

POTENTIAL OF ZAKAT ON MSME GROWTH IN INDONESIA'S ECONOMIC RECOVERY

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Abstract

This article explains how the potential of zakat, where Indonesia is the country with the largest Muslim population in the world. Certainly with the largest Muslim population. Indonesia has great zakat potential. Based on the research of Baznas, Bogor Agricultural University (IPB), and Islamic Development Bank (IDB), the potential of national zakat amounted to Rp 217 trillion. So in this case it takes planning how the program of distribution of zakat can be channeled in a directed manner and has a clear orientation where zakat will be distributed, not just on the distribution of a moment without any sustainable effect. The author has an idea about the system of distribution of zakat that can be channeled to MSMEs with a revenue-sharing system so that the zakat can later be re-collected and used for further purposes. In the end, the orientation of the idea of zakat distribution program to MSMEs can have a sustainable impact. Then on the next side poverty can be resolved, unemployment can be realized, and welfare can be felt by all communities so that the expected benefits in the Islamic economy can be realized.

Keywords: Zakat, MSMEs, Economic Recovery

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have a strategic role. As of the end of 2013, the number of MSMEs in Indonesia was 57.89 million units with a gross domestic product contribution of 59.08%. The contribution of MSMEs to the absorption of labor is about 97.16% or 114 million people (Ministry of Cooperatives and MSMEs, 2015). ASEAN SME Policy Index data in 2014 stated that more than 96% of companies in ASEAN are MSMEs. The contribution of MSMEs in ASEAN to GDP is 30-57%, while the contribution of labor absorption is 50-98%. Further data shows, about 17% of MSMEs have exported products. Some things that should be underlined related to the importance of the MSME sector in Indonesia, namely MSMEs play a big role in absorbing unemployment, supporting poverty reduction programs and to facilitate the increase in income from exports (Tambunan, 2006).

Some researchers have studied and tried to provide input for the development of MSMEs in Indonesia. The research were conducted by Supriyanto (2006:1) concluded in his research that MSMEs can be a solution to poverty alleviation in Indonesia. Poverty alleviation by developing MSMEs has fairly good potential, because it turns out that the MSME sector has a large

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contribution in the absorption of labor, namely absorbing more than 99.45% of the workforce and contributing to a GDP of about 30%. Efforts to advance and develop the MSME sector will be able to absorb more existing workers and of course, will be able to improve the welfare of the workers involved in it to reduce the unemployment rate. And in the end, it will be able to be used for poverty alleviation.

Indonesia is the country with the largest Muslim population in the world. In 2013 the Muslim population of Indonesia reached 87.21% (Kemenag, 2013). Certainly, with the largest Muslim population, Indonesia also has a large zakat potential. Based on the research of Baznas, Bogor Agricultural University (IPB), and Islamic Development Bank (IDB), the potential of national zakat amounted to Rp 217 trillion. This figure should have a tremendous impact on poverty alleviation efforts in Indonesia. However, the baznas report revealed that the potential of zakat that can be absorbed and managed by baznas institutions only reached Rp.450 billion for 2007, increased to Rp 2.73 trillion in 2013 or only about 1% only.

So far research on zakat discusses the potential of zakat, the impact of zakat on the welfare of the community and other social problems, or the study of the realization of the receipt of zakat funds separately. Kahf (1987) estimates the potential of zakat in eight Islamic countries, namely Egypt, Indonesia, Pakistan, Qatar, Saudi Arabia, Sudan, Syria, and Turkey. The study estimated zakat in three ways: 1) based on traditional fiqh, 2) based on the calculation of Qardawi i.e. zakat income is calculated at 2.5% while net profit on fixed assets is calculated at 10%, and 3) modification of Qardawi version i.e. all zakat from fixed assets and revenue is calculated equally by 2.5%. The results showed that the potential of zakat in Indonesia ranges from 1 to 2 percent of GDP.

A study conducted by PIRAC in 2004 estimated the potential of zakat in Indonesia to reaching Rp. 6,132 trillion (Kurniawati, 2004). Meanwhile, Firmansyah (2009) estimates the potential of zakat by using the assumption of a minimum zakat rate of 2.5% of each regional economic sector (GDP) as follows: 1) The level of agricultural zakat is 2.5% of the value of the agricultural sector GDP; 2) The level of mining zakat is 2.5% of the GDP value of the mining sector; 3) The zakat rate of other sectors is 2.5% each. A study conducted by Firdaus et al (2012) showed the total potential of zakat in Indonesia from various sources, namely household income, corporate income, and savings estimated at Rp. 217 trillion or equivalent to 3.4% of Indonesia's GDP in 2010

Based on the research that has been studied and developed by researchers, it is necessary to develop Zakat Extension Fund that has been collected so much. distribution mechanisms and most importantly the distribution of zakat not only for consumptive needs but more towards productive needs to prosper the community in a sustainable manner and improve welfare evenly. In this case, trying to see the potential of zakat owned is expected to influence the growth of MSMEs, where faced by MSMEs namely Kurangnya capital both in number and source, The difficulty to obtain MSME Capital, the requirements of applying are so complicated, being the cause of the growth of MSMEs is not so rapid and has not contributed to the Indonesian economy, coupled with the condition of the Covid-19 Pandemic that occurred in 2020 makes MSMEs in Indonesia increasingly dimmed, but in 2021 and so on we are optimistic about the

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growth of MSMEs in the Indonesian Economic Recovery. Therefore, it is necessary to develop the potential of zakat to be channeled to productive things and the participation of the government in supporting the development of MSMEs can grow well so that it is expected that Indonesia's economic recovery after Covid 19 can be improved again.

2. LITERATURE REVIEW

a. Zakat

The language of zakat comes from the form of the word "zakat" which means holy, good, blessing, grow and develop. In terminology, zakat is the activity of giving certain assets that are required by Allah SWT in certain amounts and calculations to be handed over to the rightful people (Sri Nurhayati and Wasilah, 2009). In PSAK No. 109 it is explained that zakat is a property that must be issued by muzakki in accordance with sharia provisions to be given to those who are entitled to receive it (mustahiq). Meanwhile, in article 1 (2) of Law No. 23 of 2011 concerning the management of zakat, it is stated that zakat is a property that must be issued by a Muslim or business entity to be given to those who are entitled to receive it by Islamic law.

The provision of zakat is based on the source of Islamic law, namely the Quran and As-Sunnah (Sri Nurhayati and Wasilah, 2009). In the Qur'an, the word zakat is mentioned 30 times, which is 8 words contained in the letter Makiyah while 22 words are in the letter Madaniyah. One of the verses that explain zakat is QS. At Tawbah verse 103 states:

"Take the alms out of their wealth, with which you purify and purify them, and pray for them. Surely your prayer is a peace of mind for them. And Allah is All-Hearing, All-Knowing." (QS) At Tawbah: 103).

In as-Sunnah is also explained a lot about the obligation of zakat. One of them is the hadith narrated by Imam al-Bukhari as follows.

The Messenger of Allaah (peace and blessings of Allaah be upon him) said: "Whoever Allah has blessed with wealth but does not give his alms, on the Day of Resurrection he will be visited by a very venomous and terrifying bald male snake with two spots above his eyes." (HR. Bukhari)"

There are two types of zakat, namely zakat fitrah and zakat harta (maal) (Sri Nurhayati and Wasilah, 2009). Zakat fitrah is zakat that is required to Muslims in the month of Ramadan, precisely at sunset at the end of Ramadan and more importantly paid before Eid al-Fitr prayers. Zakat fitrah is obligatory for every Muslim who has qualified, namely having excess staple food for himself and his dependents at the time of eid. Zakat fitrah does not know nishab and is paid one sha' or the equivalent of 3.5 liters (2.5 kg) of community staple food.

As for zakat wealth, this zakat is zakat on wealth that can be paid at any time as long as the object of zakat has been qualified. Zakat includes business products, agriculture, mining, seafood, livestock products, property findings, gold, and silver, as well as the work of (professions) that have their calculations. Along with the development of the times, the type of zakat wealth continues to grow. Some potential zakat objects are related to modern sectors such as income earned from skills/professions, chicken farms, bees, plantations, property businesses,

and securities such as stocks and others.

Zakat can be divided into two types, zakat fitrah and zakat maal. Zakat fitrah is paid during Ramadan for each individual while zakat maal is issued on the property owned. The conditions of wealth that must be paid are: 1) Full Property (Almilkuttam), 2) Developing, 3) Simply Nishab, 4) More Than Basic Needs (Alhajatul Ashliyah), 5) Free from debt, and 6) Passed One Year (Al-Haul) (Qardhawi, 1999). The types of wealth that can be the object of payment of zakat maal can be distinguished into two, namely wealth in the traditional context (agricultural products, mineral resources, gold, jewelry, cash, business products, and livestock) and wealth in the modern context (income from assets, salaries, securities) (Abu Bakar, 2007; Qardawi, 1999).

b. Micro, Small And Medium Enterprises (MSMEs)

According to the 1945 Constitution, then strengthened through TAP MPR NO. XVI/MPR-RI/1998 on Economic Politics in the framework of Economic Democracy, Micro, Small, and Medium Enterprises need to be empowered as an integral part of the people's economy that has the position, role, and strategic potential to realize a national economic structure that is more balanced, developed, and equitable. Furthermore, the understanding of MSMEs is made through Law No.9 of 1999, and because of the increasingly dynamic developmental circumstances changed to Law No.20 Article 1 of 2008 on Micro, Small and Medium Enterprises, the understanding of MSMEs is as follows:

- 1) Micro Enterprise is a productive business owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises as stipulated in this Law.
- 2) Small Business is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or non-branch company owned, controlled, or becomes a direct or indirect part of a Medium Or Large Business that meets the criteria of Small Business as referred to in this Law.
- 3) Medium Enterprises is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or part of either directly or indirectly with a Small Business or Large Business with the amount of net worth or annual sales proceeds as stipulated in this Law.
- 4) Usaha Besar is a productive economic enterprise conducted by a business entity with a net worth or annual sales result greater than medium enterprises, which include state-owned or private national enterprises, joint ventures, and foreign businesses conducting economic activities in Indonesia.
- 5) The business world is micro-businesses, small businesses, medium enterprises, and large businesses that conduct economic activities in Indonesia and are domiciled in Indonesia

c. UMKM Criteria

According to Article 6 of Law No.20 of 2008 the criteria of MSMEs in the form of capital are as follows:

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- 1) Micro Business Criteria are as follows:
 - have a net worth of at most Rp50,000,000.00 (fifty million rupiahs) excluding land and buildings of businesses;
 - annual sales of at most Rp300,000,000.00 (three hundred million rupiahs).
- 2) Small Business Criteria are as follows:
 - have a net worth of more than Rp50,000,000.00 (fifty million rupiahs) up to a maximum of Rp500,000,000.00 (five hundred million rupiahs) excluding land and buildings of businesses; Or
 - annual sales of more than Rp300,000,000.00 (three hundred million rupiahs) upto a maximum of Rp2,500,000,000.00 (two billion five hundred million rupiahs).
- 3) Medium Business Criteria are as follows:
 - have a net worth of more than Rp500,000,000.00 (five hundred million rupiahs) up to a maximum of Rp10,000,000,000.00 (ten billion rupiahs) excluding land and buildings of businesses; Or
 - annual sales of more than Rp2,500,000,000.00 (two billion five hundred million rupiahs) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiahs).

d. Economic Recovery

The Government Regulation No. 23/2020 also stipulates that the Government can conduct economic recovery programs through various means, namely allocating state spending by providing interest subsidies for groups of micro, small and medium enterprises affected by Covid-19 and has attempted to restructure its credit to banks, apply for waivers to financing companies to obtain or obtain interest subsidy facilities for installment waivers, delays in repayment of principal debt or extended periods.

As outlined above, to face threats that endanger the National economy and or financial system stability into law. Therefore, the pen program is intended to help, encourage, increase the purchasing power of the people and restore the Indonesian economy evenly and overall. Focusing on the households of the people most vulnerable to the impact of Covid 19 then on the business sector (MSMEs). The government will also focus on strategies to reduce the risk of economic contraction in the third quarter and the fourth quarter of 2020 by optimizing potential budgets that may not or may not be absorbed by re-allocation to programs that can be implemented and completed in 2020 so that the wheels of economic life are expected to spin again. National Economic Rescue Program (PEN) is referred to as follows:

- 1) Budgeting spending on handling Covid-19
- 2) Social protection through social assistance to low-income communities
- 3) Assisting Local and Sectoral Governments with Labor-Intensive programs
- 4) MSME interest subsidy
- 5) Corporate Financing
- 6) Business incentives in the form of taxes

The National Economic Recovery Program is expected to run by its objectives, PP No. 23/2020 regulates the principle of implementation of the PEN program consisting of the principle of social justice as much as possible for the prosperity of the people.

3. RESEARCH METHODOLOGY

This research is descriptive because it describes or describes the potential and realization of zakat acceptance in Indonesia. The research approach used is the quantitative approach. The object of this research is the potential and realization of zakat acceptance in Indonesia. The subject of this study was the acceptance of zakat from the people of Indonesia. This study more specific to zakat maal or zakat on the property, especially zakat on income, because zakat fitrah is generally handed directly from muzakki to mustahiq without interference zakat institutions and has a time limit on collection and distribution.

In this study, the data collection techniques used are documentation techniques. Documentation techniques are used to obtain secondary data on the data of potential receipt of zakat and data on the realization of zakat receipts. Data on the potential receipt of zakat using data on the number of working labor force, percentage of the Muslim population and per capita income data of Indonesian people. The data was obtained from the Central Statistics Agency (BPS), the Ministry of Religion, the National Amil Zakat Agency (BAZNAS), and also the National Amil Zakat Institute (LAZNAS) in 2011-2015.

Descriptive analysis is conducted to obtain an overview of the potential receipt of zakat and the realization of zakat receipts in Indonesia. Then modify the distribution of zakat to be channeled to productive things, in this case the MSME program is expected to be able to direct the distribution of zakat can have a sustainable effect so that welfare can run onwards and be felt by many people.

4. DISCUSSION

Indonesia is the 4th largest country in the world. Of the total population of Indonesia about 48% are the labor force, namely, the working-age population (15 years and above) who work, have a job but are temporarily unemployed, and are unemployed (BPS, 2016).

MSMEs in Indonesia has become an important part of the economic system in Indonesia. This is because MSMEs are more business units than large-scale industrial businesses and have the advantage in absorbing more labor and also being able to accelerate the equalization process as part of development. Based on this fact, MSMEs should be protected by laws and regulations related to operational activities and their development. Several regulations have been issued by the government to protect MSMEs including the 1945 Constitution is the foundation of the legal basis in Indonesia Article 5 paragraph(1), Article 20, Article 27 paragraph (2), Article 33, Law No.9 of 1995, Decree of the People's Consultative Assembly of the Republic of Indonesia Number XVI/MPR-RI/1998 on Economic Politics in the framework of Economic Democracy, Micro, Small, and Medium Enterprises need to be empowered as an integral part of the people's economy which has a position, role, and strategic potential to realize a more balanced, developed, and equitable national economic structure, Presidential Regulation No.5 of 2007 concerning Small Business Credit program for MSME operational financing, Law No.20 of 2008 on the empowerment of MSMEs for economic workers in Indonesia, and the latest is Package 4

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economic policy "people's business credit policy (KUR) cheaper and broader" for MSMEs. This package was released by the Coordinating Ministry for Economic Affairs on Thursday, October 15, 2015.

The Government hopes to launch this policy package as an instrument in addressing the need for the development of MSMEs. The government realizes that banking credit growth tends to slow in the past year. In mid-2014, credit annual growth was still 16.65% which subsequently fell to 11.6% at the end of 2014 and 10.4% at the end of the first semester of 2015. The trend also occurred in Micro Small and Medium Enterprises (MSMEs) loans that only grew by 9.2% (year on year) at the end of June 2015. The trend of slowing lending is certainly related to weakening economic growth. Therefore, to encourage the economic wheel movement of the community, especially to MSMEs, the government provides greater interest subsidies for KUR.

Based on the research of Baznas, Bogor Agricultural University (IPB), and Islamic Development Bank (IDB), the potential of national zakat amounted to Rp 217 trillion. This figure should have a tremendous impact on poverty alleviation efforts in Indonesia.

So in this case it takes planning how the program of distribution of zakat can be channeled in a directed manner and has a clear orientation where zakat will be distributed, not just on the distribution of a moment without any sustainable effect.

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In the end, the orientation of the idea of the zakat distribution program to MSMEs can have a sustainable impact. Then on the next side poverty can be resolved, unemployment can be realized, and welfare can be felt by all people so that the expected benefits in the Islamic economy can be realized.

5. CONCLUSION

Indonesia is the country with the largest Muslim population in the world. Certainly, with the largest Muslim population, Indonesia also has a large zakat potential. Based on the research of Baznas, Bogor Agricultural University (IPB), and Islamic Development Bank (IDB), the potential of national zakat amounted to Rp 217 trillion.

MSMEs are one of the concerns of the government program seen from the National Economic Rescue, one of its programs pays attention to the development of MSMEs and is contained in Presidential Regulation No.5 of 2007 concerning the Small Business Credit program for MSME operational financing, Law No.20 of 2008 on the empowerment of MSMEs for economic development in Indonesia.

So hopefully Zakat can contribute more in all directions, in this case, MSMEs are the best sector developed through financing assistance from zakat. Then it can affect poverty reduction, unemployment, and can prosper the community.

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