

PRODUCTIVE ZAKAT MANAGEMENT STRATEGY FOR THE EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN PONOROGO

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ABSTRACT

This study aims to analyze the productive zakat management strategy implemented by the Ponorogo Infaq Management Institute in empowering micro, small, and medium enterprises (MSMEs). The methods used were field research with a qualitative approach and case studies, which involved direct observation and interviews with key informants. The results of the study show that this empowerment program has succeeded in increasing the income and independence of the mustahik economy through business capital distribution, skills training, and mentoring. The analysis compared the results of the research with economic empowerment theory, showing that although the program has a positive impact, challenges such as low financial literacy and limited human resources still hinder its effectiveness. The conclusions of this study emphasize the need for a holistic approach that considers financial, psychological, and social aspects to increase the success of empowerment programs. With a planned strategy, the Infaq Ponorogo Management Institute can be more effective in reducing poverty rates and improving people's welfare

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A. INTRODUCTION

Zakat is a religious obligation in Islam that has an important role in improving the welfare of the community. In Indonesia, the management of zakat is regulated in Law No. 23/2011, which emphasizes the importance of zakat management institutions in distributing assets to mustahik. Although zakat has great potential to empower the community, challenges in collecting and distributing productive zakat are still a problem that needs to be overcome. The problem of life that arises in the community, especially in areas with high poverty rates such as Ponorogo Regency, is the high poverty rate caused by various factors, including poor access to education and limited employment opportunities. Data from (BPS Ponorogo, 2024) shows fluctuations in the poverty rate in Ponorogo, which indicates the need for more effective interventions to improve people's welfare. In this context, productive zakat is expected to be a solution to empower small and medium enterprises (MSMEs) and help people get out of the circle of poverty.

Previous research has shown that productive zakat can increase income and economic independence of mustahik. According to (Oktaviani & Bahri, 2018) zakat not only has a religious aspect, but also a social and economic aspect that can lift people out of poverty. In addition, (Anwar, 2018) emphasized that zakat plays a role in creating jobs and reducing unemployment.

However, although institutions such as BAZNAS have shown positive trends in zakat collection, the challenges in the consistency and sustainability of zakat distribution still need to be evaluated (Kastriya, 2015). The theoretical framework used in this study refers to the concept of economic empowerment of the people, which emphasizes the importance of developing the potential of the community through the efforts carried out (Hasniati, Mutia, & Annisa, 2021). Economic empowerment is expected to improve the quality of life of the community and help them get out of the backward economic conditions (Jaelani, 2014) Thus, this research is expected to contribute to understanding the impact of productive zakat on the welfare of the community and provide recommendations for the development of social and economic policies at the local level.

The Ponorogo branch of Infaq Management Institute is one of the zakat institutions that is actively engaged in the management of productive zakat for the strengthening of MSMEs (Micro, Small and Medium Enterprises) in Ponorogo who are ready to assist the community in distributing further zakat to those in need, such as helping to develop their business from the zakat funds they collect. According to (Maulana, 2023), productive zakat is expected to make zakat recipients productive through the zakat it provides and help them get out of the poverty trap. To better understand the impact of productive zakat, here is the data on zakat allocation for strengthening the small business economy from 2021 to 2025.

B. METHODS

The research method used in this study is a field research method with a qualitative approach and a type of case study, which aims to understand the strategy of managing productive zakat funds at the Infaq Ponorogo Management Institute. The research was conducted at the Ponorogo Infaq Management Institute, which is located on Jl. Semeru No. 53, Hasanuddin, Nologaten, Ponorogo Regency, East Java Province, with good accessibility considerations. The researcher acted as an observer and participant in data collection through interviews with key informants, including LMI Ponorogo managers and staff, as well as mustahik. Data sources divided into primary data are sources that contain primary data, namely data obtained directly through observation or interviews (Nugrahani, 2014) and secondary data, which includes related documents and literature.

Data collection techniques include observation, in-depth interviews, and documentation, which are carried out in an integrated manner to obtain comprehensive information. Data analysis is carried out by following the stages of data reduction, which is a selection process that includes analysis, screening, with the aim of summarizing the main aspects (Rijali, 2019), data presentation, and drawing conclusions, in accordance with the qualitative analysis method developed by Miles and Huberman. The validity of the data is tested through triangulation of sources to ensure the consistency and validity of the information obtained (Sugiyono, 2013).

This research follows three stages, namely pre-research, field, and closure, where each stage is designed to collect and analyze data systematically, so that research results can be compiled in the form of a thesis that meets academic standards. The existence of this research is expected to provide benefits for future researchers by providing a strong knowledge base, through findings and research results that can be the basis for further research. In addition, previous research has also provided inspiration for future researchers to explore new topics or deepen understanding in the same area.

C. RESULTS AND DISCUSSION

1. Findings

Implementation of the Strategy carried out by the Infaq Ponorogo Management Institute for the empowerment of MSMEs

The MSME empowerment program implemented by the Ponorogo Infaq Management Institute (LMI) aims to increase people's income by providing the skills and resources needed to achieve financial independence. The results of the interview with Mrs. Mariyatul Fitriyah, manager of LMI Ponorogo:

"The economic empowerment program is one of LMI's main programs, a program that aims to improve people's lives by providing them with the skills, training and resources they need to become financially independent." (Fitriyah, 2024)

The above shows that the program focuses on individuals who need capital assistance and have the potential to grow. The implementation strategy carried out by LMI Ponorogo, which was explained by Mr. Wiwit, is as follows:

"For the implementation of the strategy, we carry out the management of productive zakat funds for MSMEs, using grants, namely the provision of business capital, training and business assistance". (Source: 2025)

The following discussion will describe in detail each stage of the implementation of the strategy implemented by the Ponorogo infaq management institution. The distribution of business capital is a core component in the LMI Ponorogo MSME empowerment program. After the identification of mustahik, capital is provided to support the development of productive businesses. It helps to address the gap in access to capital and serves as a tool to empower mustahik to become financially independent. This approach shows that zakat that is managed productively can be a catalyst for community empowerment.

Skills training is an essential component that includes technical mastery of the business, financial records, and marketing strategies. The training is tailored to the needs of the mustahik and involves hands-on simulation to ensure effectiveness. The success of the training must be based on the alignment of the material and post-training mentoring, which aims to avoid new dependencies and encourage independence. Assistance is carried out with experienced personnel to provide direction and guidance to mustahik. This assistance is contextual and applicative, helping mustahik access resources and build networks. Through continuous mentoring, LMI Ponorogo aims to encourage financial independence and provide social support that strengthens the position of mustahik in society.

The Ponorogo Infaq Management Institute provides assistance in the form of material support, training and mentoring. This approach reflects LMI's commitment to empowering mustahik towards economic independence. LMI's program includes the provision of business capital, equipment, mentoring and training. This effort aims to improve people's living standards and reduce

2. Analysis

Strategic Impact for the MSME Empowerment Program at the Infaq Ponorogo Management Institute

The productive zakat program implemented by the Ponorogo Infaq Management Institute for MSME empowerment programs has made a significant contribution to improving the welfare of mustahik. This impact can be seen from an increase in income, increased productivity, expansion of sales, economic independence, and improvement in living standards. One of the beneficiaries, Mrs. Haryuni she explained:

"Alhamdulillah, with the assistance provided by LMI, it really helps my family's economy, I can help meet daily needs, increase the scale of production, expand sales, except that I can also help my father in medical treatment and help with the cost of sending my child to school and with this assistance now I can deliver snacks in larger quantities, which used to only deposit 1-3 places but can be 6-10 places, Especially to school canteens such as elementary and junior high schools where I entrust snacks and also now I have added new innovations to my dumpling snacks, which used to be only original, now there is a cheese and balado flavor". (Haryuni, 2025)

From Mrs. Haryuni's statement, the assistance received has had a significant positive impact on the production process. With this assistance, entrepreneurs are now able to increase their production capacity and also expand their sales. Not only that, musahik innovated products by adding flavor variations to dumpling snacks that were originally only available in the original flavor to cheese and balado flavors, showing a positive response to market needs

and tastes. Meanwhile, Mrs. Rusini who received assistance in the form of tempeh grinding tools as well as training. Now that he can increase his tempeh production, he revealed:

"Alhamdulillah, with the assistance provided, tempeh production can increase faster and easier, initially only 3 kg, 2 times a week, if vegetable tempeh is 4 times a week because I immediately deposit the store, because if tempeh chips are more complicated the process. If after there is a machine I make it, I add 4 kg for the chips, thank God it is very smooth, sometimes 3-4 times a week I produce it, so thank God from the training or business tools provided, I get money that I use, one of which is to meet my daily needs, be able to help my children's expenses until they graduate, buy food presses, buy pans, bigger and also the stability of my income, besides that I am now trying to sell through Story Wa, even though I have a chance". (Scott, 2025)

The results of the interviews show that the assistance creates income stability, allows entrepreneurs to meet daily needs, help with children's education costs, and invest in better business equipment. In addition, mustahik can also use social media to market products. Productive zakat assistance from the Infaq Management Institute has a significant positive impact on the welfare of mustahik, as seen from four main aspects: freedom of activity, the ability to buy daily necessities, the ability to obtain high-value goods, and economic welfare guarantees. Mrs. Haryuni and Mrs. Rusini, as beneficiaries, feel the freedom to manage the business from home without having to leave family responsibilities. Ms. Haryuni stated that the assistance helped her meet her daily needs and expand her sales, while Ms. Rusini revealed a significant increase in tempeh production thanks to the tools received, which also allowed her to sell online.

In addition, the increased income from their business allows the mustahik to meet basic needs and buy high-value goods, such as household furniture and better business tools. Mrs. Haryuni and Mrs. Rusini pointed out that this assistance not only increases their income, but also their quality of life, including the ability to help with the child's education costs and family treatment. Thus, this MSME empowerment program not only provides a guarantee of economic welfare, but also strengthens the family's contribution to overall social welfare.

Challenges and obstacles in the processing of productive zakat for the empowerment of MSMEs in the Infaq Ponorogo Management institution

Challenges and obstacles in the implementation of the MSME empowerment program at the Infaq Ponorogo Management Institute are important parts that need to be studied to evaluate the effectiveness of mustahik economic empowerment. Although this program has been strategically designed to encourage economic independence, the reality is that there are still a number of obstacles on the ground that affect the success of implementation. Some of the main challenges include: the low level of financial literacy among mustahik, the limited human resources of program implementers also affect the intensity of mentoring and the effectiveness of training, and fluctuations in the spirit of mustahik that are different.

Therefore, the following discussion will describe in detail these challenges, as a basis for formulating a more comprehensive improvement strategy in the implementation of MSME empowerment programs in the future. The challenges faced in mustahik assistance include various internal and external aspects: Low financial literacy, as conveyed by Mrs. Fitriyah as a former Manager at the Infaq Management Institute in 2024, revealed:

"Low financial literacy is a big obstacle for us in managing business capital. Many of the beneficiaries do not have a sufficient understanding of financial planning, cash flow management, or how to record transactions systematically". (Fitriyah, 2025)

Low financial literacy among mustahik hinders the effective management of business capital, increasing the risk of business failure. Undisciplined financial records make it difficult to evaluate program impacts, hence the need for intervention in financial management training. Furthermore, limited human resources affect the effectiveness of mentoring and monitoring. This was conveyed by Mr. Wiwit as a distribution staff:

"Internal challenges are found in human resources because the limited number and capacity of human resources hinders the management process, assistance to productive zakat beneficiaries, As for externally, the

background of mustahik is different, the consistency in entrepreneurship is different, especially in the spirit that goes up and down, especially when there is a decrease in turnover that affects the productivity of production and the time gap greatly affects their enthusiasm, There is less capital, less and less in utilizing assistance and lack of product innovation". (Source: 2025)

Although their number and technical capacity are still a challenge. Strengthening institutional capacity and improving the quality of human resources is needed to maintain the effectiveness of the program. Fluctuations in Enthusiasm and Skill Limitations. Fluctuations in mustahik spirit and limited skills hinder business growth. Motivational support and relevant training are needed to improve technical and managerial skills, as well as encourage product innovation.

This is also a challenge for the Infaq Ponorogo Management Institute, to find solutions to face the challenges and obstacles that occur, For this reason, a more systematic, integrated, and sustainable approach is needed in the planning and implementation of economic empowerment programs. This includes strengthening the financial capacity and entrepreneurship of mustahik as well as improving the competence of companions. With this approach, it is hoped that the empowerment process can really encourage the formation of solid and sustainable economic independence among mustahik.

D. CONCLUSION

Based on the results of research on productive zakat management strategies for the empowerment of micro, small and medium enterprises (MSMEs) at the Infaq Ponorogo Management Institute, it can be concluded that this program aims to alleviate poverty through economic empowerment. The process begins with identifying mustahik who need assistance, followed by the distribution of productive zakat funds through three strategies: providing business capital, skills training, and mentoring by experienced personnel. The program reflects the principles of empowerment that focus on developing the potential of vulnerable individuals and groups to improve well-being in a sustainable manner.

The results of the study show that this program has a significant positive impact on the life of mustahik, including economic freedom, increased income stability, and the ability to meet daily needs. However, there are challenges such as low financial literacy, limited human resources, and weak mustahik spirit that hinders business growth. This research emphasizes the importance of a holistic approach that considers financial, psychological, skills, and social aspects to achieve the success of empowerment programs. With a planned and integrated strategy, LMI Ponorogo can increase the effectiveness of the program and contribute to the welfare of the community more broadly.

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