

## **MODEL OF POOR SOCIETY EMPOWERMENT THROUGH OPTIMIZING THE POTENTIAL OF ZAKAT: A Case Study in Lampung Province**

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### **ABSTRACT**

*Previous research found a large zakat potential in Lampung province that reached Rp 644 billion (opinion 2 percent from GDRP) and Rp1.3 trillions (opinion 4.3 percent from GDRP). This potential could assist the government in tackling poverty. Based on this potential, further research was to design Model of Poor Empowerment through Optimizing the Potential of Zakat.*

*The method used is a case study. There were five propositions developed, namely: (1) Optimization of the collection of zakat requires synergy role between LAZ/BAZIS (Zakat Executor Institution), government and society, (2) Empowerment Program of the poor through productive zakat by LAZ could be done by using Community-Based Development, (3) the distribution of zakat in the effort of empowering the poor requires synergy programs between LAZ and the government, (4) the appropriate organizational structure of LAZ is Geographic structure, and (5) Management of collection and distribution of zakat depends on a reliable information system.*

*The result shows that the role of government is as obligatory zakat regulator either to individuals, companies, and government agencies. Furthermore, Muzakki consisting of individuals, corporations and government agencies collected their zakat to LAZ/BAZIS. In the case of zakat distribution, government and LAZ should work together so the government's poverty reduction programs and LAZ empowerment of the poor program will be mutually synergistic and will not overlap each other. LAZ could also run the program of the Community-Based Development. The study also found LAZ should use geographical organizational structure. This structure allows the formation of decentralized LAZ regency/city. Further LAZ works need the support of a reliable information system.*

**Keywords:** *Empowerment of the poor, zakat potential, synergy between government and LAZ poverty reduction program, Community Based Development*

## INTRODUCTION

*Zakat* potential is very large to overcome poverty in Indonesia. The survey result on *zakat* potential done by Language and Culture Center UIN Syarif Hidayatullah Jakarta and Ford Foundation in 2004-2005, shows that the potential of *Zakat*, Infaq, Sadaqah (ZIS) reached Rp19,3 trillion each year. If this amount is projected to 2007 with inflation correction of BPS version in 2005 and 2006 each 17 percent and 6,6 percent in 2007, the potential of the accumulated *zakat* should reach 24 trillion (Asnaini, 2008).

The research result of Hayati & Caniago (2011) shows that earning of *zakat* in Bandar Lampung in 2009 went over Rp700 million. This amount is far lower than the expected *zakat* potential that reaches 644 billion each year with estimated Indonesian *zakat* (2 percent) and Rp1,3 trillion each year with the average estimated amount from eight Islamic countries (4,3 percent). Whereas the local government of Lampung province, for example in 2007 and 2008, budgeted fund for social department Rp29 billions and Rp21 billions, including other programs of poor empowerment.

On the other hand, the amount of poor citizen in Lampung province was quite high, going over 20percent. This big potential certainly can assist and save the government's budget in overcoming poverty. If such potential of *zakat* is allocated to poor families (RTM) as much as USD 1 a day based on MDGs, two Regencies will be freed from poverty, namely Bandar Lampung and Metro. Provided that the average estimation of eight countries is 4,3percent, the number of regencies/cities of which poor families can be freed from poverty line with USD 1 per a day increases, i.e. Bandar Lampung, Metro, Tulang Bawang and Central Lampung. Thus, the potential of *zakat* to free poor families from poverty line depends on the amount of earning PDRB and estimation of *zakat* percentage, the more GDRP and *zakat* percentage are, the

more the potential of *zakat* can be made use. The potential of *zakat* in each regency/city can also be made into inter-regency/city cross subsidy. Regency with low GDRP and high poor family (RTM) can be subsidized from other regencies/cities with abundant *zakat* earnings.

The distribution of *Zakat* Infaq Shadaqah (ZIS) does not necessarily mean to spend the entire ZIS, but instead it should serve as an empowerment of the poor citizens. Therefore, *zakat* must be collected by *Zakat* Excecutor Institution (LAZ) rather than directly distributed to the beneficiaries (those who deserve to receive it/*mustahik*), which bring about the absence of the guidance and empowerment of the beneficiaries (*mustahik*). *Zakat* Excecutor Institution (LAZ) is a legal and professional institution upon which the assignment of representing the beneficiaries (*mustahik*) and of executing *zakat* is laid.

The problems in the utilization of *zakat* potentials are among others, the weak trust of society toward the *Zakat* Excecutor Institution (LAZ), the weak professionalism of the existing LAZ, the less pro-active and passive LAZ participants in serving the public, the weak information system for *zakat* data base, the weak administration of *zakat*, the weak bureaucracy of LAZ, the weak coordination of LAZ, the existence of "unhealthy competition and acquisition for targeted field among LAZ", the weak surveillance on the existing LAZ, the weak sanction against the irresponsible/untrustworthy and *syaria*-uncommitted of LAZ, and the lack of competent human resource to manage LAZ (Mahmudi, 2009).

The research result shows the motivation of paying *zakat* is determined by two things, namely, the knowledge and the government role (Hayati & Sari, 2007). This finding shows that it requires the government's role in collecting *zakat*, so *zakat* can be collected optimally. This way, LAZ's attention can be focused on the empowerment of poor citizens, so it will not be distracted by *zakat* raising/collection.

Based on the elaboration above, the purpose of this research is to find out a model of poor society empowerment through optimizing the potential of *zakat*. This research will be useful for academicians, practitioners, and governments. For academicians, this research can be reference for developing model of poor society empowerment through *zakat*. In the perspective of *Zakat* Executor Institution (LAZ), as the executors of *zakat* collection and distribution activity, this research gives description on the effective poor society empowerment. For the government, this research is expected to be inputs in passing down economic policy and poor society empowerment.

## LITERATURE REVIEW

### *Zakat* Collection

The research of Hayati (2002) puts the *zakat* distributors (*Muzakki*) and the beneficiaries (*Mustahik*) on equal position as party served by LAZ or as they call "LAZ customers". The *zakat* distributors (*muzakkis*) in this case, requires LAZ to distribute ZIS fund so that the distribution can be managed well and allocated appropriately and the beneficiaries (*mustahik*) also requires LAZ to get their rights from the ZIS fund. In this case, no party more prioritized to get the service, because both of them have important position. Besides, LAZ must remind the *zakat* givers of their obligation (to pay *zakat*) as the application of the verse stated in QS 9:103, then it also must distribute *zakat* to the right beneficiaries (*mustahik*) as the application of Quran (Quran, 9:160).

According to Drucker (1993:39), non-profit institutions not only serve as service provider but also make end user as doer not user. The service also used to change the human's life condition. The non-profit organization requires fund to run its institution. Most executives of the non-profit institution see that their problems will be solved with fund. Consequently, concentration of fundraising will result in the shift of their mission. The thought

of fundraising is a problem and a serious identity crisis, according to Drucker. The objectives of fundraising strategy indeed allows an organization of non-profit taking to run its mission, that is why the term fundraising should be changed into fund development. Fundraising is asking money because the need is so great, while fund development is creative constituency, which supports the organization because it deserves it. It means developing what I call a membership that participates through giving to (Drucker, 1993: 41-42).

For LAZ, building donor constituency actually is not a difficult matter, because all the Muslim society, who is able to pay *zakat* must distribute their *zakat*. Nevertheless, the efforts of LAZ are to motivate them to distribute their *zakat* through LAZ, not directly to the beneficiaries/*mustahik* without guidance and empowerment. Therefore, the collection of *zakat* fund needs the government's involvement in promoting the awareness of distributing *zakat* to LAZ, and if necessary in settling a regulation. This is important for the government itself, because the potentials of *zakat* that can reduce the government's budget in the aspect of poor society empowerment (Hayati & Caniago, 2011).

The research result of Samad & Glenn (2010) shows that *zakat* in Islam is also believed by Christians and Jewish, that they call poor people's right, with different application based on the comprehension of Islam in society and dominating religion in the government. According to Prayitno (2008), the government's involvement is required to manage *zakat* because *zakat* management is public law action, which the authority and the responsibility of the government or any government-legalized institution. Although Indonesia is not an Islamic government, with the large amount of Muslim society, it deserves to insemenate great attention on the matters of *zakat*. In context of a just social policy, its role and that of society are not in paradoxical position but in two equal, synergistic positions (Susetyo,

2008). This way, the first proposition in this research is as follows;

Proposition 1: Optimizing the collection of *zakat* requires synergistic role of LAZ/BAZIS, government, and society.

### Poor Society Empowerment

Darwanto (2010) stated that empowerment refers to the definition of the widening freedom to choose and to act. For a poor society, this freedom is very restricted because of their voicelessness and powerlessness in relevance with government and market. Because poverty is multi-dimensional, poor society needs the capability on individual level (like health, education, and housing) and on collective level (like doing something together to solve a problem). Empowering poor and retarded society demands efforts on abolishment of the causes of powerlessness to elevate their life quality.

Based on Law of the Republic of Indonesia No 13, 2011 about the overcoming of poverty, on Act 2 it is mentioned that the overcoming of poverty should be based on humanity, social justice, non-discrimination, prosperity, friendship and empowerment. What is meant by "empowerment" base is that the overcoming of poverty must be done through the enhancement of human resource' capability and capacity to elevate the self-dependence.

Empowerment according to Luttrell *et al.* (2009) is a process and also outcome. The stress on the process is a focus on the elevation of capacity of organization or the elevation of group participation, which was previously excluded in designs, management and evaluation of the development activity, whereas, the stress on the outcome is a focus on the economic growth and the promotion of accessing economic resources.

Empowerment is an effort to empower poor society with its own efforts. So, in rele-

vance with the poor society aid program, it is more of bottom-up than top-down approach.

Solihin (2010) stated in general, development is categorized into three major concepts, namely: the concept of from-above development, the concept of from-below development, and the concept of community-based development. The from-above development turns out to enlarge the opportunity of disparity resulting from the absorbance of hinterland resource by the central government.

According Cooksey & Kilkula (2005), the top-down approach in planning cycle has been long carried out almost throughout the world. This approach has become cases either on the government or the donator's funding programs. Generally, one of the main reasons to use this approach is because the fund utilization can be implemented fast in large scale in line with the planned schedule. This approach also gives opportunity to the planner of the government, the donators and the bureaucrats to deviate its control and efficiency. The top-down approach is a subordinate of technician's work that is inclined to use a technical problem-solving.

The bottom-up development is conceptually quite strong, because a small region manages resources independently and being disintegrated from other regions, which allows a local region to develop by itself. Somehow, the ever less-restricted world economy tends to show a trend of utopias of the offered concepts (2010).

According to Solihin (2010), the concept of Community-Based Development (CBD), which is carried out as maximally as possible to activate the society's participation and relies upon the local resources, is a development concept alternative that deserves consideration. The implementation of this concept has been increasingly more necessary for the national development since the implementation of UU No. 22, 1999 and No. 32, 2004 regarding Local Government and UU No. 25, 1999

regarding Financial Equilibrium between the Local and Central Government. This concept is appropriately applied on the rural regions, because the rural image of the developing countries, including Indonesia is identical to naturally-based human activities, in relevance with the poverty and the retards of various aspects. Traditional society, as stated by Darkheim is characterized by agricultural life, simple way of life, homogeneous norms, and the limited job division/specialization.

According to Pawitro (2007), the approach of CBD is a development process approach, especially in the field of housing, residence, and city infrastructure in which not only physical-material and financial aspects are involved, but also more spacious aspects, like: from Social, cultural, economic aspects to the regulation of ecology and environment management. (CBD has been world widely introduced since around 1976). The characteristic of CBD is a development process, starting from the idea, planning, making programs of activity, budgeting, and the provision of sources all the way to the implementation on the field, which gives stronger stress on the intention or the real existing necessity (the real needs of community) in their society group.

This CBD approach gives stronger emphasis on the intention and the real existing necessity of a society group, thus this approach is characterized by the bottom-up approach. The strong points of this CBD approach are among others: more aspiring and accommodative toward the intention and the necessity of the society group, able to elevate motivations and the participation of the society group because the types of intention or necessity planned really comes from them, the society group feels more appreciated, (being listened more and being given more attention) that finally will promote their sense of belonging to the programs of activity planned.

The empowerment of poor society by LAZ can be carried out through CBD. Ac-

cording to A. Qodri Azizy (Sartika, 2008), *zakat* should not only be consumptive, ideally, *zakat* can be transformed into the Ummah's fund resources. The utilization of *zakat* for consumptive purposes is on allowed in emergency cases. It means that possibly some beneficiaries are not anymore able to be given guidance for his/her entrepreneurship (like the poor and the needy) or for urgent need, consumptive purposes can be allowed. Ridwan (in Sartika, 2008) stated the utilization of *zakat* should have positive impact to the beneficiaries (*mustahik*) either economically or socially. In the perspective of economy, beneficiaries are truly demanded to self-suffice and live decently, whereas in social perspective, they are demanded to live equally with other society groups. This means that *zakat* should not only be distributed for consumptive purposes but also functions more like *charity* for more productive, and educative interest. Based on the elaboration above, the proposition for this research is formulated as the following:

Proposition 2: Program of poor society empowerment through productive *zakat* by LAZ can be implemented using Community Based Development concept

### **The Role of Zakat in Empowering Poor Society**

The research result done by Sartika (2008) shows that there is a significant influence between the amount of fund distributed and the beneficiary's earning. It means that the amount of the distributed *zakat* truly influence the beneficiary's earning. The research of Beik (2009) shows that *zakat* can reduce the amount of poor family from 84 percent to 74 percent. Then from the aspect of poverty depth, *zakat* is also proven to be able to reduce the gaps of poverty and income, which is indicated by the decrease of the value of poverty gap ratio (P1) from Rp540.657,01 into Rp410.337,06 and the value of income gap ratio (I) from 0,43 into 0,33. While if seen from the perspective of the

level of poverty aggravation, *zakat* is also able to reduce the level poverty aggravation, which is marked with the decrease of Sen Index (P2) value from 0,46 into 0,33 and FGT index value (Foster, Greer, & Thorbecke) from 0,19 into 0,11.

Laila (2010) stated that almost 40 percent or more from 150 million Bangladesh citizens live with the income below USD 1 a day. More than 70 percent of their income is used to eat. The level of population density in Bangladesh goes over 1200 people per kilometer, with a small land in average. The fund of *zakat* can be distributed through the Ministry of Agriculture to help farmers with the promotion of plantation diversity, plantation rotation, and with the support of human resource and irrigation. The Ministry of Agriculture also can offer trainings for farmers to make good use of such resources in effort of producing optimum output, provide rice bran facility and create market access.

Ahmed (2004) stated that *zakat* plays role in macroeconomic policy, namely, in the growth of income, and the opportunity of reduction of poverty level. This research result shows, although the macroeconomic policy plays an important role in reducing the level of poverty, the poverty cannot be reduced without a properly administered of *zakat*. This research suggests that First, *zakat* has to be complimented by robust macroeconomic policies that enhance growth and redistribute income to eliminate poverty. Second, while more *zakat* has to be collected and disbursed, the impact on poverty will only be significant when a larger percentage of *zakat* proceeds are used for productive purposes. The importance on *zakat* as an instrument to overcome poverty necessitates the need to integrate the system of belief with the development strategy. As asserted by Susetyo (2008) in context of a just social policy, the roles of citizens and the government are not in paradoxical position but instead, in a synergistic position. Hence, the

third proposition of this research is as the following:

Proposition 3: *Zakat* distribution in effort of empowering poor society necessitates the synergistic programs between LAZ's poor society empowerment program and the government's poverty alleviation program.

### **Zakat Executor Institution (LAZ) Organization**

All organizations require a form of organizational structure to apply and manage the formulated strategy. Organizational structure determines the relation of company's formal report, authority controlling and decision making procedure (Hitt *et al.* 2010). Hill & Jones (2012: 234-238), divide some types of organizational structure. Matrix structure is based on two horizontal differences and is not like a functional structure. Its form on vertical line classified as function with quite familiar tasks, like selling and marketing, research and development, etc. While on the horizontal line, it is differentiated between project and product. This structure, despite flat, allows the employees to have two leaders (two-boss employee), which is led by project manager and functional manager, who are responsible of managing coordination and communication between function and project, however this structure has a quite high bureaucracy.

Product-team structure is the same as matrix structure but its form is easier and less costly because its participants organized in the form of cross-functional team. In this structure, like matrix structure, tasks divided into project/project line to reduce the cost of bureaucracy, to promote the management capability, to monitor and control the manufacturing process. Despite being characterized as temporary on two different projects, as matrix structure, experts are positioned permanently

in the cross-functional team so that the cost will be lower.

Geographic structure, this structure operated by companies in which geographical area becomes the basis of organizational activities classification. The company divides its manufacture operation and develop them in different area, so that it can be responsive to each customer's necessity and it can reduce its transportation cost. As an example, banking service organization that regulates the selling and marketing activity in an area, rather than nationally on the purpose of intimating the customers.

If a company wants to be successful, it must adjust its strategy, structure and control because the different strategy is required along with environment demand and organizational demand. Therefore, it requires different structural response and control system (Hill & Jones, 2012:11). Hence, the fourth proposition of this research is as follows:

Proposition 4: The most appropriate organizational structure for LAZ is Geographic structure.

### **Information System of Zakat Executor Institution**

Information system is a human or mechanical system that provides information to support the management operation and the function of decision making of an organization (Gordon B. Davis in Jogiyanto, 2005). Organization requires instrument that provides the required information or called as Management Information System (MIS). MIS is a computer-based system that makes the information available for the users with similar necessity (McLeod & Schell, 2008).

Some of the basic information model is Transaction Management Model (MPT) that supports the daily operational activity of the organization. Management Support Model (MPM) is used to help manager execute his daily activity. Decision Support Model (MPK)

is a special utility application to support the decision-making and Executives Support Model is a model done by seniors to manage high-levelled organization problems (Amsyah, 2005:326).

*Zakat* Executor Institution as a mediating institution between the abundant fund owner parties/donators (*muzakki*) to the beneficiaries (*mustahik*) certainly requires much a reliable information management, from the donator (*muzakki*) data collecting to obtain information of *zakat* potentials, the beneficiary data collecting to obtain data and map of the beneficiaries. Information that required in the level of LAZ management to the information publicised. So LAZ can require several types of information system, like: Management Information System, Accounting Information System, Inter-organizational Information System, including Geographical Information System. The better organization knows the geography of the donators, it can learn more effectively and efficiently in raising fund (Esri, 2002).

Based on the above elaboration, the next proposition of this research as follows:

Proposition 5: The management of *zakat* collection and distribution depends much on the reliable information system.

### **RESEARCH METHOD**

This research applies a case study. A case study is an intensive study on single unit or a number of small units (case) on the purpose of comprehending a bigger class from similar units (population and case) (Gerring, 2007:37). Case is a limited entity. Case serves as a major unit of analysis in case study. Meanwhile, case study can also have unit in major unit (Yin, 2012:6-7). A case study as a qualitative research or also called as empirical inquiry is defined by Yin (2003:13-14) as: a) observation on phenomena in contest of real life, especially when b) boundaries between phenomena and context is not obviously seen,

and where; c) multi-source proof is made use/utilized.

### Propositions

Propositions of this research as revealed in bibliography overview are as follows:

- Proposition 1: The optimization of *zakat* collection requires synergistic role of LAZ/BAZIS, government and society.
- Proposition 2: Program of poor society empowerment through productive *zakat* by LAZ can be implemented using Community Based Development concept
- Proposition 3: The distribution of *zakat* in effort of empowering poor society requires synergistic programs by LAZ with the government's poverty alleviation programs.
- Proposition 4: The most appropriate organizational structure for LAZ is Geographic structure.
- Proposition 5: The management of *zakat* collection and distribution depends much on a reliable information system.

### Choosing Case

A case study consists of two types; single case and multiple cases. This research uses single case, namely observation on *zakat* management in Lampung province.

### Data Source

This research data source comes from multi-source of evidence. Yin (2012) stated that multi-source of evidence in a case study could position investigators in the spectrum of issues of history, attitude, and behavior. The advantage of this is the cross point of observa-

tion courses, like triangulation process. This research multi-source of evidence is as follows: a) Documentation; supplement of *zakat* implementation guide, program brochures, poor society empowerment program, government's poverty alleviation programs etc b) File records; an organization notes, organization diagram, work programs, etc. c) Interviews; the key informants in focused interview are people in the organizational structure like the chief of LAZ/BAZIS or department chief. Open-ended interview is also done to the chief of LAZ/BAZIS in Lampung Province to complement or to triangulate the focused interviews. This interview is also done to the donors (*muzakki*) and the beneficiaries (*mustahik*). Other than that, indirect interview is also done through internet to those institution participants who have relation with *zakat* management. d) Direct observation on the data required in observing the work pattern of LAZ/BAZIS in Lampung province, e) participant observation is done through the active participation of role-play, for example direct involvement of *zakat* collection and distribution.

### Data Analysis Technique and Report

The data analysis technique in this research correlates data with propositions (Baxter & Jack, 2008), whereas the report uses Linear Analytic Structure, which is a standard approach in writing research report. This structure involves issues or problems being observed, methods used, findings from the data collected analyzed, decision making and implications of the findings (Yin, 2003).

## DISCUSSION

### The First Proposition; The Optimization of Zakat Collection Requires Synergistic Roles of LAZ/BAZIS, Government and Society

The role of LAZ/BAZIS and government of Lampung so far has not been synergistic. This is obviously seen from the less seriousness of Lampung government in its involve-



ment of *zakat* management. The *zakat* collection for Bandar Lampung area alone, for example, is only 0.0024 percent of PDRB of Bandar Lampung (Hayati & Caniago, 2011).

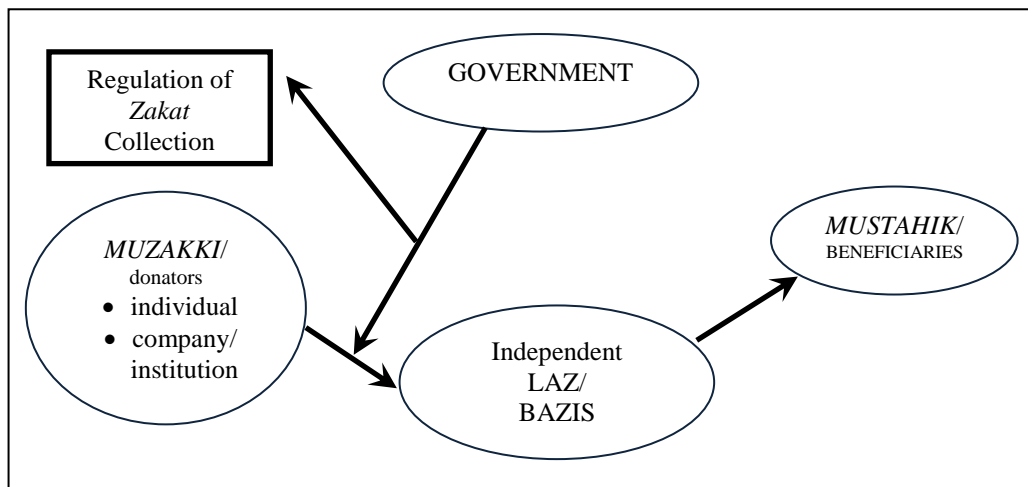
The role of the government in this case is giving support to the collection of *zakat*. Fahmi (2010) (in Hayati & Caniago, 2011) stated that Baitul Mal of Aceh (BMA) has been given authority through Act 10 Qanun No. 10, 2007 to collect *zakat* either from the government institution, central or local, BUMN, BUMD, Private companies, and income *zakat* for civil servants, BUMN employees, POLRI, TNI, or the parliaments, etc. But the challenge that Baitul Mal of Aceh (BMA) faces is the ability to collect *zakat* from the *Muzakki* (donators). So far, the role BMA is only to collect or to receive without authority to enforce the *Muzakki* (obliged donators). Thus, the regulation role in this case does not merely give authority to LAZ/BAZIS to collect *zakat* but also to enforce the obligation of *zakat* as much as that of taxes.

The role of Muslim society itself is determining much the success of *zakat* collection. As a plural country that is not based on Islamic foundation, the role of Muslim society

in Indonesia in their awareness to pay *zakat* is determining. The motivation of *zakat* is determined among others by the government's role and their knowledge on *zakat* (either the jurisprudence or the benefits of *zakat*) (Hayati & Sari 2007). Thus, the efforts to promote the society's understanding on *zakat* should be persistently done.

The role of LAZ/BAZIS is to promote their professional capability in *zakat* management. The better the *zakat* management is, the better achievement the poor society empowerment will reach. The empowerment of the beneficiaries (*mustahik*) depends on the collection of ZIS fund. The collection of ZIS will hardly reach optimum result if LAZ/BAZIS does not give a qualified service in empowering the beneficiaries (*mustahik*) (Hayati, 2002).

Picture 1 shows the synergistic interactions between the government, LAZ/BAZIS and common society, which will give the first hypothesis to this research. Government in this case is a party that give support to the collection of *zakat* by making regulation to enforce obligation of *zakat* for rich (obliged) Muslim society.



**Picture 1.** The Synergistic Model of LAZ/BAZIS, Government and Muslim Society

The role of LAZ as a professional institution that works on the empowerment of poor society should be done by independent institution/boards. LAZ requires trust from Muslim society. It does not matter how much *zakat* is obliged, the optimization of *zakat* collection will not be realized, if Muslim society does not trust the *Zakat* Executor Institutions (BAZ/BAZIS).

### The Second Proposition; The Program of Poor Society Empowerment through Productive *Zakat* by LAZ Can Be Implemented Using Community Based Development Concept

LAZ/BAZIS carries out some programs, among others are education scholarship, entrepreneurship trainings, medical help, disaster aids, and the economic empowerment for beneficiaries (*mustahik*). In this discussion, the

focus is given to the economic empowerment for the beneficiaries (*mustahik*) only (table 1).

Table 1 shows programs in the economic fields carried out by each LAZ. The execution of the program involves the beneficiaries directly giving focus on the beneficiaries' (*mustahik*) real expectation and necessities. LAZ accommodates their aspiration, expectation and necessities, tries to be more responsive to the existing dynamics/development in its social groups in an effort of motivating the role of the beneficiaries, thus it will create a *sense of belonging* on every planned program of activities. It is important as LAZ programs are aimed at transforming *Mustahik* (beneficiaries) into a self-sufficient individual and in turn, into a *muzakki* (donators). Therefore, supervision on the training process is important to carry out. Thus, it can be seen that *Community-Based Development* is a feasible method that can be done by LAZ.

**Table 1.** The Program of Poor Society Empowerment by LAZ/BAZIS

LAZ DAI	DPU DT	ZAKAT HOUSE	DA'WAH COUNCIL
Economic Program;	Center of Independent Ummat;	Senyum Mandiri	Empowerment and Development of Society by <i>Da'ir</i> :
1. Society Cart/ <i>Gerobak Rakyat</i> (GERAK); the provision of business cart.	1. Independent Livestock Village (Livestock Fat program for empowerment of small breeder in village).	1. Healthy Family Toilet (TOSKA)	a. Construction of Sugar Cane mill at Bukit Batabuah, Sumatera Barat,
2. AHAD (Business Charity Aid); aid for courses and entrepreneur	2. Society Based-Microfinance Syariah (Misykat)	2. Independent Small Business Credit (KUKMI)	b. Construction of water well in Marapi's slope
3. PEKAT (Empowerment of People's Economy/ <i>Pemberdayaan Ekonomi Umat</i> ), the integrated management of garbage, Mosque-based economic empowerment program, UMK empowerment program.	(benefit receiver of program ( <i>mustahik</i> ) is given roll funding, skill, and entrepreneurship insight, saving education, potential excavating, characters and morals construction, so that they are empowered and supported to be more independent.	3. Cake House	c. Education program of street children
		4. Entrepreneurship Exercise	d. Poverty Solving Program through goat livestock and poor society assist
		5. Empowering Center	e. Empowerment program of moslem community at Nias, etc.
		6. Nutrition Alert	
		7. Water well (water facility procurement)	

Source: Data and interviews of each LAZ

**Table 2.** The Program of Poor Society Empowerment by LAZ and Poverty Alleviation Program by Government based on Policy Orientation through 4 Focused Priorities (RPJMN 2010, 2<sup>nd</sup> book)

**Prioritized Activities (RPJMN 2010)**

**1. Integrated Social Aid**

Integration of family based social security program that include incidental or marginal group Cash Direct Aid (BLT), hope family program, food aid, health social security, scholarship for poor family's children, toddler education (PAUD), and Parenting Education, start at 2010 and expanded to be national program since 2011-2012.

Government's program	LAZ's Program	Remark
Education, Development, Funding, and Health Security	Health Aid Program	Government's and LAZ's program can be synergized
Education subsidy for qualify elementary schools	Scholarship Program	Government's and LAZ's program can be synergized
Education subsidy for junior high schools	Scholarship Program	Government's and LAZ's program can be synergized
Rice subsidy for poor people (RASKIN)	Consumptive Aid Program (include <i>zakat fitrah</i> , etc)	Government's and LAZ's program can be synergized

**Prioritized activities**

**2. PNPM Mandiri:**

Budget increasing of PNPM Mandiri, from Rp10.3 trillion in 2009 to Rp12.1 trillion in 2010, compliance of Direct Aid to Society (BLM) Rp3 billion per sub-district for minimum 30percent poorest sub-district, and selective integration of supporting PNPM

Government's program	LAZ's Program	Remark
<ul style="list-style-type: none"> <li>▪ People empowerment and poverty-unemployment counter measure acceleration in sub-district (City PNPM)</li> <li>▪ People empowerment and poverty-unemployment counter measure acceleration in sub-district and village (Village PNPM)</li> <li>▪ Poverty counter measure acceleration through infrastructure and villagers empowerment (RIS PNPM+PPIP, etc)</li> </ul>	Social Aid Program	Government's and LAZ's program can be synergized

**Prioritized activity**

**3. People Business Credit (KUR):**

Improvement of KUR distribution's mechanism since 2010 and expansion of KUR's scope since 2011

Government's program	LAZ's Program	Remark
Micro and Small business access to capital source	Micro and Small Business Aid Program	Government's and LAZ's program can be synergized
Cooperative Institutional	Micro and Small Business Aid Program	Government's and LAZ's program can be synergized

**Prioritized activity**

**4. Poverty Allevation Team:**

Revitalization of National Poverty Allevation Committee (KNPK) under vice president coordination, using unified database for establishing program's target since 2009-2010, and application of accurate monitoring and evaluation system use as decision and budget allocation's basis

Government's program	LAZ's Program	Remark
Coordination of policy, institution of KNPK, and people reinforcement	LAZ's Professionalism Management Reinforcement	Government's and LAZ's program can be synergized

Source: RPJMN 2010 Book 2 and Compilation of Programs of Zakat Executor Institution (*Lembaga Amil Zakat*)

**The Third Proposition; The Zakat Distribution to Empower Poor Society requires Synergistic Empowerment Programs of LAZ and Government**

The poor society empowerment programs, either by LAZ/BAZIS or government come in varieties. Such programs can be seen on Table 2. In practice, those programs either by LAZ/BAZIS or the government often work similarly. For example, the scholarship programs which the government has implemented such as scholarships like BOS for Schools and Bidik Misi (PMPAP) for Universities, are also carried out by LAZ/BAZIS. The government’s program of Independent National Community Empowerment Program (PNPM) is also sometimes done by LAZ/BAZIS in similar form. For medical aids, the government runs an Askeskin and Jamkesmas (poor society’s health insurance), and LAZ also runs similar programs. It all shows overlapping programs between LAZ and the government, or among the LAZ institutions.

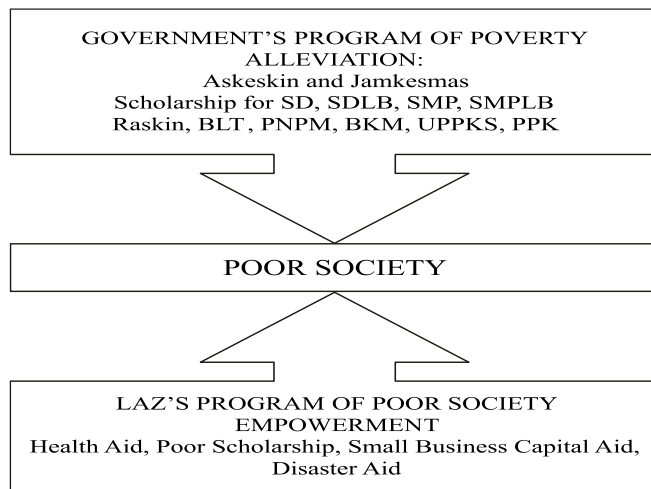
Some government aid programs, which are running can be seen on table 3. Compared with programs carried out by LAZ, they seem similar and this allows the widespread inef-

fective, not-well coordinated programs that will result in the ineffectiveness of the society empowerment programs. The similarities can be seen in picture 2. If all the LAZ and government programs can work synergistically, the poor society empowerment will be better.

**Table 3.** Programs of Government Aid

No	Types of Government Program
1.	Askeskin
2.	Jamkesmas
3.	Raskin
4.	Cash Direct Aid (BLT)
5.	School Operational Aid (BOS)
6.	PNPM
7.	Students Scholarship (BKM)
8.	Effort of Increasing Income of Prosperous Family (UPPKS)
9.	Underdeveloped Village Instruction (IDT)
10.	Sub-District Development Program (PPK)
11.	<i>Sakinah</i> Family
12.	Additional Food Program for Schoolchildren (PMTAS)
13.	People Business Credit (KUR)

Source: Bangsawan *et al.* 2010



Source: Bangsawan *et al.* (2010) and Compilation Programs of LAZ

**Picture 2.** Synergistic Relation Pattern between the Government’s Poverty Alleviation Programs and the LAZ’s Poor Society Empowerment Programs

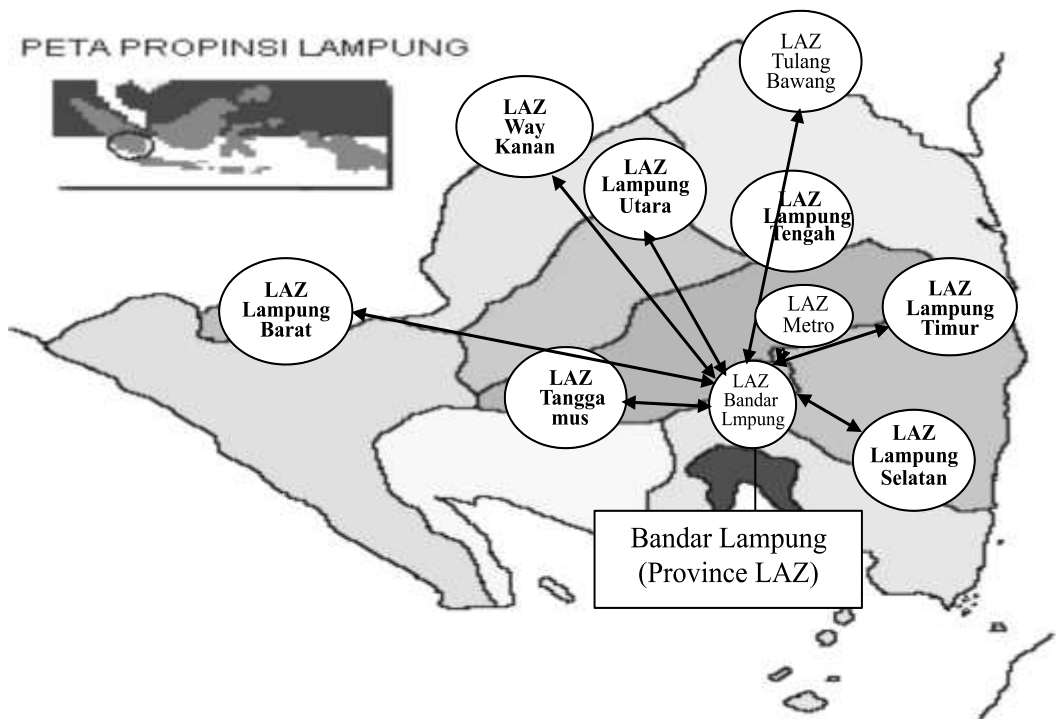
Based on the elaboration above it seems very possible that the poverty alleviation program by the government and the poor society empowerment program by LAZ to work synergistically so they will not overlap. It is necessary that the government and LAZ sit together to discuss such programs in order that the poor society empowerment can work hand in hand without overlapping so there will not be any abandoned fields to empower.

**The Fourth Proposition; The Most Appropriate Organizational Structure For LAZ Is Geographic Structure.**

The work pattern of LAZ that collects *zakat* from the area of its residence and distrib-

utes it to the same area of its residence shows a decentralized bureaucracy pattern. If the centralized bureaucracy pattern is applied, the *zakat* collection and distribution will work rigidly and slowly.

The most appropriate LAZ organizational structure is *Geographic structure*. Geographical structure will allow an easy *zakat* collection and distribution. LAZ institutions can be established in every regency/city, so they can focus on the collection and distribution of *zakat* in each local area. However, information should be exposed to the central LAZ (Province). Geographical structure can be seen in picture 3.



Note:  
 Bandar Lampung = Provincial LAZ that functions as LAZ of Provincial Capital and Supervisor of regency/city LAZ  
 ←→ = Information Course of *Zakat* Collection and Utilization between Regency LAZ and Provincial LAZ

**Picture 3.** Geographic Structure LAZ

LAZ structure of regency/city also does not require zakat collector units of district (kecamatan), as it only allows enlarging bureaucracy and cost. A temporary *zakat* collection is done enough by *zakat* collecting team. Furthermore, if the government can enforce the obligation of *zakat* more seriously, the role of *zakat* collector will be more easily done. *Zakat*, nowadays can be transferred either via ATM or internet.

On the other hand, the aspect of utilization deserves a more serious attention. Empowerment trainings for poor society require attention and guidance. So the utilization of *zakat* is not one-end program but rather continuous programs. The concept of *Community-Based Development* (CBD) stresses on the direct participation of society in determining the most accurate program on their behalf, which requires continuous attention, counseling and guidance.

The management of *zakat*, now has not been done by one LAZ. *Zakat* is also managed by other private LAZ institutions that have been founded lately. But it does not mean that it cannot run the geographical structure. LAZ (private) and BAZIS (government's *zakat* institution) can work together, as co-operation built by Baitul Mal Aceh (BMA). BMA divides the authority of its collection and distribution with private LAZ, which undeniably gives significant effect on the collection of *zakat*, especially for the *muzakki* of private region. Even the amount of *zakat* collected by other private LAZ institutions in Lampung province is bigger than the local BAZIS (Hayati & Caniago, 2011).

Such division can be done by dividing the target of *muzakki*. For example, civil servant (PNS) and government institutions *muzakki* can distribute their *zakat* to the local BAZIS. While individual or private companies *muzakki* that is out of the management of BAZIS can be the authority of private LAZ institutions. But in the aspect of *zakat* distribution, every private LAZ and BAZIS necessarily

makes coordination in order to avoid the ineffective and overlapping distribution.

### **The Fifth proposition; The Management of Zakat Collection and Distribution Depends on a Reliable Information System**

Information system technology is the most required instrument for LAZ. The collection and utilization of *zakat* necessitate the transparency of information. Currently, *zakat* information system has been available (Simzaki) that can be accessed through website <http://www.amil-zakat.net/>. This information system is very helpful in the transparency of *zakat* collection and utilization.

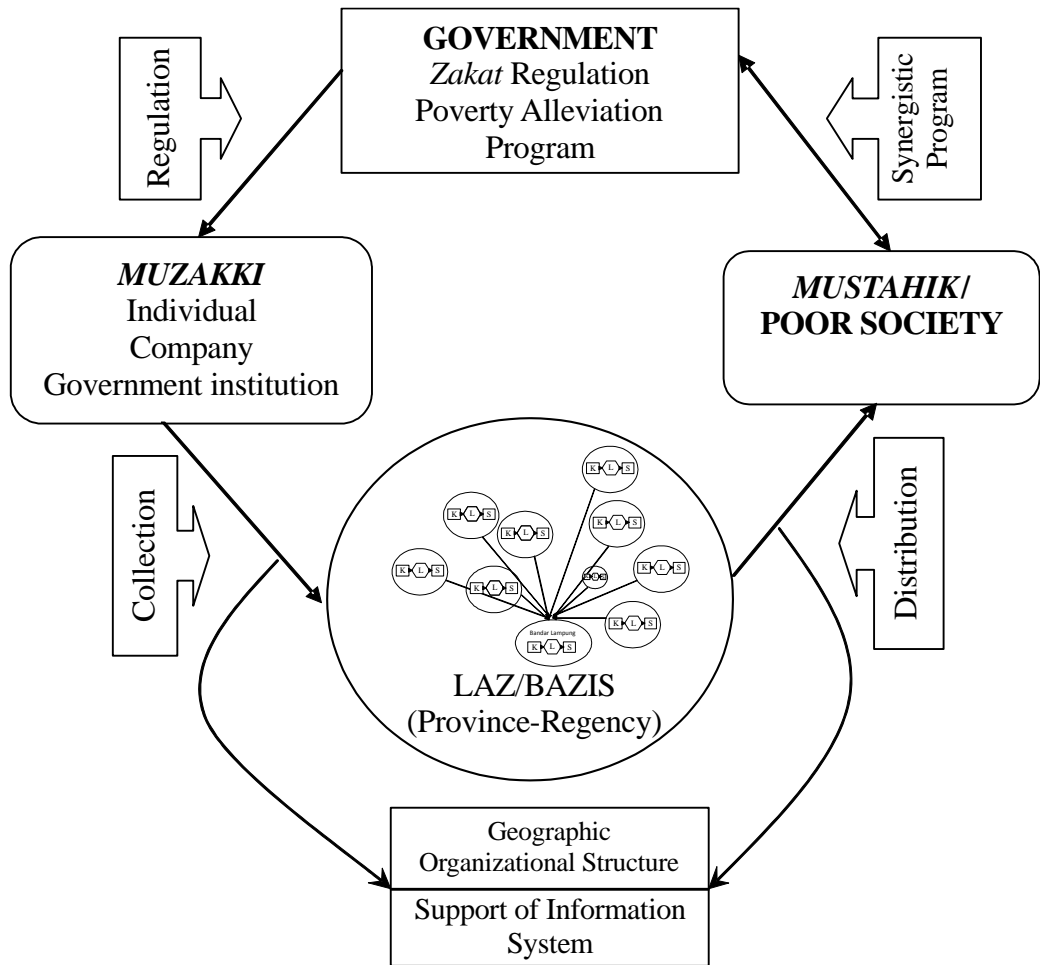
Other than transparency, LAZ requires Information System Management (MIS) to obtain the required information for its management, from the daily operational activity, helping the LAZ manager's daily activity, including supporting the decision making of LAZ leaders. LAZ needs Geographical Information System (GIS) to mark (image) the *zakat* potential regions and the beneficiary (*mustahik*) region. LAZ also needs Inter-organizational Information System that relates among a LAZ with other LAZ institutions (*web-base*). It is required to avoid overlapping collection and distribution of *zakat*. Often, a *mustahik* who has requested one LAZ cannot be traced on other LAZ institutions. The information system allows LAZ to have accurate data of the *mustahik*'s (beneficiary) residence and status in its LAZ.

### **The Model of Poor Society Empowerment through Optimizing the Potentials of Zakat**

Based on the elaboration of optimizing the potentials of *zakat*, synergistic relation pattern of Poverty Alleviation Program by the Government and Poor Society Empowerment by LAZ, subsequently can be designed by the Model of Optimizing the Potentials of *Zakat* as Instrument of Poor Society Empowerment (Picture 4).

The government's role is as the maker of *zakat* obligation regulations to individual, companies and government institution. Then, *muzakki* (donators) which consists of individual, companies and government institution, distributes their *zakat* to LAZ/BAZIS. In term of *zakat* utilization, the government and LAZ should work cooperatively in order that the government's poverty alleviation program and LAZ's poor society empowerment program are supportive rather than overlapping.

The management of *zakat* collection and distribution by LAZ should be done, using geographic organizational structure. This structure allows the formation of other decentralized LAZ institutions of regency/city. Besides, the amount of the existing private LAZ institutions can help in the collection of *zakat* and in promoting awareness among *muzakki* of paying *zakat*. But in the aspect of utilization, an information system, an efficient and effective fund collection, a non-overlapping utilization, are required.



Picture 4. Model of Poor Society Empowerment through Optimizing the Potentials of Zakat

## CONCLUSION AND SUGGESTION

The result of this research can be concluded as follows:

1. The synergy in *zakat* collection among LAZ/BAZIS, Lampung province government and society is required in the effort of optimizing the collection of *zakat*. The role of government in making regulation is determining the optimization of *zakat* collection.
2. The Program of poor society empowerment through productive *zakat* by LAZ in Lampung province can be done through *Community-Based Development* (CBD). It allows the direct participation of society in the most appropriate program according to them, and allows a continuous attention, counseling, and guidance.
3. The distribution of *zakat* in effort of empowering poor society requires the synergy between the poor society empowerment program by LAZ with the poverty alleviation program by the local government of Lampung province, so the programs can work hand in hand without being overlapping.
4. In running the management, the most appropriate organizational structure for LAZ is *Geographic structure*. This structure economizes the cost of bureaucracy, and allows more decentralized management to each LAZ of regency/city, easier application of CBD.
5. Reliable information system can support the management of LAZ in Lampung province to become better, using Management Information System (MIS), Geographic Information System (GIS) and Inter-organizational Information System (IOS).

Some suggestions for the future research are:

1. As written in RPJMN 2010-2014 it is necessary that LAZ and government make cooperation in poverty alleviation. Gov-

ernment should start to give a serious attention in enforcing obligation of *zakat* through regulation. So that the collection of *zakat* can be done well.

2. Government should invite LAZ/BAZIS to sit together to discuss the program of poor society empowerment in order to avoid overlapping and some neglected aspects.
3. Private LAZ and the government's BAZIS should begin discussing about the effective and efficient management of LAZ, and running geographic structure.
4. LAZ/BAZIS should start to develop information system that can support the work to be better.

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