




BAZNAS Leadership Commitment in Harnessing Zakat Potential and Strengthening the Community Economy

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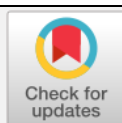
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ABSTRACT

This study employs a qualitative case study approach to examine the leadership commitment of the National Zakat Amil Agency (BAZNAS) in optimizing zakat potential and empowering the community economy in Karanganyar Regency. Data were collected through observations, document analysis, and in-depth interviews with key stakeholders, including BAZNAS leaders and managers. Data analysis was conducted using triangulation to ensure the validity and reliability of the findings. The results reveal that effective zakat management, driven by program innovation and supported by local government initiatives, significantly contributes to economic empowerment. Nonetheless, challenges such as low public participation, limited digital integration, and disparities in zakat distribution remain. Overcoming these issues necessitates strengthening governance, improving public awareness, integrating technological solutions, and implementing data-driven distribution strategies with oversight from independent supervisors. In conclusion, zakat possesses substantial potential for economic empowerment when managed with a firm commitment aligned with Islamic principles. The unwavering dedication of BAZNAS leadership can transform zakat management and distribution into a catalyst for economic growth, enhanced community welfare, and sustainable poverty reduction in Karanganyar Regency.

Keywords: BAZNAS; Community Empowerment; Leadership Commitment

1. Introduction

Poverty remains a significant challenge at the global, national, and local levels. According to the United Nations Development Program (UNDP) report, around 9% of the world's population lives in extreme poverty, earning less than \$1.90 per day ([United Nations Development Programme, 2023](#)). In Indonesia, the poverty rate as of March 2024 was 9.36%, or approximately 25.97 million people ([Badan Pusat Statistik, 2024](#)). Meanwhile, Central Java Province recorded a poverty rate of 10.47%, representing 3.7 million people ([Badan Pusat Statistik Provinsi Jawa Tengah, 2024](#)). In Karanganyar Regency, the poverty rate stood at 9.79%, equivalent to a poverty population of 88.64 thousand, a decrease compared to 2022, when the rate was 9.85% (March 2022). However, there was a reduction of only 0.20% compared to March 2023 ([Badan Pusat Statistik Kabupaten Karanganyar, 2024](#)). Significant challenges persist, as the majority of poor people live in rural areas with limited access to economic opportunities, education, and healthcare services.

The Law of the Republic of Indonesia Number 23 of 2011, which regulates Zakat Management, mandates the National Zakat Amil Agency (BAZNAS) to manage Zakat-Infaq-Alms (ZIS). Under this law, BAZNAS is also tasked with empowering the people's economy through various programs such as business capital assistance, skills training, and productive economic development. In Karanganyar Regency, this commitment is implemented through the Karanganyar Makmur (Prosperous Karanganyar) program and the Cinta Zakat (Love Zakat) movement.

These initiatives align with the core objectives of the Sustainable Development Goals (SDGs), particularly Goal 1: No Poverty, which aims to eradicate all forms of poverty, and Goal 8: Decent Work and Economic Growth, which promotes sustainable and inclusive economic growth ([United Nations, 2023](#)). Additionally, the government's vision for poverty reduction is outlined in the 2020–2024 National Medium-Term Development Plan (RPJMN) ([Republik Indonesia, 2020](#)). The Karanganyar Makmur program is further supported by the 2018–2023 Karanganyar Regency Regional Medium-Term Development Plan (RPJMD) and the 2005–2025 Karanganyar Regency Regional Long-Term Development Plan (RPJPD) ([Pemerintah Kabupaten Karanganyar, 2009](#)).

According to Islamic law, the management of zakat is the responsibility of *Ulil Amri*, the authority tasked with safeguarding the interests of the people. Zakat in Indonesia has immense potential, estimated to reach IDR 327 trillion annually ([ANTARA, 2024a](#)). However, its realization remains relatively low, at approximately 10% or IDR 20 trillion in 2023 ([ANTARA, 2024b](#)). Optimizing zakat's potential could serve as a significant instrument for economic empowerment.

The management of zakat in several countries varies depending on the provisions of the law that regulate it, but the target of zakat is generally the same: serving the interests of those entitled to it according to Islamic law. For example, in Malaysia and Türkiye, there are fundamental differences in the management of zakat and various types of waqf. In Malaysia, zakat is mandatory and managed with the involvement of the central government, whereas in Türkiye, zakat is voluntary and does not involve the central government. However, both countries recognize zakat as a tax deduction.

In terms of waqf management, both Malaysia and Türkiye involve the central government. In Malaysia, waqf management falls under the Ministry of Religion, while in Türkiye, it is managed by the Ministry of Culture and Tourism. However, secularism negatively impacts waqf practices in both countries. Issues concerning waqf, which ideally should be resolved in Sharia Courts, are instead adjudicated at the civil court level. Additionally, in Türkiye, the

change in terminology from waqf to ta'asis has impacted waqf income, which tends to decrease. These findings reflect the challenges in maintaining traditional values in the management of zakat and waqf amidst the influence of modern legal systems and policies (Rakhmat & Beik, 2022).

Meanwhile, Sudan manages zakat centrally through the Zakat Chamber, focusing on social equality, although it still faces challenges related to transparency and data digitization (Elmaghrabi et al., 2020). In Karanganyar Regency, BAZNAS has demonstrated a strong commitment to managing zakat.

BAZNAS as an institution whose establishment was initiated by the government and functions to collect and distribute Zakat, the duties and functions of BAZNAS are also inseparable from monitoring by the Government Internal Supervisory Apparatus (APIP) and as its implementation has been applied to BAZNAS institutions throughout Indonesia, this is very important because APIP has an important role in internal supervision at BAZNAS. This supervision aims to ensure that the collection and distribution of ZIS and various other social religious funds can be carried out in a transparent and accountable manner, and continue to be managed in accordance with statutory provisions. In line with Government Regulation No. 60 of 2008, concerning the Government Internal Control System (SPIP) instructs that every government agency, both at the national level and in local government. To continue to carry out controls on the implementation of government activities, which are always guided by the Internal Control system. All of this is implemented through the Minister of Public Works and Public Housing Instruction Number 4/IN-M/32022 (originally Memorandum No, 01/MD/M/2020, BPK RI, 2022). In addressing the risk prevention strategy for procurement irregularities 2022-2024. To support this initiative, an Internal Compliance Unit (UKI) has been established in each department and office as a secondary defense mechanism. UKI is tasked with monitoring internal control compliance and managing risk, both structurally and functionally. The need for UKI aims to improve the effectiveness of internal controls within the ministry, particularly in mitigating the risk of procurement fraud. The selection of factors that influence fraud prevention in procurement implementation is based on the results of previous APIP.

Through these roles, APIP can help ensure that BAZNAS in managing zakat funds and other social funds has been carried out transparently, accountably, and in accordance with statutory provisions. Therefore, these funds are expected to be able to contribute and be of maximum benefit to the economic improvement of the people who are in dire need with applicable regulations, so that these funds can provide maximum benefits to the people in need.

This research aims to: first, identify and analyze the role of zakat in empowering the people; second, examine the level of commitment of BAZNAS leadership in managing zakat potential and its impact on the effectiveness of zakat distribution; and third, evaluate factors inhibiting BAZNAS leadership's commitment and strategies to overcome them. Meanwhile, the research addresses the following problems: first, what is the role of zakat in empowering the people? Second, to what extent does the commitment of BAZNAS leadership influence the effectiveness of zakat management and distribution? Third, what factors hinder the commitment of BAZNAS leadership in managing zakat, and how can these challenges be overcome?

2. Literature Review

2.1. Zakat

The enactment of the Law on Zakat Management (Law No. 23 of 2011) marks a significant milestone in formalizing the management and distribution of Zakat, Infaq, and Sadaqah (ZIS)

in Indonesia ([Republik Indonesia, 2011](#)). This law serves as a refinement of previous regulatory frameworks, addressing the previously marginalized role of ZIS management. The legislation strengthens the strategic role, collection models, and distribution mechanisms of ZIS, aligning them with national efforts to empower the economy and enhance social welfare. In accordance with this law, the strategies and models for collecting and distributing ZIS—implemented by the National Zakat Amil Agency (BAZNAS) and other authorized zakat management institutions (Lembaga Amil Zakat or LAS)—are carried out intensively and proportionately, adhering to established legal provisions.

As a state-authorized institution, BAZNAS is mandated to manage ZIS at all administrative levels, from the national to the district level. At the sub-district level, BAZNAS establishes Zakat Collection Units (Unit Pengumpul Zakat or UPZ), which coordinate the collection of ZIS from civil servants, employees of sub-district offices, educational institutions, and local community organizations. BAZNAS operates through a multi-tiered structure that functions in a coordinative, consultative, and informative capacity to ensure effective zakat management and distribution.

The Law on Zakat Management expands the responsibilities of zakat management institutions beyond zakat collection to include the administration of *infaq*, *sadaqah*, grants, wills, inheritance, and *kafarat* (expiation). Zakat distribution is primarily allocated to the eight categories of rightful recipients (*asnaf*), which include economically disadvantaged groups such as orphans, the elderly, people with disabilities, students, abandoned children, refugees, and victims of natural disasters.

Zakat holds a strategic function as an instrument for wealth redistribution and income equity. It is designed to mitigate economic disparities and combat poverty through productive zakat programs, which not only offer consumptive aid but also foster economic self-reliance among recipients (*mustahiq*). According to Qardhawi, zakat aims to:

- 1) Alleviate the basic needs of recipients, enabling them to live more peacefully and focus on spiritual worship.
- 2) Eliminate social envy and resentment, which hinder societal productivity, by fostering solidarity and compassion through zakat distribution ([Qardhawi, 2005](#)).

Further, classical Islamic scholars like Imam Shafi'i and An-Nasa'i advocated for zakat distribution in the form of business capital for *mustahiq* with entrepreneurial skills, empowering them to increase income and achieve self-sufficiency. For those with established skills, zakat can be allocated for procuring business or production tools to support their ventures. In contrast, Imam Syamsuddin ar-Ramli recommended using zakat to provide life insurance or invest in productive enterprises for *mustahiq* without employment or skills, ensuring sustainable income and improved well-being ([Hafidhuddin, 2005](#)).

Zakat is a mandatory financial obligation in Islam aimed at equitable wealth distribution and supporting those in need ([Qardhawi, 2005](#)). He identifies zakat as a foundational tool in Islamic economics for poverty alleviation and social welfare enhancement. Similarly, Chapra highlights zakat's role in promoting social balance by facilitating a more just wealth distribution ([Chapra, 2000](#)). Beyond meeting immediate needs, zakat empowers *mustahiq* to achieve financial independence.

Kahf further elaborates on zakat as a religious financial obligation with significant socio-economic functions, particularly in addressing poverty and inequality ([Kahf, 1995](#)). He views zakat as a redistributive mechanism that fosters sustainable economic development. Zakat is a form of wealth that must be distributed to eligible beneficiaries in accordance with Islamic law.

In addition to purifying wealth and nurturing spiritual well-being, zakat is also recognized as a strategic tool for advancing community empowerment programs.

The implementation of zakat in Indonesia has evolved through legal frameworks such as Law No. 23 of 2011, designed to optimize zakat's potential in supporting economic growth and poverty reduction. However, challenges remain in zakat collection, distribution, and transparency. Addressing these challenges requires leveraging technology for zakat management and enhancing public awareness and education to fully realize zakat's socio-economic impact.

2.2. Leadership Commitment

Leadership commitment plays a pivotal role in influencing organizational performance and achieving strategic objectives. Basalamah highlights that organizational leaders' commitment has a significant and positive impact on the sustainability of Sharia-based institutions (Basalamah, 2019). This impact is reflected in the ability of leaders and employees to collaboratively work toward both organizational and individual goals. Leadership commitment is demonstrated through a high level of loyalty, consistent performance, self-credibility, and an understanding of organizational values and norms. This sense of belonging fosters organizational cohesion and reduces employees' intentions to leave, thereby enhancing positive work relationships and engagement (Hasan, 2002).

Leadership commitment is broadly defined as a leader's dedication and active involvement in realizing the organization's vision and mission. Yukl underscores that committed leaders exhibit strong enthusiasm for the success of their teams and the broader organization (Yukl, 2015). Effective leadership motivates employees to surpass expectations, improving performance, loyalty, productivity, and overall organizational commitment while simultaneously reducing turnover rates (Alam, 2019). This type of leadership fosters employee engagement by cultivating a sense of ownership within the organization, which positively influences the attainment of strategic goals.

Additionally, the leadership competencies of regional leaders, both directly and indirectly, enhance bureaucratic professionalism, service quality, and public satisfaction. Meyer et al. assert that leadership commitment embodies emotional attachment, loyalty, and a strong sense of responsibility in achieving organizational objectives (Meyer et al., 1993). Northouse identifies key indicators of leadership commitment, including the ability to motivate team members, build capacity, and create a conducive and supportive work environment (Northouse, 2016).

In the context of zakat management, leadership commitment is particularly critical. Effective and equitable zakat management requires visionary leadership that can design and implement strategic programs aligned with Islamic principles. A strong leadership commitment ensures transparent and accountable management of zakat funds, equitable distribution to eligible recipients (*mustahik*), and the fulfillment of organizational objectives related to community empowerment. Leaders who are dedicated to these principles play a vital role in transforming zakat into a powerful instrument for socio-economic development and poverty alleviation.

2.3. Economic Empowerment of the Community

Economic empowerment of the community is an integral component of national development. The Preamble of the 1945 Constitution of the Republic of Indonesia emphasizes the state's obligation to protect its citizens, enhance the quality of life, and actively participate

in establishing a global order founded on enduring independence and the realization of social justice. In this context, the primary objective of Indonesia's economic development is to improve the prosperity and welfare of its people.

This objective is further outlined in Indonesia's National Medium-Term Development Plan (RPJMN) 2004–2009, implemented through Presidential Regulation No. 7 of 2005, which established three core agendas for national development: achieving national security, fostering peace and democracy, and ensuring economic growth and prosperity. These agendas underscore the state's commitment to creating an inclusive and equitable economy that supports sustainable development.

Efforts to empower and enhance community economic capacity are essential to realizing national development goals. These efforts include empowering rural communities, developing diverse local resources, and utilizing the socio-economic and cultural assets of villages. Such approaches position rural communities as both the beneficiaries and active participants in development initiatives. However, achieving community self-reliance remains challenging, as many communities lack the necessary knowledge, expertise, and skills critical for building and sustaining economic resilience (Widyastuti & Kusumawati, 2024). Their research on Strengthening Socio-Economic Institutions in Village-Owned Enterprises (BUMDes) highlights that economic empowerment programs, funded largely through direct participation from village governments, aim to promote economic independence and strengthen rural economies by productively utilizing village resources.

Economic empowerment broadly refers to initiatives that enhance a community's economic capacity to achieve self-sufficiency. Mubyarto defines economic empowerment as efforts to enable vulnerable groups to effectively manage and utilize available resources (Mubyarto, 2003). Similarly, Suharto emphasizes capacity building and expanded access to economic resources as critical components of empowerment (Suharto, 2005). Batubara et al. further elaborates that empowerment involves increasing awareness, skills, and access to education, economic opportunities, and solutions to social issues (Batubara et al., 2022).

Addressing the challenges faced by Micro, Small, and Medium Enterprises (MSMEs), Lombogia et al. found that developing economic empowerment materials—covering entrepreneurship, financial management, and online marketing—effectively supports MSME growth in the post-pandemic era (Lombogia et al., 2022). Likewise, Putra et al. (2020) identified that corporate social responsibility (CSR) programs frequently include community empowerment activities, such as training and local economic development projects, which aim to enhance community independence and overall quality of life while demonstrating corporate commitment to sustainable development.

From this perspective, unlocking the potential of zakat can be viewed as a strategic effort to optimize its role and function as a tool for stimulating economic growth, improving community welfare, and reducing poverty. This process involves raising awareness among *muzakki* (zakat payers) and enhancing the effective collection, management, and distribution of zakat. Such efforts are crucial for achieving a broader and more sustainable socio-economic impact, thereby contributing to inclusive and equitable development.

2.4. Research Gap and Justification

Previous studies have provided valuable insights into the role of BAZNAS in managing zakat and supporting community welfare. Haryanti et al. examined the role of BAZNAS in enhancing the economic welfare of society in Tasikmalaya Regency, concluding that while zakat collection and distribution were effectively conducted in accordance with regulations, the

economic impact remained limited (Haryanti et al., 2020). Many beneficiaries continued to depend on zakat primarily for consumptive needs rather than for productive economic empowerment. Similarly, Masyhur explored BAZNAS's role in community economic empowerment in West Lombok Regency, highlighting its significant contribution through programs offering business capital, educational support, healthcare assistance, and other social aid (Masyhur, 2022). Meanwhile, Amelia and Nengsih emphasized the critical role of zakat in promoting economic growth and societal welfare, asserting that zakat can progressively reduce poverty when financial assistance is distributed sustainably (Amelia & Nengsih, 2024). However, they noted that some Muslims still perceive zakat as a secondary tool for economic development rather than a primary mechanism for fostering growth.

Despite these contributions, previous research has not thoroughly examined the influence of leadership commitment within BAZNAS on the optimization of zakat management and its impact on community economic empowerment. Additionally, psychological factors that shape individuals' intentions to fulfill their zakat obligations have been largely overlooked. This study addresses these research gaps by focusing on the strategic role of BAZNAS leadership in enhancing zakat management and evaluating how leadership commitment directly affects economic empowerment efforts. By integrating leadership dynamics and psychological perspectives, this research offers a more comprehensive understanding of how zakat can be effectively utilized as a sustainable tool for socio-economic development.

3. Research Methodology

This study employs a qualitative research approach designed to generate detailed, narrative data in both written and verbal forms. This approach was selected due to its suitability for conducting inductive analysis while focusing on the process of developing meaningful interpretations of the data (Moleong, 2006). Through this method, the research aims to obtain valid and relevant data that comprehensively reflect the dynamics of zakat management and community economic empowerment.

3.1. Data Collection Methods

The data collection process utilizes three primary techniques:

- 1) In-depth Interviews
Conducted with key stakeholders, including the leadership of BAZNAS Karanganyar Regency, *muzakki* (zakat contributors), *mustahik* (zakat beneficiaries), and other relevant groups. This method facilitates the extraction of detailed insights into zakat management practices and leadership commitment.
- 2) Participatory Observation
This involves direct observation of activities and situations related to zakat distribution and community empowerment programs, enabling the researcher to capture contextual and behavioral aspects of the process.
- 3) Document Analysis
This technique includes the examination of official documents, annual reports, scholarly articles, and related literature to provide a comprehensive understanding of zakat management strategies and their outcomes.

3.2. Data Sources

The data for this study are categorized into two types:

- 1) Primary Data: Collected directly from in-depth interviews with key informants, including BAZNAS leaders, zakat contributors, and beneficiaries.
- 2) Secondary Data: Sourced from official documents, such as BAZNAS reports, policy documents, and relevant academic literature.

3.3. Data Analysis Techniques

The study employs a thematic analysis method to systematically identify, analyze, and interpret patterns or themes that emerge from the data. This method allows for a comprehensive understanding of how leadership commitment influences zakat management and community empowerment initiatives.

3.4. Data Validation

To ensure the reliability and validity of the findings, the study applies triangulation, which involves cross-verifying data obtained from interviews, observations, and document analysis (Sugiyono, 2008). Triangulation enhances the credibility of the research by comparing different data sources and collection methods, thereby minimizing potential biases and ensuring data consistency (Bachri, 2017).

4. Results

4.1. Cinta Zakat (Love Zakat) Movement

The BAZNAS Karanganyar Regency has implemented strategic initiatives in compliance with statutory regulations to optimize zakat management. A key component of this strategy is the involvement of the Zakat Collection Unit (Unit Pengumpul Zakat or UPZ) and the use of public relations campaigns to enhance the collection of Zakat, Infaq, and Sadaqah (ZIS). One of the flagship programs, the Cinta Zakat (Love Zakat) Movement, integrates technological innovations—such as the dissemination of bank account information—to broaden the participation of *muzakki* (zakat payers). This campaign successfully raised IDR 23 billion in ZIS collections in 2023.

Table 1. ZIS Receipts, Distribution of Special Funds for Poor Communities, and Number of Beneficiaries (2019–2023)

Year	ZIS Receipts (IDR Billion)	Distribution of Special Funds for Poor Communities (IDR Billion)	Number of Beneficiaries
2019	15.34	3.06	2,094
2020	18.29	8.02	11,030
2021	17.61	5.32	5,749
2022	18.38	5.89	6,324
2023	23.10	6.49	6,854

Source: Secretariat of BAZNAS Karanganyar Regency, August 2024 (Processed)

As evidence of its sustained commitment, the Chairman and leadership of BAZNAS have set a target to increase ZIS collections to IDR 25 billion in 2024. However, several internal challenges hinder the optimal achievement of this target, including:

- 1) Limited Human Resource Capacity – Insufficient quality and quantity of human resources constrain effective zakat management.

- 2) Lack of Institutional Coordination – Weak coordination between internal departments and external stakeholders hampers the implementation of zakat programs.
- 3) Competition from Other Islamic Civil Society Organizations (CSOs) – BAZNAS faces competition from zakat institutions affiliated with Islamic mass organizations, which often have stronger emotional ties with potential zakat contributors.

An analysis of **Table 1** shows a steady increase in ZIS collections and distributions over the past five years, except during the COVID-19 pandemic period. This growth is largely attributed to innovative initiatives like the Cinta Zakat campaign and gradual digitalization. However, several issues persist:

- 1) Suboptimal *Muzakki* Participation – Public awareness and participation in zakat contributions have not been fully maximized.
- 2) Incomplete Digital Integration – Digital systems for zakat collection and management remain underutilized.
- 3) Inequitable Zakat Distribution – Disparities in the distribution of zakat funds hinder optimal impact on targeted beneficiaries.

Addressing these challenges must become a strategic priority for BAZNAS to improve the efficiency and sustainability of zakat management in Karanganyar Regency. By enhancing public engagement, fully integrating digital technologies, and ensuring equitable distribution, BAZNAS can further strengthen its role in empowering the community and alleviating poverty.

4.2. Karanganyar Makmur (Prosperous Karanganyar) Program

4.2.1. Assisted Village Program

The Assisted Village Program under the Karanganyar Makmur initiative focuses on empowering the local, village-based economy by transitioning Barokah Village into a Zakat Village. This program targets specific village communities by providing business owners with capital assistance and continuous support to strengthen their enterprises. The ultimate goal is to stimulate economic growth and improve the overall welfare of village residents.

Since its inception in 2018, BAZNAS has pioneered the development of Pakel Dasa Gerdu Hamlet in Karangpandan Sub-district, situated at the foothills of Mount Lawu. This hamlet was designed to become a religious and all-halal tourist village, aligning with broader tourism development across various sectors. It has become a model for creating a village-based nature tourism destination. The project involved the preparation of event organizers, home industries, restaurants, culinary establishments, food stalls, and inns/homestays. Additionally, the program expanded into educational tourism with pilot initiatives in agriculture, animal husbandry, archery, and horse riding. Interviews with local leaders of Pakel Hamlet revealed that BAZNAS's business capital assistance directly benefited 42 out of 60 residents following a verification process.

The development of Pakel Hamlet progressed further when it was officially designated as a tourist destination. To institutionalize its status, the Department of Tourism, Youth, and Sports provided formal support through Regent Decree No. 556/378 of 2020 concerning Tourism Villages in Karanganyar Regency.

In addition to transforming Barokah Village into a Zakat Village, BAZNAS also addressed basic infrastructure needs by providing access to clean water through the construction of bore wells. By the end of 2023, BAZNAS had built 20 bore wells in several villages struggling with water scarcity. Each bore well, valued at IDR 80 million, has the

capacity to serve 30–50 families in areas with limited access to clean water. This initiative not only improved public health but also generated additional income for local community groups managing the water resources.

However, based on evaluations conducted in 2024, the bore well project will be integrated into the Healthy Karanganyar Program. This transition indicates that the Assisted Village Program has been relatively successful, although its expansion to other villages remains limited due to ongoing efforts to refine the distribution model and establish foundational frameworks in line with ASNAT regulations.

This holistic approach to village empowerment demonstrates BAZNAS's commitment to fostering sustainable community development by addressing both economic and basic infrastructure needs.

4.2.2. Prosperous Small Traders Program

The Prosperous Small Traders Program is one of BAZNAS Karanganyar Regency's initiatives aimed at empowering economically disadvantaged groups through productive zakat distribution. Among the beneficiaries of this program are participants in the Sewing Course Program and birdcage craftsmen. The Sewing Course is a collaborative effort between BAZNAS and the Job Training Center (Balai Latihan Kerja/BLK), managed by the Industry, Cooperatives, and Manpower Office of Karanganyar Regency.

Interviews with 28 *mustahik* (zakat beneficiaries) who participated in the Sewing Course revealed that their average monthly income ranged between IDR 2 million and IDR 2.5 million. In addition, the birdcage craftsmanship program in Jatirejo Village, Ngargoyoso District, initially consisted of a single group of 11 artisans. By the end of 2023, this group had expanded to 10 artisan groups under BAZNAS's mentorship. On average, these craftsmen earned incomes exceeding the Karanganyar Regency Minimum Wage (UMK) of IDR 2,207,484 ([Badan Pusat Statistik Kabupaten Karanganyar, 2024](#)).

Observations of these two initiatives indicate that the Prosperous Small Traders Program has significantly contributed to community economic growth. Many of the tailors and birdcage artisans mentored by BAZNAS have expressed readiness and commitment to economic independence. Notably, several participants have begun to allocate a portion of their earnings for zakat contributions to BAZNAS Karanganyar Regency, reflecting the program's success in fostering financial responsibility and sustainability.

4.2.3. Prosperous Livestock Center

The Prosperous Livestock Center Program was designed to provide economic opportunities for individuals interested in livestock farming, including the raising of cattle, goats, rabbits, catfish, and other livestock. BAZNAS offered various forms of support, both to individuals and community groups, aiming to promote sustainable and profitable livestock management.

Observations from several goat farmers indicated that, with proper care and management, livestock could generate a profit of approximately IDR 2.5 million after 8 months, increasing to around IDR 5.5 million after two years.

However, despite these success stories, several *mustahik* faced significant challenges. Environmental constraints made it difficult for some to access sufficient animal feed, while financial limitations hindered the purchase of necessary livestock supplies. Additionally, some beneficiaries were compelled to sell their livestock to cover urgent expenses, such as their children's school fees. In some cases, livestock mortality occurred due to inadequate care, and

limited communication between beneficiaries and program officers further complicated program supervision and support.

Following a comprehensive evaluation in 2024, BAZNAS determined that the Prosperous Livestock Center Program had not achieved its intended productive outcomes. As a result, the program was discontinued, pending further review and potential restructuring to improve its effectiveness in the future.

4.2.4. Independent Business Assistance

One of the key initiatives under the Independent Business Assistance Program is the launch of the ZChicken Sales Program, which forms part of BAZNAS's broader strategy for community economic empowerment. This program leverages the distribution of Zakat, Infaq, and Sadaqah (ZIS) funds to stimulate economic growth in vulnerable communities, enabling beneficiaries to achieve financial independence and improved living standards. BAZNAS promotes empowerment within the culinary sector by introducing a sustainable fried chicken franchise business model with promising market potential. This initiative was officially launched by Prof. Dr. KH. Noor Achmad, M.A., Chairman of Central BAZNAS, at the Karanganyar Regent's Official Residence on Thursday, May 25, 2023.

In this program, Central BAZNAS collaborated with BAZNAS Karanganyar Regency, providing total financial assistance amounting to IDR 357.5 million. This support was allocated as follows:

- 1) Individual Training Support of IDR 9.5 million per beneficiary to equip participants with the necessary business skills.
- 2) Joint Capital and Stock Point (SP) Assistance of IDR 72.5 million to establish initial inventory and operational needs.
- 3) In the first phase, assistance was extended to 30 *mustahik* (zakat beneficiaries), enabling them to launch their franchise businesses.

To ensure business sustainability and consistent performance, each participating *mustahik* received one year of mentorship. BAZNAS assigned mentors to provide continuous guidance, while the BAZNAS team closely monitored participants' progress throughout the program.

Evaluation results revealed that the monthly income generated by ZChicken franchisees ranged between IDR 3.5 million and IDR 6.5 million. Notably, one of the program participants successfully expanded their operations, transitioning from managing a small franchise to operating a larger restaurant.

This outcome demonstrates the program's effectiveness in fostering economic empowerment. By enabling *mustahik* to achieve financial stability, the program aligns with BAZNAS's broader objective of transforming zakat recipients into future zakat contributors, thereby creating a sustainable cycle of economic growth and community support.



Figure 1. Launch of the ZChicken Program Collaboration Between Central BAZNAS and BAZNAS Karanganyar Regency: 30 Karanganyar Residents Receive ZChicken Franchise Business Assistance After Training

Source: BAZNAS Sekretariat Karanganyar Regency (2023)

4.3. The Role of Zakat in Empowering the Ummah

Zakat plays a strategic role as an essential Islamic economic instrument that significantly contributes to the socio-economic empowerment of the ummah (Muslim community). Data from BAZNAS Karanganyar Regency indicates substantial progress in the distribution of Zakat, Infaq, and Sadaqah (ZIS) funds, which increased from IDR 3.6 billion in 2019 to IDR 6.49 billion in 2023. This growth directly impacted the number of beneficiaries, rising from 2,094 individuals in 2019 to 6,854 individuals in 2023. Programs such as Karanganyar Makmur and the Cinta Zakat Movement demonstrate that zakat extends beyond social assistance; it is a transformative tool for economic empowerment. This is achieved by expanding economic access through business capital assistance and entrepreneurial training, which enhance human resources, business skills, and income generation. Additionally, productive and targeted zakat distribution, coupled with mentoring, helps reduce social inequality and improve the welfare of the poor. Furthermore, zakat management encourages partnerships with government agencies, regional enterprises, and private sectors to promote sustainable economic development. By managing zakat in accordance with Islamic law, BAZNAS Karanganyar Regency actively contributes to the Sustainable Development Goals (SDGs), particularly Goal 1: No Poverty and Goal 8: Decent Work and Economic Growth, aligning with national development priorities and regional poverty alleviation programs.

4.4. BAZNAS Leadership Commitment in Zakat Management and Distribution

The leadership commitment of BAZNAS Karanganyar Regency has been instrumental in ensuring the effective management and equitable distribution of zakat. This strong commitment is reflected in several key areas. First, program innovation is evident through initiatives like the Karanganyar Makmur Program and the Cinta Zakat Movement, which successfully engaged *muzakki* (zakat payers) and raised public awareness of zakat's importance. Second, increased transparency and accountability have been recognized through awards such as the BAZNAS

Awards 2023 and 2024, highlighting BAZNAS's adherence to good governance principles. Third, consistent growth in ZIS fund collection—from IDR 15.34 billion in 2019 to IDR 23.10 billion in 2023—demonstrates effective management practices and growing public trust. This leadership commitment is further supported by synergy with the Karanganyar Regency Government, ensuring that zakat distribution aligns with the priorities outlined in the Regional Medium-Term Development Plan (RPJMD) and the Regional Long-Term Development Plan (RPJPD). Such collaboration strengthens BAZNAS's capacity to effectively manage zakat funds for the greater welfare of the community.

4.5. Challenges and Solutions in Zakat Management

Despite notable achievements, several challenges continue to hinder optimal zakat management in Karanganyar Regency. One major issue is the limitation in digitalization and transparency. Similar to the experiences of zakat management in Malaysia, Turkey, and Sudan, BAZNAS Karanganyar faces challenges related to inefficient data management, lack of transparency, and inadequate reporting systems. Addressing this issue requires the modernization of digital systems for zakat collection, tracking, and reporting, alongside enhanced transparency to strengthen public trust. Another significant challenge is the low level of compulsory zakat participation. Nationally, only around 10% of the estimated IDR 327 trillion zakat potential is realized annually, reflecting a need to boost public engagement. Although ZIS collection in Karanganyar shows improvement, it is crucial to intensify public education on the importance of zakat and introduce incentives, such as tax deductions for zakat contributions, to encourage higher participation. Additionally, inequality in zakat distribution persists, particularly in ensuring that funds reach target communities in rural areas. This issue can be mitigated by strengthening data-driven zakat distribution systems and implementing independent supervisory mechanisms to ensure efficient and equitable distribution. By addressing these challenges, BAZNAS can further enhance the impact of zakat as a sustainable instrument for poverty alleviation and community economic empowerment.

5. Conclusion

This study highlights the strategic potential of zakat as a powerful instrument for economic empowerment, particularly when managed with strong leadership commitment and in alignment with the principles of Islamic law. The case study of BAZNAS Karanganyar Regency demonstrates that effective zakat management can be achieved through innovative and integrated programs supported by local government collaboration. Such synergy significantly amplifies the socio-economic impact of zakat, enabling it to function as a sustainable tool for poverty alleviation and community welfare enhancement.

However, this research also identifies several critical challenges in zakat management. These include suboptimal community participation, limited digitalization, and disparities in zakat distribution. Addressing these challenges requires a multifaceted approach: strengthening governance with a focus on transparency and accountability, enhancing public literacy and education on zakat, leveraging technology to optimize digitalization, and implementing data-driven distribution mechanisms with oversight from independent supervisory bodies.

By adopting these strategies, zakat management and distribution in Karanganyar Regency have the potential to become a catalyst for transformative change. Beyond fostering economic growth, these efforts can substantially improve community welfare and contribute to sustainable poverty eradication. This conclusion underscores the vital role of BAZNAS

leadership commitment in unlocking zakat's full potential as a cornerstone of inclusive and sustainable socio-economic development.

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The authors have declared no potential conflicts of interest concerning this article's research, authorship, and/or publication.

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