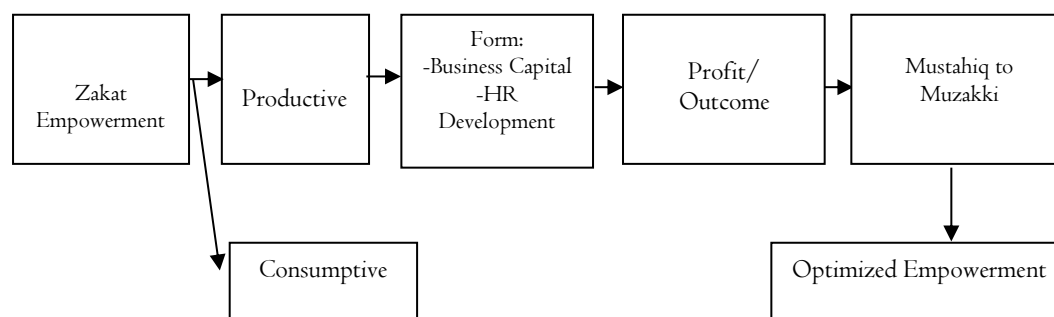


Figure I. The Concept of Productive Zakat Empowerment

Source: Setiawan, 2016

The provision of revolving finance, business equipment assistance, and Zakat Community Development (ZCD) are three strategic stages (triple strategy) that can be implemented in the development system to help the Mustahiqs attain economic independence (Ryandono & Wijayanti). Then, Ryanti explains the indicators of company performance that can support economic independence in (Darmawan & Fanani, n.d.): 1) an increase in capital; 2) an increase in revenue; 3) an increase in the number of customers; 4) an increase in output; and 5) spiritual improvement (Darmawan & Fanani, n.d.; Hamzah, 2015). Mustahiq also needs to know the assessment indicators, such as age, level of education (formal or non-formal), experience running a business, and the number of dependents in the family, in order to know the possibilities of the empowerment process succeeding and increasing economic independence (Sembiring et al., 2020). The success of the

productive Zakat empowerment process in Indonesia and Malaysia can serve as a solid platform for achieving Mustahiq economic independence. Research related to this has not been widely discussed so researchers are interested in conducting further research to complement the shortcomings of previous studies on the utilization of productive Zakat to the economic independence of Mustahiq in Indonesia and Malaysia.

This paper is based on an argument that increasing Mustahiq's economic independence has a direct effect on increasing Mustahiq's income and status as Muzakki (Latief & Niu, 2020; Widiastuti & Rosyidi, 2015). The aspect of Mustahiq's economic independence in Malaysia and Indonesia is determined by the utilization of productive zakat distributed. There are differences in zakat institutions and productive zakat management mechanisms between the two countries (Abid, 2018; Parisi, 2017). Utilization of productive zakat can give effect to Mustahiq's independence (Nurhasanah, 2021). There needs to be a special study related to the various differences that can give birth to a contribution to each other regarding the advantages and disadvantages in the management of productive zakat which can increase Mustahiq's economic independence in Malaysia and Indonesia. So that it can be a reference for managers and researchers of productive zakat (Masruroh & Farid, 2019; Pratama, 2015; Zein et al., 2020).

The goal of this study is to compare and contrast the institutional aspects of zakat management in Indonesia and Malaysia, as well as the collection and distribution of zakat and government programs aimed at raising public zakat awareness. Complementing the shortcomings of previous studies on the utilization of productive zakat with mustahiq economic independence in Indonesia and Malaysia by analyzing how mustahiq economic independence can be built by the empowerment of productive zakat (Gustiannisa, 2018). In line with that, four questions are answered in this study: (a) how is the institutional system of zakat management related to the collection and distribution of Zakat in Malaysia and Indonesia; (b) How is the mechanism of productive zakat distribution; (c) How great is the influence of the utilization of productive zakat on mustahiq independence in Indonesia and Malaysia; (d) How is the impact of productive zakat empowerment on mustahiq economic independence in Malaysia and Indonesia. These four questions give direction to the understanding that zakat is productive not only becomes a government welfare program but can also be a solution to build people's independence as the main goal of distribution and empowerment of zakat.

## B. THEORITICAL

Based on the problems raised in this study, the researcher explains the theory and analysis that underlies the utilization of productive zakat for mustahik's independence in this literature review.

### **Productive Zakat Utilization**

The distribution of productive zakat makes mustahik able to produce something that has a continuous selling value from the zakat institution. So that the zakat received is not immediately exhausted because it is consumed but is developed in the form of halal business capital (Huda, 2015). The distribution of productive zakat basically gives zakat to the poor to be used as business capital which can become a mustahik's livelihood, so that they are able to meet their own needs (Abdullah, 2017). The utilization of zakat funds is directed at the goal of empowerment through various programs that have a positive impact on the community, especially the underprivileged Muslims. With this productive zakat distribution program, it can increase the results and efficiency of zakat (Widiastuti & Rosyidi, 2015).

The utilization of productive zakat has two distribution components, as described by Setiawan in his theory of zakat, namely business capital and human resource development. First, business capital through the provision of productive goods in the form of livestock assistance, business machinery and equipment, as well as the provision of revolving capital to assist the establishment and development of mustahik's businesses (Fitri, 2017; Setiawan, 2016). Second, the development of human resources through skills development and training (Setiawan, 2016). The two components of productive zakat have strong relevance to one another. The business capital provided is effective if it is accompanied by skills development and training for productive zakat recipients and vice versa the development of human resources is more effective if it is supported by the provision of business capital.

### **Optimizing Mechanism of Productive Zakat Utilization**

Based on the MUI fatwa, zakat funds given to the poor can be productive. One form of productive zakat is investment on the condition that the invested zakat funds are channeled to halal businesses in accordance with applicable Shari'a and regulations, proper business and fostered and supervised by competent parties, namely the institutions that manage the investment funds (Prahesti & Putri, 2018).

These efforts can be used to help meet the needs of mustahik continuously so that later mustahik can become muzakki (Huda, 2015),

As explained by Hidayat (2008) in Darmawan, that the purpose of zakat is generally related to economic, social, and state matters as well as specifically in terms of the objectives of the texts, namely: 1) Economics. From an economic point of view, zakat aims to raise the status of the poor and be able to help solve the problems of the gharim, ibnusabil and other mustahik. Zakat given to mustahik can be used to meet the basic needs of mustahik or used for productive activities so that later it will increase the degree and welfare of mustahik. 2) Social. From a social point of view, in general, zakat has the aim of bridging the gap between the rich and the poor in society and expanding the ties of brotherhood among Muslims and humans in general so that there is no gap between the two. On the other hand, zakat for muzakki aims to eliminate the miserly nature of the rich and develop a sense of social responsibility for property owners. As for the mustahik, zakat aims to eliminate the envy and envy of the poor. 3) State. For the state, zakat is intended as a mandatory Muslim contribution and for the state treasury while preventing the accumulation of wealth in the hands of a small number of people. By knowing the purpose of zakat, it can be seen that zakat is useful from both sides, both mustahik and muzakki (Darmawan & Fanani, n.d.)

### Empowerment Program

According to Yulizar, empowerment is mentioned in the Qur'an with the term tamkin, namely the ability to do something, robustness, having strength, power, influence and having a position or place, both material (hissi) or non-material (ma'nawi). In the Qur'an tamkin is divided into two forms, namely tamkin in maddi (material) and tamkin in ma'nawi (non-material). Maddi means humans have been empowered or able to manage the earth and make a living in it. In the Qur'an Surah Al-A'raf : 10 mentioned the term tamkin together with ma'ayish which means the source of life, Allah SWT says:

وَلَقَدْ مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ قَلِيلًا مَّا تَشْكُرُونَ ١٠

Meaning: "*Indeed We have placed you all on earth and We have created for you on earth (source) of livelihood. You are very little grateful.*" Tamkin in a ma'nawi (non-material) manner, can be achieved with the confirmation of religion and human security (Mulyawisdawati & Nugrahani, 2019). Thus, humans must strive to achieve a noble life with two main foundations, namely the religious foundation

which includes spiritual, moral and social values, and the security foundation which guarantees the fulfillment of human rights.

Empowerment is an effort to strengthen social and economic position with the aim of achieving strengthening the ability of the people through aid funds which are generally in the form of zakat funds for productive businesses, so that mustahik are able to increase their income and pay their zakat obligations from the business results of the productive zakat funds given (Widiastuti & Rosyidi, 2015). In the development of the empowerment of zakat funds, according to Khuluk, there are two forms of distribution of funds, including: (1) The form of a moment, in this case means that zakat is only given to someone once or for a moment. In this case it also means that distribution to mustahik is not accompanied by a target for economic independence in mustahik. This is because the mustahik concerned is no longer possible to be independent, such as in elderly parents, people with disabilities. This momentary nature and assistance is ideally a grant. (2) The form of empowerment is the distribution of zakat accompanied by the target of changing the condition of the recipient from the condition of the mustahik category to the muzakki category (Khariri, 2014). Empowerment of mustahik can increase their income as a result of their productivity. So that the empowerment of productive zakat funds aims to improve the function and role of religious institutions in an effort to realize the welfare of the ummah and social justice, as well as increase the usability and efficiency of zakat. This shows the ability of zakat as an important source of funding for Muslim communities around the world (Meerangani, 2019).

### **Economic Independence**

According to Masrun, independence is an attitude that allows a person to act freely. Doing something on his own impulse and for his own needs without the help of others, as well as thinking and acting original/creative, and full of initiative, Able to influence the environment, have self-confidence and get satisfaction from his business (Komariah & Damayanti, 2015). Independence is the self-identity of a Muslim who is based on solid monotheism, so that he is able to appear as a caliph *fi al-ardhi* (ruler in the world), and even has to appear as a martyr *'ala al-nas*, to become solid pillars of truth (Muttaqin, 2021). Independence is also an attitude that allows a person to act freely, do things on his own impulse and the ability to self-regulate, in accordance with his rights and obligations so that he can solve problems on his own without asking for help or depending on others and can be responsible for everything. decisions that have been taken through various previous considerations (Komariah & Damayanti, 2015).



Independence is freedom to act based on one's own desires and being able to control oneself according to their rights and obligations and be able to find solutions to their problems without the help of others and being able to take responsibility for the decisions taken (Komariah & Damayanti, 2015). There are four characteristics of independence, namely: first, being able to take the initiative; second, able to solve problems; third, full of perseverance; fourth, obtaining satisfaction from his efforts (Muttaqin, 2021). Three strategic steps (triple strategy) that can be applied in a development system that supports the achievement of economic independence for mustahik are by providing revolving capital, business equipment assistance, and through Zakat Community Development (ZCD) (Ryandono & Wijayanti). Indicators of the success of a mustahik in achieving economic independence can be seen through the achievement of intellectual independence; emotional independence; and independence of action (Khatimah & Nuradi, 2020).

### C. METHODOLOGY

This research uses field research with a mixed methods approach (qualitative and quantitative). Primary data from observations, interviews, and documentation, as well as secondary data from news articles, zakat perspectives, zakat statistics, zakat empowerment index, results of previous studies, and other supporting papers related to productive zakat and its applications, are used in this study. The quantitative data collection using a questionnaire distributed to respondents. The sampling technique in this study used purposive sampling with the characteristics of the respondents, namely zakat recipients, business actors and Muslim scholars who observed zakat in Malaysia and Indonesia.

Observations are carried out by collecting data from the object under study, observing secondary data owned by related institutions, and paying close attention to the distribution and use of mustahiq productive zakat. The interview approach used in this study was an in-depth interview which lasted approximately 6 (six) months and took place at the Central National Amil Zakat Agency in Indonesia and the Terengganu State Zakat and Waqf in Malaysia. The zakat management party which includes the head of the central BAZNAS, supervision and directorate of distribution and utilization, Mustahiq, and scholars, became the research subjects or informants in this study. Descriptive analysis and multiple regression approach were used in data analysis.

## D. RESULTS AND DISCUSSION RESULT

Table I  
Institutional Comparison of Zakat Management in Malaysia and Indonesia

Aspects	Malaysia	Indonesia
State Forms	Kingdom(Decentralization)	Republic(Decentralization)
Legal Basis	Each state has its laws.	Law number 23 of 2011 on Zakat Management that applies nationally
Managing Institutions	Islamic Religious Assemblies in each State with their policies without interference by other states. There is no LAZ outside the government.	BAZNAS (Amil Zakat National Agency) and LAZ (Amil Zakat Institutions)
Management Initiatives	Ruled from Government	Ruled from Government (BAZNAS) and Societies (LAZ)
Collection and Distributions	In common, Zakat management institutions are divided into collecting institutions and distribution agencies, but there are still several states that combine the collection and distribution of Zakat in one institution.	BAZNAS and LAZ have a dual role that serves as a collection as well as a distributor of Zakat and other social funds.



Characteristics	<ul style="list-style-type: none"> <li>• Zakat becomes the country's main financial source</li> <li>• Zakat is a must</li> <li>• Zakat directly reduces taxes</li> </ul>	Zakat is voluntary
Penalty	There are sanctions for individuals who do not pay Zakat. The magnitude depends on the provisions of each state's laws.	Only regulate sanctions for Zakat managers who commit violations. There are no sanctions for individuals who do not pay Zakat.

Source: Data analysis result, 2021

According to Bayu Taufik Possumah, a Muslim scholar, institutional Zakat in Malaysia is under the government's auspices and is entirely handled by the Islamic Religious Assembly in each state, with each country having its own policy. Zakat management institutions are classified into two types: collecting institutions and distribution institutions. However, numerous states still integrate the collection and distribution of zakat into one entity. Malaysia has 12 states, which are roughly equal to Indonesian provinces. In Indonesia, according to Law 23 of 2011, Zakat is administered by the government-owned Amil Zakat agency, with the community having the option to build their own Amil Zakat Institution. Both BAZNAS and LAZ have a dual purpose in that they collect Zakat and other social funds as well as distribute them. LAZ is also given autonomy and the ability to be more creative and innovative in the strategy of productive Zakat distribution programs, whose function is similar to that of BAZNAS, but the management focuses more on the scope of foundations and community organizations, such as duaafa wallet, laziz nu, lazis wahda, lazismuh, and others. As'ad Sham in his statement explained that zakat policy is regulated in the Law and PERBAZNAS so that productive zakat programs are generally accepted at every BAZNAS in national, provincial, and regional level but the difference is in the strategy, method, and innovation of distribution.

Possumah continued, the excess management of zakat in Malaysia is to directly reduce tax payments, if a muzakki has issued zakat 2.5% of his income then automatically the payment of taxes will be reduced, which is only 2.5%. While those who do not issue zakat in this case non-Muslims are burdened with tax

payments of 5%. The high level of public awareness in paying zakat makes zakat and other social funds the main source of state finance. The large value of zakat collected in Malaysia causes Malaysia to implement a policy of productive zakat distribution program first than Indonesia. Bayu Taufik Possumah as a Muslim scholar and zakat researcher in Malaysia and Indonesia said that:

*"The role of zakat institutions in Malaysia in building economic independence must be in the range of 50-60%. In Malaysia itself the community is divided into three groups, namely, there are 40% in the poor, 40% middle class, and 20% top class"*

Based on the interview results above the application of the zakat institutional system in Malaysia is considered to increase Mustahiq economic independence by about 50-60% according to Possumah. Currently, Indonesia has also implemented the policy of the productive zakat distribution program. Awareness of zakat payments in Indonesia still needs to be released through the support of government regulations on integrated zakat and tax payment policies. It is crucial for muzakki not to be exposed to double payments—pay taxes and zakat in different payments. The existence of double payment is one of the reasons Indonesian people are not orderly in paying Zakat and taxes because of the high burden that must be spent. Possumah also explained another thing in his interview regarding zakat consequences. In Malaysia, there are sanctions for people who do not issue zakat and it is put in the law in every Malaysian state. While in Indonesia, there are no sanctions for people who do not pay zakat. Zakat payments are only voluntary. The sanctions contained in law number 23 of 2011 are only for managers or amil Zakat who commit violations. On the other hand, related to tax objects, Possumah continued the Zakat object in Malaysia under existing regulations in each state. The object of Zakat in each state varies depending on the leading sector in each state. In another case in Indonesia, the zakat object applies nationally as stipulated in law number 23 of 2011 and applied in all provinces in Indonesia.

### **Mechanism of Utilization of Productive Zakat in Malaysia and Indonesia**

Utilization is a form of optimal use of Zakat without reducing its value and usefulness in the form of productive business so that it is useful to achieve general benefit. Based on the explanation of Possumah zakat productivity in long-term can help mustahiq achieve economic independence such as being able to meet daily needs and switch from mustahiq to muzakki. Seeing the process of achieving economic independence for mustahiq requires a relatively long period both in Malaysia and in Indonesia, then mentoring, monitoring and evaluation is very

instrumental to ensure the productive Zakat program runs well. One way that can be done to ensure productive zakat channeled runs well is the productive zakat distribution to evaluate the program periodically. Monitoring is not only carried out within two years, but mustahiq follows up continuously until it reaches muzakki status.

Baznas Zakat Utilization Index (IPZ) in Indonesia outlines the utilization of pure productive zakat channeled in the economic field. The utilization of zakat in the economic field has the goal of poverty alleviation, increasing productive capacity, entrepreneurship, improving mustahiq welfare, empowerment of regional mustahiq communities, and local economic potential. Based on the results of the author's interview with As'ad Sham, BAZNAS empowerment programs in the economic dimension include BAZNAS Microfinance (BMFI) program, Mustahiq Economic Empowerment Institute (LPEM), Mustahiq Breeder Empowerment Institute (LPPM), and Zakat Community Development (ZCD). According to Possumah, productive zakat utilization programs in Indonesia and Malaysia are not much different or more or less the same including financing, business capital assistance, cooperation with institutions or social organizations to carry out training or training, skill training, livestock assistance, and merchant subsidies.

One of the most dominant programs contributing to the improvement of mustahiq economic independence is the mustahiq economic empowerment agency (LPEM) program. LPEM is a community economic empowerment program that aims to develop the business of mustahiq by providing business capital as a stimulant. The LPEM procedure is as follows: (1) mustahiq submits a proposal to BAZNAS; (2) BAZNAS conducts field assessments to directly review the economic conditions of the Mustahiq including the business activities they run; (3) BAZNAS holds a plenary meeting to decide which mustahiq meets the criteria of recipients of productive zakat assistance based on synchronization of field assessment results. In addition, the proposal is submitted.

### Multiple Linear Regression Equations

**(Malaysia) ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	264984687,761	2	132492343,881	20,432	.000 <sup>b</sup>
	Residual	265861590,670	41	6484429,041		
	Total	530846278,432	43			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

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(Indonesia) ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	158541125,641	2	79270562,820	15,121	.000 <sup>b</sup>
Residual	188725249,436	36	5242368,040		
Total	347266375,077	38			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: Data analysis result (SPSS 24), 2021

Based on the results of the F test, obtained a significance value of  $0.00 < 0.05$ . Based on this, it can be concluded that business and development capital Human resources simultaneously (simultaneously) have a significant effect on economic independence mustahik in Malaysia and Indonesia.

Table 2  
Coefficients<sup>a</sup> Malaysia

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5772,329	1759,900		3,280	0,002
Modal_Usaha_(X1)	-0,205	0,207	-0,128	-0,987	0,329
Pengembangan_SDM_(X2)	1,227	0,208	0,765	5,893	0,000

a. Dependent Variable: Kemandirian\_Ekonomi\_Mustahik

Coefficients<sup>a</sup> Indoensia

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std.	Beta		

		Error			
I (Constant)	6182,197	1545,124		4,001	0,000
Modal_Usaha_(X1)	0,737	0,192	0,500	3,827	0,000
Pengembangan_SDM_(X2)	0,462	0,191	0,316	2,418	0,021

a. Dependent Variable: Kemandirian\_Ekonomi\_Mustahik  
Source: Data analysis result (SPSS 24), 2021

The simple regression equations in this study can be formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \epsilon$$

$$Y = 5772,329 - 0,205X_1 + 1,227X_2 + \epsilon \dots\dots\dots(\text{Malaysia})$$

$$Y = 6182,197 + 0,737X_1 + 0,462X_2 + \epsilon \dots\dots\dots(\text{Indonesia})$$

Based on the formula models above, the explanation of the relationship between dependent variables and independent variables is as follows:

- a. The constant value obtained at 5772,329 for Malaysia and Indonesia is 6182,197, which means that if the variable of the utilization of productive zakat (Malaysia) is assumed to be worth 0 then the value of mustahiq independence is 5772,329. And if the variable of the utilization of productive zakat (Indonesia) is assumed to be worth 0 then the value of mustahiq independence is 6182,197.
- b. The negative business capital regression coefficient of  $-0.205$ , means that if there is a 1% increase in business capital variables in Malaysia, it will cause a decrease in economic independence in Malaysia by 20.5%. As for Indonesia, the positive value of 0.737, means that if there is a 1% increase in business capital variables in Indonesia, it will also lead to an increase in economic independence in Indonesia of 73.7%.
- c. The regression coefficient of human resources development in Malaysia is positive at 1,227 and Indonesia 0.462, which means that if there is a 1% increase in the development variables in Malaysia will lead to an increase in mustahiq economic independence Malaysia by 122.7% and Indonesia by 46.2%.

### Hypothesis Testing

a. For Malaysia, business capital (X1) obtained a calculated t value of -0.987 and a table t of 2.0180. So t calculate the  $< t$  table or  $-0.987 < 2.0180$ , with a significant value of 0.329. The significant value is greater than 0.05 ( $0.329 > 0.05$ ) which means insignificant effect.

As for Indonesia, business capital (X1) obtained a calculated t value of 3,827 and a table t of 2.0261. Thus, t calculate the  $> t$  table or  $3.827 > 2.0261$ , with a significant value of 0.000. The significant value is less than 0.05 ( $0.000 < 0.05$ ) which means a significant effect. It can be said that H0 was rejected, meaning there is a difference between the influence of business capital on mustahiq economic independence in Malaysia and Indonesia.

b. For Malaysia, human resource development (X2) obtained a t-count value of 5,893 and a t table of 2.0180. So t calculate the  $> t$  table or  $5.893 > 2.0180$ , with a significant value of 0.000. The significant value is smaller than 0.05 ( $0.000 < 0.05$ ) which means a significant effect. While for Indonesia, human resource development (X2) obtained a t count value of 2.418 and a table t of 2.0261. Therefore, that t calculates  $> t$  table or  $2,418 > 2.0261$ , with a significant value of 0.000. The significant value is less than 0.05 ( $0.021 < 0.05$ ) which means a significant effect. As a result, H0 is accepted, meaning there is no difference between the influence of human resource development on mustahiq economic independence in Malaysia and Indonesia.

### Impact of Productive Zakat Utilization on Mustahiq Economic Independence in Malaysia and Indonesia

The empowerment of productive Zakat, which includes the provision of business capital (X1) and the development of HR (Human Resource) (X2) simultaneously, has a positive and significant effect on the economic independence of Mustahiq in Malaysia and Indonesia.

Table 3

Model Summary <sup>b</sup> Malaysia				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
I	.707 <sup>a</sup>	0,499	0,475	2546,45421
a. Predictors: (Constant), X2, X1				
b. Dependent Variable: Y				



<b>Model Summary<sup>b</sup> Indonesia</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
I	.676 <sup>a</sup>	0,457	0,426	2289,62181
a. Predictors: (Constant), X2, XI				
b. Dependent Variable: Y				

Source: Data analysis result (SPSS 24), 2021

Regarding the results of the data process using SPSS 24 and Ms. Excel 2010, which are in the table above, it can be identified that the empowerment of productive zakat simultaneously affects the economic independence of mustahiq in Malaysia by 49.9% and 45.7% in Indonesia.

This indicates that the productive zakat distributed by zakat managers in Malaysia to mustahiq contributes positively and is proven to increase the economic independence, both in the form of providing business capital to help continuity of the mustahiq business as the main income or in the form of human resource development which includes mustahiq training and skills as an important part in carrying out their business.

Productive zakat is used by mustahiqs to develop and maintain small-scale business they run. Productive zakat in the form of business capital assistance and human resources development becomes a very helpful thing for mustahiqs in their business activities. In addition, these business activities become a source of livelihood for mustahiqs to still be able to meet their needs independently.

The results of this study are reinforced by the statement of Irfan Syaql Beik, Ph.D, a special staff of the chairman of BAZNAS (2011) explained that "for mustahiqs to be economically empowered, and able to survive in the long-term time, the existence of a utilization program that can guarantee the availability of mustahiq income sources sustainably, becomes a very vital and urgent need. This is where the importance of the zakat utilization program is productive". (Muhajirin, 2019) also explained in his research results that the distribution of zakat productively affects the improvement of community welfare.

### **The Provision of Business Capital Assistance (XI) Has a Negative and Insignificant Effect on The Economic Independence of Mustahiq (Y) in Malaysia**

According to the results of quantitative data processing, it is found that the provision of business capital partially negatively and insignificantly affects the

mustahiq economic independence with -20.5%. This means that business capital assistance cannot increase the mustahiq economic independence. However, the provision of business capital for Mustahiq that is increasing will only reduce the level of economic independence of the mustahiq recipients of productive zakat.

This occurs because recipients of productive zakat assistance make mustahiq still dependent on existing assistance, always expecting help to cause them less innovation and lack of willpower in developing their business independently without relying on and expecting help from any party. In addition, this also occurs because there is no good distribution system in terms of zakat distribution, especially productive zakat (Toro et al. 2013) and there is no standard of integrity in terms of procedures for supervision mechanisms for productive zakat recipients (Ibrahim, n.d.).

Mustahiqs in Malaysia tend to have higher education and already have basic skills in entrepreneurship activities, so they do not rely on the help of business capital. Even business capital can stimulate their dependence on the help of others who can ultimately reduce the level of creativity and innovation they have in their business development efforts. This certainly has implications for the economic independence of Mustahiqs in Malaysia.

The results of this study are supported by research conducted by (Muhtadi, 2020) which explained that in fact, community empowerment in the productive economy with funding sourced from zakat, state budget, and corporate social responsibility has not fostered business economic independence in its beneficiaries. This has implications that the beneficiaries of the program still depend on existing assistance. They have not been able to bathe themselves in their business activities." There are still many empowerment programs that make the community dependent and independent ((Dharmantaka, n.d.; Fitriani & Rusli, 2013).

### **The Provision of Business Capital Assistance (XI) Has a Positive and Significant Effect on The Economic Independence of Mustahiq (Y) in Indonesia.**

Based on the results of quantitative data processing, it is found that the provision of business capital partially had positive and significant effect on the economic independence of Mustahiq by 73.7%. This means, business capital assistance can increase the mustahiq economic independence, if business capital assistance increases by 1% then Mustahiq's economic independence increases by 73.7%.

Business capital assistance given becomes an aspect of mustahiq business development that requires business capital assistance with the Micro, Small and

Medium Enterprises (MSME) mudharabah system where this system requires mustahiq to return principal capital and ratio for the result. The low skill of mustahiq in Indonesia makes them very dependent on business capital. Business capital assistance is more widely used in trading or retail business activities. Business capital assistance provided tends to be in the form of MSME Qardhul hasan, so mustahiq is not charged to return business capital assistance that has been given.

From the results of interviews with As'ad Syam as the manager of BAZNAS Indonesia, that of several productive zakat utilization programs that exist, the most significant distribution is the mustahiq economic empowerment program that implements akad of Qardhul hasan. Akad of Qardhul hasan is a loan agreement given to parties who are in dire need within a certain period without being required to provide any additional rewards (Hannanong & Aris). Where this Qardhul hasan account or system is more widely distributed by BAZNAS throughout Indonesia than three other programs, namely BAZNAS microfinance with akad of mudharabah system, mustahiq breeder empowerment institutions, and zakat community development.

This is supported by the results of Pratama's research (2015) which explains that zakat funds become effective financial instruments in the capital problems of the poor. This shows that zakat is the right instrument in empowering the poor. Komariah & Damayanti (2014) also asserted that productive zakat has significant influence on the economic independence of Mustahiq at the Dhuafa Tangerang Wallet Independence Institute.

### **Human Resource Development (X2) Has a Positive and Significant Effect on The Economic Independence of Mustahiq (Y) in Malaysia and Indonesia**

Data processing results show that human resource development has a positive and significant influence on Mustahiq economic independence in Malaysia by 122.7% and Indonesia by 46.2%. This means that further enhanced human resource development both in the form of entrepreneur training and skills development in certain technical fields can create increased economic independence for Mustahiq productive zakat recipients.

This is caused by the development program in the form of training and skills for mustahiqs. They can hone their creativity and innovation in utilizing limited factors of production to develop their business. This human resource development program is also a means for mustahiqs in developing his entrepreneurial spirit, who is unyielding, and always has an idea or creative way to maintain they business

existence. In addition, this human resource development program can be the main capital in business development activities independently without relying on business capital sourced from various parties.

The results of this study are supported by research conducted by (Sholikha, 2018) which explains that development programs play an active role in supporting mustahiq economic independence. Mustahiq independently has been able to do the following: simple financial bookkeeping ability, marketing ability (online or offline), customer service ability appropriately, the ability to generate above-average profit, self-motivated spiritual ability, and social ability.

The impact of the utilization of productive zakat on mustahiq economic independence, in general, has a significant influence as the results of interviews with sources who said that:

*"Productive zakat has an impact on the mustahiq economic independence with indicators of independence: mustahiq become muzakki it is around 50:50. This means that there are about 50% mustahiq who can be independent and become successful entrepreneurs successfully run their business and continue or continuously"*

The explanation from zakat scholars and researchers in Malaysia and Indonesia above shows arguments that are in line with the results of data processing using quantitative approaches and obtaining statistical figures of 49.9% in Malaysia and 45.7% in Indonesia, the figure shows the effect of productive Zakat on economic independence must have a positive and significant effect.

## E. CONCLUSION

The existing zakat institutional system in Malaysia and Indonesia can be compared with several aspects, including the legal basis, management institutions, management initiatives, collection and distribution, its nature, and the aspect of sanctions. The mechanism of productive Zakat management in Indonesia through the productive zakat utilization program, namely: BAZNAS Microfinance (BMFI) program, Mustahiq Economic Empowerment Institute (LPEM), Mustahiq Breeder Empowerment Institute (LPPM), Zakat Community Development (ZCD). The most dominant program contributing to the improvement of mustahiq economic independence is the Mustahiq economic empowerment agency (LPEM) program. The mechanism of the LPEM program is as follows: (1) mustahiq submits a proposal to BAZNAS; (2) BAZNAS conducts field assessments to directly review the economic conditions of the mustahiqs including the business activities they run; (3) BAZNAS holds a plenary meeting to decide which mustahiq meets the criteria

of recipients of productive zakat assistance based on synchronization of field assessment results. and the proposal submitted.

Productive zakat simultaneously affects the mustahiq economic independence in Malaysia by 49.9% and 45.7% in Indonesia. The provision of business capital partially negatively and insignificantly affects the mustahiq economic independence in Malaysia by -12.8%. Business capital partially has a positive and significant effect on the economic independence of Mustahiq by 50.0% in Indonesia. Human resource development has a positive and significant influence on the mustahiq economic independence in Malaysia by 76.5% and Indonesia by 31.6%. The impact of the utilization of productive zakat on mustahiq independence, in general, has a significant influence as the results of interviews with interviewees who say productive Zakat has an impact on mustahiq independence with indicators of independence: mustahiq becomes muzakki about 50:50. This means that there are about 50% mustahiq who can be independent and become successful entrepreneurs successfully run their businesses and win continuously. This is in line with the results of data that use quantitative approaches and obtain statistical figures of 49.9% in Malaysia and 45.7% in Indonesia. The figure shows the effect of productive zakat on mustahiq independence which has positive and significant influence.

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