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Optimizing Zakat Management: A Case Study on Zakat Institution's Functions and Challenges

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Abstract:
The aim of this research is to examine the roles and problems faced by zakat management institutions when managing, collecting and distributing zakat funds. This research focuses on the main functions of zakat institutions and integrates modern management principles to increase the effectiveness of zakat management in the complex modern era. Zakat management plays an important role in improving the welfare of the people and strengthening the people's economy. Analysis of related literature, case studies, and interviews with zakat practitioners are the research methods used. The research results show that the main problems in managing zakat institutions are effective collection, targeted distribution and public trust. Innovation in management is needed. This should include technology implementation, human resource development, and effective communication strategies.
Keywords: *Management of Zakat Institutions; Zakat Function; Zakat Institution's Challenge*

Abstrak:
Subjek penelitian ini adalah bagaimana lembaga manajemen zakat beroperasi, mengumpulkan, dan mendistribusikan dana. Fokus penelitian ini adalah tugas utama lembaga zakat dan bagaimana prinsip-prinsip manajemen modern dapat

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digunakan untuk meningkatkan efektivitas manajemen zakat di era modern yang kompleks. Manajemen zakat memainkan peran penting dalam meningkatkan kesejahteraan dan kekuatan ekonomi umat. Analisis literatur terkait, studi kasus, dan wawancara dengan praktisi zakat adalah metode penelitian yang digunakan. Studi menunjukkan bahwa pengumpulan, penyebaran, dan keyakinan masyarakat adalah masalah utama ketika mengelola lembaga zakat. Inovasi adalah bagian penting dari manajemen. Ini harus mencakup penerapan teknologi, pengembangan sumber daya manusia, dan pendekatan komunikasi yang efektif.

Kata Kunci: *Manajemen Lembaga Zakat; Fungsi Zakat; Tantangan Lembaga Zakat*

Introduction

Zakat has become part of muslim life, and its management institutions have developed and changed. Zakat is one of the important strategic pillars in sharia finance. As one of the obligatory social acts of worship for muslims who fulfill the nisab. Part of the responsibility of the corporate corporation is to increase the collection of the zakat of the muzakki, which is not only limited to the individual but also to the corporation. Zakat has an important role in spreading wealth, helping the community's economy, meeting their basic needs, and creating social welfare.

Zakat is a social obligation and worship known in Islamic teachings. Zakat comes from the word " زكى " which means to clean, purify and multiply. (Zulkifli, 2020) Meanwhile, zakat in terms of terms is the level of wealth that must be expended, which has been determined by Allah SWT for every Muslim who is able to achieve the pleasure of Allah SWT.

Meanwhile, according to Imam al-Mawardi as quoted by Tengku Hasbi as-Siddiqy from the book al-Hawi mentioned:

الزكاة إسم لأخذ شيئ مخصوص من مال مخصوص على أوصاف مخصوصة لطائفة مخصوصة

"*Zakat is a term for certain withdrawals from certain assets, according to certain characteristics, to be given to certain groups.*"

Zakat is an important part of Islamic teachings in maintaining the social and economic balance of the people and showing empathy towards others. Zakat is considered one of the five pillars of Islam that must be fulfilled by all muslim people. Not paying zakat can be considered a violation of Islamic law which has consequences in the afterlife. Zakat, on the other hand, plays an important role in reducing social inequality and helping less fortunate people in society. In his hadith, Rasulullah SAW said that zakat is the right of the poor to the wealth of the rich. Therefore, paying zakat is an important part of worshiping and obeying Allah SWT.

Zakat has various functions, including:

1. Religiously, zakat brings people closer to the values of devotion to Allah SWT and cleanses their possessions.
2. Socially, zakat functions as a tool to reduce social differences in society.
3. Economically, zakat helps smooth economic circulation by encouraging the distribution of wealth.
4. Zakat also functions as a means to build community.

In addition, there are zakat requirements that must be met before they can receive a portion of their wealth. Because this has been established in Islamic teachings based on the Al-Qur'an and the hadith of the Prophet Muhammad SAW, the following things must be possessed by a person to be obliged to pay zakat:

1. Have assets that exceed the nisab: the nisab is the minimum limit of assets required for someone to pay zakat. The amount of the nisab varies depending on the type of assets owned, whether it is money, merchandise, gold or silver.
2. Assets are not used for primary needs: Assets to be given zakat cannot be used for basic needs such as food, clothing, shelter, or other basic needs. The amount of assets required to pay zakat must exceed basic needs.
3. Assets must be owned for one Hijriyah year: Assets must be owned for one full year in the Hijri calendar, which means they

are owned for one full year from the day they were first purchased.

4. These assets are owned in full: The assets owned must be owned in full, meaning they must be free from debts that must be paid. However, if assets are entangled in debt, zakat does not need to be paid.
5. The assets are used for investment or investment in the form of assets: Assets owned can be cash, savings, gold, silver, shares, property, or other types of investments whose value can be calculated and have the potential for value growth.

Types of Treasures to be Decapitated

To receive zakat, assets such as savings, gold, silver, trade, agriculture and mines must reach the nisab, or minimum limit, and must be owned for one year. The zakat that Muslims must pay is 2.5% of all the assets they own.

Types of assets subject to zakat obligations:

a) Types of Nuqud, namely Gold and Silver.
b) The type of al-Naassyiah or animal, namely the camel. Cow (Ox), Goat.
c) Types of al-Zuruui wa as-Simaar or plants and fruit, namely al-Binto (flour from wheat), wheat, dates or raisins.
d) Zakat al-Tijarah types all trading assets.
e) A mining zakat (ma'din) is given for every commodity produced from mining.

Zakat helps reduce economic and social disparities and strengthens social solidarity in society. Through zakat, Muslims are taught to share their sustenance with people in need, thereby creating prosperity and justice.

Management of Zakat Institutions

Zakat institutions have developed into one of the most important sharia financial institutions, functioning not only as a way to worship, but also as an effective tool for social and economic development. Zakat management is a system that regulates the collection, distribution and management of zakat funds with the aim of improving social and economic welfare for Muslims and the wider community.

For effective and efficient zakat management, the function of zakat collection institutions is very important. According to Monzer Kahf, the primary purpose of zakat is to realize justice, in which the rich (muzakki) give a small part of their wealth to the poor (mustahik) (Hakim, 2020). Management of zakat collection in various sectors, including education, health, economy, and government, requires a comprehensive approach to effectively manage zakat revenues to address economic growth, environmental problems, and improve public services. However, challenges in zakat management often involve effective collection, distribution, and This requires management innovation in the areas of finance and technology, as well as the development of human resources and communication strategies.

Zakat management institutions, including the Amil Zakat Institution (LAZ) and the National Zakat Amil Agency (BAZNAS), are responsible for managing zakat funds from the community. The main tasks of zakat management institutions include collecting funds, carrying out transparent management, providing funds to eligible zakat recipients, and reporting and being responsible for the use of these funds.

Collecting Zakat

In Indonesia, the process of collecting zakat begins with determining the assets that must be zakated. This includes assets held in companies, individuals, or Islamic financial institutions such as Islamic banks. To collect zakat from the community, either directly or through special programs, the Amil Zakat Institution (LAZ) or the National Amil Zakat Agency (BAZNAS) is responsible.

Sharia principles regulate the distribution of zakat in Indonesia, and determine eight asnaf, or groups of zakat recipients, namely fakir, poor, amil, convert, riqab, gharmin, fisabilillah, and ibn sabil. BAZNAS and other zakat institutions not only offer direct assistance in the form of money or goods, but also offer empowerment programs. One of the responsibilities of zakat management institutions is to ensure that zakat funds are given to people in need in an appropriate and effective manner. In addition, they are responsible for educating the public about the importance of zakat and implementing programs to overcome poverty and provide economic empowerment to people who do not have wealth.

Zakat Management

Zakat which is an important component of the economic and social system of the state, is discussed in the Indonesian Basic Law No. 23 of 2011. The law regulates various aspects of the administration of funds, such as the allocation, distribution, and supervision of the funds. The amount of funds collected by various Zakat Management Organizations (OPZ) in Indonesia every year is the National Assembly. OPZs in Indonesia include BAZNAS, BAZNAS Provincial, BAZNAS District/City, LAZ, National, Provincial and Kabuoaten Laz. OPZ officially the funds to BAZNA in accordance with its trust . The National Zakat Amil Body (BAZNAS) is the agency responsible for distributing and overseeing the zakat to the entitled parties. Other local Zakat amil bodies also exist, with jurisdiction in the provinces and districts. In addition, the Ministry of Agriculture and the Regional Zakat Agency (BAZDA), which is owned by the local government, has authority to organize and supervise the zakat.

Although the rules are clear, the maintenance of zakat in Indonesia still faces several problems, such as a lack of transparency, low public participation in the setting of the zakat, and the interpretation of the parties entitled to the Zakat. It is important to improve the effectiveness of charitable administration through education, fair administration, and transparency to reduce social disparities and improve the well-being of the people.

Zakat Distribution

In Indonesia, zakat distribution is an important part of the Shariah economic system, which actively contributes to poverty reduction and economic disparities. The process of distribution of zakat in Indonesia is well regulated by the National Zakat Amil Agency (BAZNAS) and other zakat institutions. It ensures that the funds reach those who are entitled to receive it. The program aims to help small and medium-sized enterprises with skills training, education, and support. Contemporary scholars such as Yusuf Qardawi argue to allow productive zakat because the invested zakat can increase the amount of the zakat itself. (Fuadi, 2016)

The utilization and distribution of zakat is regulated in Article 29 QA. No. 10/2007 as follows:

1) Zakat is utilized for mustahik, both productive and consumptive, based on sharia provisions.
2) Mustahik zakat for productive businesses as intended in paragraph (1) must meet the following requirements:
a) The existence of a viable type of productive business,
b) Willing to accept accompanying officers who function as mentors/counselors, and willing to submit periodic business reports every 6 (six) months.
3) Procedures for utilizing zakat as referred to in paragraph (1) are determined by the Head of Baitul Maal Aceh.

Challenges in Zakat Management: Zakat management faces many problems. Some of the main challenges include:

1. Fund Collection Challenge: Increasing public awareness to pay zakat regularly and on time.
2. Transparency Challenges: Ensuring that the management of zakat funds is carried out transparently and accountably so that the public has no doubts.
3. Fair Distribution Challenge: Ensuring that zakat funds are distributed fairly and evenly to mustahik who really need them.
4. Monitoring and Evaluation Challenges: Carrying out routine monitoring and evaluation of the use of zakat funds to ensure that

these programs are running well and effectively.

This research aims to study the role, problems and effects of zakat management institutions in terms of managing, collecting and distributing zakat funds. This research will concentrate on how to manage zakat funds effectively and will identify several strategies that can be used by zakat management institutions to improve performance and generate greater benefits.

Therefore, it is hoped that this research will make a significant contribution to creating more efficient zakat management policies and practices that have a positive impact on communities in need. This research is expected to provide a deeper understanding of the role of zakat management in strengthening the economic and social system of Muslims through a comprehensive analytical approach.

Methods

Descriptive qualitative methods are used to study the state of objects, the main title of which is to optimize the management of case studies talents on functions and purposes, and to use data from library sources. or legal approaches that present theoretical concepts based on available literature, such as articles in current scientific journals, are commonly used. Next, use secondary data to obtain processed data about BAZNAS, BAZDA, and LAZ associated with this research. After collecting all the data, the author performs a data analysis to reach a conclusion.

Result and Discussion

1. The Role of Zakat Management Institutions.

   Research shows that zakat management institutions play an important role in optimizing the function of zakat in society. Organizations such as the Amil Zakat Institute (LAZ) and the National Amil Zakat Agency (BAZNAS) enable the collection, supervision and distribution of zakat funds in a more efficient and organized manner.
2. Challenges in Zakat Management.

The research results show that there are many problems faced in zakat management, such as efficient collection, targeted distribution, and public confidence in zakat institutions. To overcome these problems, the holistic management approach must change.

3. Performance Evaluation of Zakat Institutions.

Analysis of the performance of zakat institutions shows that regular evaluation is necessary to ensure that their operations are effective and efficient. This evaluation includes an assessment of how the zakat collection target is achieved, how zakat is distributed to mustahik and how transparent zakat fund management is.

4. Recommendations for Increasing Effectiveness.

The research results show that zakat institutions must improve human resource development, apply information technology in managing zakat funds, and improve communication techniques to strengthen public trust. It is hoped that these recommendations will help zakat institutions better achieve their social and economic goals.

Conclusion

Zakat plays an important role in combating poverty, creating social solidarity, and ensuring that wealth is equitably distributed among societies. Zakat institutions must face the problem of transparent and effective fund management as they serve as a bridge between the society that is obliged to pay the zakat and the beneficiaries. In order to ensure the sustainability of the zakat institutions in achieving the objectives of socio-economic development of the Muslims, the integration of modern management principles is necessary. The zakat institution is expected to contribute to the development of better zakat management policies and practices through effective zakat fund management.

However, zakat institutions face many challenges in their management, such as how funds are collected, monitored transparently, and properly distributed to targets. Therefore, it is vital to ensure that the zakat institutions function properly and continue to persevere in achieving the goals of socio-economic development of the Muslims.

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