# MODEL OF PRODUCTIVE ISLAMIC SOCIAL FUND MANAGEMENT FOR POOR EMPOWERMENT

Ahmad Roziq\(^a\), Yulinartati\(^b\), Norita Citra Yuliart\(^c\)

## ABSTRACT

**Purpose:** It aims to increase its benefits to realize community welfare and poverty reduction. This research develops a productive Islamic social fund management model for the empowerment of the poor.

**Theoretical framework:** According to Sartika (2008), poverty is a great danger for humanity, and few people fall for their civilization only because of it. Islam, as Ad-In, offers several doctrines for humans that apply universally with two-dimensional characteristics, including happiness and prosperity in the world and hereafter.

**Design/methodology/approach:** This study uses an exploratory and qualitative constructive approach. It is to develop models of interaction, integration, and innovation in the management of productive zakat, infaq, and shadaqah funds. Data collection methods include interviews, documentation, and observation. The data was analyzed using the Miles & Huberman (1994) approach, which consists of the collection, reduction, display, and conclusion drawing/verification.

**Findings:** BAZNAS Lumajang Regency, Indonesia, approximately implements the three-circle model of empowering amil zakat institutions. The first circle, which is an increasingly significant fundraising activity, is carried out successfully by BAZNAS Lumajang Regency in Indonesia. This is indicated by the increasing number of Islamic social funds yearly. The second circle, which is an Islamic social fund distribution activity enlarges due to the excellent interaction between BAZNAS management and mustahik / Islamic social fund recipients by direct or indirect means.

**Research, Practical & Social implications:** Studies have focused on productive economic activities to develop a productive Islamic social fund management model. This model explains how BAZNAS or other amil Zakat institutions distribute Islamic social funds from Zakat and infaq to empower the poor and alleviate poverty. All BAZNAS and LAZ Indonesia should use the three-circle model combined with a productive Islamic social fund management model to successfully empower the poor. Further researchers need to do testing and developing a model of Islamic social fund management model.

**Originality/value:** The studies construct a model of Islamic social fund management consist of integration, interaction and innovation approaches.

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RESUMO

Objetivo: O objetivo é aumentar seus benefícios para realizar o bem-estar da comunidade e a redução da pobreza. Esta pesquisa desenvolve um modelo produtivo de gestão de fundos sociais islâmicos para o empoderamento dos pobres.

Referencial teórico: Segundo Sartika (2008), a pobreza é um grande perigo para a humanidade, e poucas pessoas se apaixonam por sua civilização apenas por causa dela. O Islã, como Ad-In, oferece várias doutrinas para humanos que se aplicam com características bidimensionais, incluindo felicidade e prosperidade no mundo e no futuro.

Desenho/metodologia/abordagem: Este estudo utiliza um abordagem construtiva exploratória e qualitativa. É desenvolver modelos de interação, integração e inovação na gestão dos fundos produtivos zakat, infaq e shadaqah. Os métodos de coleta de dados incluem entrevistas, documentação e observação. Os dados foram analisados por meio da abordagem de Miles & Huberman (1994), que consiste na coleta, redução, exibição e desenvolvimento da conclusão.

Resultados: BAZNAS Lumajang Regency, na Indonésia, implementa aproximadamente o modelo de três círculos de capacitação de instituições amil zakat. O primeiro círculo, que é uma atividade de arrecadação de fundos cada vez mais significativa, é realizado com sucesso pela BAZNAS Lumajang Regency na Indonésia. Isso é indicado pelo número crescente de fundos sociais islâmicos anualmente. O segundo círculo, que é uma atividade de distribuição de fundos sociais islâmicos, aumenta devido à excelente interação entre a administração do BAZNAS e o mustahik / beneficiários de fundos sociais islâmicos por meios diretos ou indiretos.

Pesquisa, implicações práticas e sociais: Estudos têm se concentrado em atividades econômicas produtivas para desenvolver um modelo produtivo de gestão de fundos sociais islâmicos. Este modelo explica como BAZNAS ou outras instituições amil Zakat distribuem fundos sociais islâmicos de Zakat e infaq para capacitar os pobres e aliviar a pobreza. Todas as BAZNAS e LAZ Indonésia devem usar o modelo de três círculos combinado com um modelo produtivo de gestão de fundos sociais islâmicos para empoderar com sucesso os pobres. Mais pesquisadores precisam fazer testes e desenvolver um modelo de gestão de fundos sociais islâmicos.

Originalidade/valor: Os estudos constroem um modelo de gestão de fundos sociais islâmicos que consistem em abordagens de integração, interação e inovação.

Palavras-chave: Fundo Social Islâmico, Coleta, Distribuição.

MODELO DE GESTÃO DE FONDOS SOCIALES ISLÂMICOS PARA POBRE EMPoderamiento

RESUMEN

Propósito: Su objetivo es aumentar sus beneficios para lograr el bienestar de la comunidad y la reducción de la pobreza. Esta investigación desarrolla un modelo productivo de gestión de fondos sociales islámicos para el empoderamiento de los pobres

Marco teórico: Según Sartika (2008), la pobreza es un gran peligro para la humanidad, y pocas personas se enamoran de su civilización solo por ella. El Islam, como Ad-In, ofrece varias doctrinas para los humanos que se aplican universalmente con características bidimensionales, incluida la felicidad y la prosperidad en el mundo y en el más allá.

Diseño/Metodología/Abordaje: Este estudio utiliza un enfoque constructivo exploratorio y cualitativo. Es desarrollar modelos de interacción, integración e innovación en la gestión de fondos productivos de zakat, infaq y shadaqah. Los métodos de recopilación de datos incluyen entrevistas, documentación y observación. Los datos se analizaron utilizando el enfoque de Miles & Huberman (1994), que consiste en la recopilación, reducción, visualización y extracción/verificación de conclusiones.

Hallazgos: BAZNAS Lumajang Regency, Indonesia, implementa aproximadamente el modelo de tres círculos para empoderar a las instituciones amil zakat. El primer círculo, que es una actividad de recaudación de fondos cada vez más importante, lo lleva a cabo con éxito BAZNAS Lumajang Regency en Indonesia. Así lo indica el número creciente de fondos sociales islámicos cada año. El segundo círculo, que es una actividad de distribución de fondos sociales islámicos, se amplía debido a la excelente interacción entre la gestión de BAZNAS y los beneficiarios de fondos sociales islámicos/mustahik por medios directos o indirectos.

Investigacion, implicaciones practicas y sociales: Los estudios se han centrado en las actividades econónicas productivas para desarrollar un modelo productivo de gestión de fondos sociales islámicos. Este modelo explica cómo BAZNAS u otras instituciones de amil Zakat distribuyen fondos sociales islámicos de Zakat e infaq para
empoderar a los pobres y aliviar la pobreza. Todos los BAZNAS y LAZ Indonesia deberían utilizar el modelo de tres círculos combinado con un modelo productivo de gestión de fondos sociales islámicos para empoderar con éxito a los pobres. **Otro investigadores deben probar y desarrollar un modelo de gestión de fondos sociales islámicos.**

**Implicaciones/Originalidad/Valor:** Los estudios construyen un modelo de gestión de fondos sociales islámicos que consisten en enfoques de integración, interacción e innovación.

**Palabras clave:** Fondo Social Islámico, Recaudación, Distribución.

**INTRODUCTION**

Poverty can be overcome by encouraging rich people to spend their wealth on the needy's zakat funds. Zakat is among the five strategic instrumental values which are influential on human and community economic behaviour. It aims not to only to support the poor but to have a more permanent goal of alleviating community poverty. According to BPS (Central Statistics Agency), the percentage of poor people is still relatively high and amounted to 9.41 percent or 24.14 million individuals in March 2019. This decreased 0.25 and 0.41 percent compared to September and March 2018 (Insight:2019), respectively.

In Indonesia, the government has been seriously preparing tools to explore the Zakat's potential for social welfare. For instance, Law No. 38 of 1999 has been updated to Law No. 23 of 2011. It is also supplemented with Presidential Instruction (Inpres) No. 3 of 2014, which regulates the optimization of zakat collection in ministries/institutions, secretariat general of state institutions and commission, regional government, state-owned business entity, and regional-owned enterprises through the national Amil zakat agency. On a national scale, the total of Zakat collected by Baznas, LAZ, and the Zakat Collection Unit (UPZ) in Indonesia reached Rp 8.1 trillion. This represented a 26.64% growth within five years (Baznas, 2019). However, this achievement is still far from its overall potential of Rp 233.8 trillion because most of the collected funds are zakat maal (Baznas, 2018). The collection from companies has the most significant potential (Firdaus et al., 2012). In case this potential is optimized, the performance of national Zakat can be significantly improved, especially where government regulations are formulated and implemented.

In Indonesia, Zakat is divided into two, including distribution and empowerment. Distribution is a consumptive activity, which is charitable and oriented to meeting the immediate needs of mustahik in the short term. Empowerment is the distribution of Zakat, which is productive and optimizes the potential of mustahik. Both distribution and empowerment aims to improve people's welfare and alleviate poverty. For example, BAZNAS has developed eleven program institutions under the coordination of the Directorate for the
Distribution and Empowerment, each with a special mandate. The eleven program institutions include BAZNAS Active Services, Disaster Response, Scholarship Institutions, Cendikia Schools, Mualaf Centers, Indonesia Health Homes, Zakat Community Development, Microfinance, Mustahik Economic Empowerment Institute, Mustahik Farmer Empowerment Institute, and Strategic Research centre specifically designed to provide policy input based on strategic studies (Beik:2019)

Various studies have been conducted on empowering zakat management organizations. For instance, Fathorrazi et al. (2015) examined zakat management in Malang City and established that they have the potential to empower mustahik and increase their income. According to Andriana (2016), Zakat, infaq, and shodaqah distributed by AZKA to the poor in a productive manner improves the welfare of the poor significantly. Yulinartati, Roziq, and Lely (2013) produced a three-circle model of empowering zakat management organizations.

The research recommended the use of a model/method of three interrelated empowerment strategies, circles and interconnectedness to alleviate poverty. Therefore, the management of organizations such as LAZ and BAZNAS needs to integrate, interact and innovate the management of productive zakat funds, infaq and shadaqah and linkage programs with local governments to reduce poverty levels. It is vital to examine the implementation of model three circles and the development of productive Islamic Social Fund management model for empowerment of the poor. This research is based on the three-circles model of empowering zakat management organizations by Yulinartati, Roziq, and Lely (2013) at LAZISMU, Jember Regency in Indonesia. Also, the study develops a model of productive Islamic social fund management for the empowerment of the poor.

LITERATURE REVIEW

Syariah Enterprise Theory

Sharia enterprise theory has been internalized with Islamic values to produce a more humane and transcendental theory. According to Triyuwono (2007: 4), Enterprise theory recognizes accountability not only to the owner of the company but also to broader stakeholder groups and relates to shariah concept. For this reason, the Shariah enterprise theory is developed. According to Triyuwono (2007: 4), the theory includes God, humans, and nature. Therefore, God should be perceived as the highest stakeholder. Allah is the highest and the sole purpose of human life. By placing Allah as the highest stakeholder, the Sharia accounting awakens the Divine Consciousness of its users. In this regard, sunnatullah as the basis for the construction of shari'ah accounting.
The second stakeholder of the Syariah Enterprise Theory is humans and is divided into two groups, including direct and indirect stakeholders. Direct-stakeholders directly contribute to the company, both in the financial and non-financial aspects. In contrast, indirect-stakeholders have no contribution to the company, though they are legally entitled to obtaining welfare from the company.

The last stakeholder group from the Shariah Enterprise Theory is nature, which contributes to the death and life of the company. In general, organizations exist physically because they are founded on the earth, use energy spreading in nature, utilize raw materials from nature, and provide services to other parties through the energy available in nature.

Zakat Theory

Zakat functions as a source of socio-economic funding for Muslims. This means that its empowerment is not limited to certain activities based on conventional orientation. It can be used for economic activities of the people, such as in poverty and unemployment alleviation programs by providing productive Zakat as business capital. It is a religious calling and involves a reflection of one's faith. Furthermore, the financial resources of the Zakat cannot stop. This means that people paying it cannot run out and will continue to pay. Moreover, it empirically eliminates social inequalities and creates asset redistribution and equitable development.

The productive zakat development aimed to empower the recipient's economy, and therefore the poor can run or finance their lives consistently. With funds, individuals receive a steady income, increase and develop their businesses, and set aside income to save. As an instrument of economic development and poverty alleviation, Zakat has many advantages as an instrument of economic development of the people in the region. Its use is determined in the Shari'a, primarily for 8 groups. This includes the needy, poor, amil, mu'allaf, slaves, people in debt, jihad fi sabilllah, and ibn sabil. According to Jumhur fuqaha, it is not lawful for other parties outside these groups to accept Zakat. No party has the right to change this provision, making it inherently pro-poor. There is no conventional fiscal instrument that has unique characteristics like Zakat. Therefore, it can be more effective in alleviating poverty since the allocation of funds is certain and more on target. Since it has great potential, it should be used as an instrument in economic development, especially in areas that already have a system to apply it widely. This is because national development cannot only rely on the central government but also requires regional participation to optimize its economic potential.
National Amil Zakat Agency (BAZNAS)

After constitutional reform, state auxiliary agencies or independent regulatory agencies developed in Indonesia. For instance, the National Amil Zakat Agency (BAZNAS) is a non-structural institution established under Law No. 23 of 2011 on Management of Zakat. It contributes to the state in community welfare development and poverty reduction through zakat fund management. The institution receives funding from the state budget based on statutory provisions, though it offers significant benefits. According to the 1945 Constitution article 34, the state nurtures the poor and displaced children. In this regard, BAZNAS strongly supports the state tasks and provides social security assistance for the poor in the homeland. The role and contribution of BAZNAS to the community involves quantitative and qualitative measures, especially in disseminating zakat values in the community. This includes faith and piety to Allah SWT, work ethic, work ethics in seeking halal and good fortune, as well as character building.

Zakat, infaq, charity, and other religious and social funds collected by BAZNAS are distributed to people entitled to mustahik. These individuals are determined based on the provisions of Islamic law. The distribution of Zakat focuses on 8 asnaf, including the poor, amiline, Muallaf, gharimin, riqab, fisabilillah, and ibn sabil. The funds are distributed as consumptive and empowerment (productive). To providing assistance, BAZNAS instils a spirit of endeavour and independence to the poor and Dhuafa with ability to work, and therefore, they do not depend on zakat funds forever. The distribution of Zakat through the Mustahik Service Counter (KLM) to the poor is given as a direct assistance to meet basic needs, such as living expenses, rental housing, education costs, medical costs, transportation costs, consumer debt payments, and operational costs orphanage / Islamic boarding school / social foundation. In economics, BAZNAS empowers community through the Zakat Community Development (ZCD) program which include area-based and socially based communities. Beneficiaries of Zakat, infaq and charity funds should meet the requirements of mustahik. In general, the institutions operates and coordinates national zakat management. The implementation of tasks at the center is linked to the provincial and district / city BAZNAS and LAZ. The Zakat Management law normatively regulates all operators managing Zakat in integrated tasks under the coordination of BAZNAS as well as guidance and supervision from the Ministry of Religion Affairs. Annually, financial management reports are submitted to the Ministry of Religion Affairs and the Ministry of Finance as an attachment to the reports of other agencies and institutions (Nasar:2016).
METHODOLOGY

This study uses an exploratory and qualitative constructive approach. It is to develop models of interaction, integration, and innovation in the management of productive zakat, infaq, and shadaqah funds. Additionally, primary data obtained from the views, responses, perceptions, or judgments of muzaki or zakat payers and amil / caretaker of the zakat management organization are used. This is a perceptional or opinion research with National Amil Zakat Agency (BAZNAS) as the analysis unit. The primary data is obtained based on the views, responses, perceptions or judgments of muzaki, and amil / manager. The secondary data include financial statements / other documents needed to construct models of interaction, integration and innovation in the management of zakat funds, infaq and productive Sadaqah. Importantly, data collection methods include interviews, documentation, and observation. The data was analyzed using the Miles & Huberman (1994) approach, which consists of the collection, reduction, display, and conclusion drawing/verification.

DATA ANALYSIS

Implementation of the Three Circles Empowerment Model of BAZNAS

Yulinartati & Roziq (2013) proposed the organizational management model of zakat institutions called the Three Circles Model. This is a circle influenced by the zakat payment, infaq, and shodaqoh (ZIS). Since each circle is analyzed based on the factors affecting it, the weaknesses and strengths of zakat institutions can be more easily analyzed. The proposed model is also expected to be more targeted and applicable. Overall, the figure below divides the ZIS Circle into three parts, including the muzaki-amil or muzaki, the mustahiq-amil or mustahiq, and the muzaki-amil-mustahiq.
Based on primary and secondary data through interviews, observations, documentation, and technical triangulation approaches, the collection of Islamic social funds consisting of Zakat and infaq is better and increased from 2017 to 2019.

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Total in 2017</th>
<th>Total in 2018</th>
<th>Total in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Zakat Receipts (rupiah)</td>
<td>4,122,170,000</td>
<td>4,212,064,670</td>
<td>4,383,307,217</td>
</tr>
<tr>
<td>2.</td>
<td>Infaq Receipts (rupiah)</td>
<td>360,794,770</td>
<td>402,465,671</td>
<td>493,848,643</td>
</tr>
<tr>
<td>3.</td>
<td>Zakat and infaq donators (people)</td>
<td>6,075</td>
<td>6,793</td>
<td>7,504</td>
</tr>
</tbody>
</table>

The increase is influenced by the number of Islamic social fund muzaki / donors that increased from 2017 to 2019, as shown in Table 1 above. The activities of Islamic social funds distribution consist of 4 fields and 27 types of activities, as shown in Table 2 below.
Table 2. Islamic Social Funds Distribution Activities

<table>
<thead>
<tr>
<th>No</th>
<th>Field of Activity</th>
<th>Type of activity</th>
</tr>
</thead>
</table>
| 1. | Lumajang Taqwa   | Mosque construction assistance  
                       Assistance with the construction of mushollah  
                       Aid for mosque facilities  
                       Muadzin and marbot mosque assistance  
                       Operational assistance of upz and non-upz musholla  
                       Development assistance for Islamic Boarding Schools  
                       Madin / ra development assistance  
                       Quran teacher assistance / tpq  
                       Transportation assistance for upz and non-upz sabilillah  
                       Coaching of the preacher and the cadre driving the mosque  
                       Assistance to community religious activities  
                       Assistance with public facilities and infrastructure |
| 2. | Lumajang Healthy | Mass circumcision is carried out 2 times in 1 year 2  
                       Free Mass Treatment  
                       Outpatient / Medical Equipment Cost Assistance  
                       Inpatient fee assistance  
                       Operating Cost Assistance  
                       Nutrition Enhancement Assistance |
| 3. | Lumajang Prosperous | Zakat community development (ZCD) program  
                       Individual working capital assistance  
                       Group working capital assistance |
| 4. | Lumajang Intelligent | Scholarship assistance for elementary school  
                       Scholarship assistance for junior high school / MTs  
                       Scholarship assistance for Senior High School  
                       College scholarship assistance  
                       Scholarship assistance for one family one bachelor  
                       Scholarship assistance through PGRI |

Source: BAZNAS activity report of Lumajang Regency in 2020

Based on table 2, Islamic social funds distribution at BAZNAS Lumajang is dominated by consumptive grants of 18 activities out of 27 (67%), educative empowerment methods with 6 (22%), and 3 (11%) for financing methods.

Table 3. The Distribution Amount of Zakat, Infaq, and Number of Recipients from 2017 to 2019

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Total in 2017</th>
<th>Total in 2018</th>
<th>Total in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Zakat Distribution (rupiah)</td>
<td>3.872.579.60</td>
<td>4.457.665.01</td>
<td>5.422.298.35</td>
</tr>
<tr>
<td>2.</td>
<td>Infaq Distribution (rupiah)</td>
<td>349.324.742</td>
<td>406.791.776</td>
<td>566.018.200</td>
</tr>
<tr>
<td>3.</td>
<td>Recipient of zakat and infaq (people)</td>
<td>20.239</td>
<td>22.521</td>
<td>26.186</td>
</tr>
</tbody>
</table>

The successful distribution of zakat and infaq funds also increased from 2017 to 2019, as shown in table 3 above. The performance of Islamic social funds distribution consisting of zakat and infaq funds is getting better and increased in number from 2017 to 2019.
DISCUSSION

The performance of Islamic social fund collection from 2017 to 2019 is illustrated in Figure 2. According to the three-circle model with fundraising as the first circle (Yulinartati, Roziq, and Lely: 2013). It enlarges because of the good interaction between muzaki and BAZNAS management through direct and indirect ways. BAZNAS management is very active in promotional activities, propaganda, socialization, education, and synergy of various parties to increase Muslim awareness in paying Islamic social funds. It convinces muzaki that ZIS funds are managed under Islamic sharia and are accounted for transparently through the media, magazines, and websites (lumajangbaznas.go.id). The BAZNAS Lumajang Indonesia financial statement received a reasonable audit opinion with no exceptions from 2017 to 2019. This increased the trust of muzaki in the BAZNAS Lumajang Regency. The better performance of Islamic social fundraising is shown in the increasingly large circle figure (figure 2).

![Figure 2. Circle of Performance of Islamic Social Fund Reception](image)

This is because of the number of mustahik / recipients increased from 2017 to 2019, as stated in figure 3. According to the three-circle model, the second circle involve the channelling of funds (Yulinartati, Roziq, and Lely: 2013). It improves due to good interaction between BAZNAS management and mustahik / Islamic social fund recipients directly or indirectly.

Productive economic activities carried out include Zakat Community Development (ZCD) program, individual working capital assistance and group working capital assistance. Although the portion of productive economic activities is only 11%, they are quite successful in increasing the income of the poor and helping to reduce the number of unemployed through communal goat farms and revolving capital for banana chips and cassava craftsmen.
According to the three-circle model, there are three ways to distribute Islamic social funds to Mustahik, including grants, empowerment and financing, with three characteristics of distribution, specifically consumptive, educative and productive (Yulinartati, Roziq and Lely: 2012). The success in the fund’s distribution is due to the active management of BAZNAS in distributing ZIS. This includes the criteria for determining the person to be given funds, the amount to be distributed, and the selection process. The better performance of the Islamic social fund’s distribution is shown in the increasingly large circle.

Based on the success of the BAZNAS Lumajang in alleviating poverty and unemployment, this study analyzes productive economic activities in-depth to develop a useful model of Islamic social fund management.

**Model of Islamic Social Fund Management**

The results of in-depth interviews with BAZNAS management as well as direct observations, the productive economic activities include Prosperous work programs such as Zakat Community Development (ZCD), individual working capital assistance for chips and Group working capital assistance for the maggot cultivation business group. In managing Islamic social funds, and integration, interaction, and innovative approach is used.

The integration approach of Islamic social fund management is carried out in the initial stages to determine the productivity of the management based on Islamic law and provides greater benefits to the poor. It explains the legal basis used as a foothold in deciding the validity.
based on Islamic sharia law, as well as the provisions/regulations of zakat laws and the basic budget of the Amil Zakat institution. The integration approach in the management of the Islamic social fund's distribution for the empowerment of the poor is shown in Figure 4.

Figure 4. Model of Integration, Interaction and Innovation of Islamic Social Fund Management

The interaction approach explains the interaction and cooperation between the 4 main elements, including BAZNAS management, ulema, experts, and the government in managing and distributing Islamic social funds. Although the BAZNAS manager is the main actor in the distribution of productive socio-economic funds, support and cooperation with scholars, experts, and the government are vital. The scholars provide legal studies on the type, form, implementation, and supervision of Islamic law. Experts, including lecturers, practitioners, entrepreneurs, and professional staff, contribute to designing types, models, ways of working, training, and mentoring activities of distributing funds to the poor. Moreover, the government has a vital role in regulation, such as providing data and easy access to target groups of the poor and cooperation in the form of job training and business for the poor and unemployed. The interaction approach in the management of Islamic Social Fund distribution to empower the poor is illustrated in Figure 4.

The innovation model explains how BAZNAS and LAZ management carry out productive economic activities, including zakat community development (ZCD), BAZNAS microfinance, mustahik economic empowerment institutions (LPEM), mustahik Farmer empowerment institutions (LPPM) and the Strategic Study Center (Beik: 2019). The empowerment of the poor through the productive economy begins with training activities about
the field of productive economic empowerment. After the target groups have expertise and skills, they are given working capital through the BAZNAS microfinance. Furthermore, productive economic activities are carried out individually (LPEM & LPPM) or communal (ZCD). To successfully provide productive economic activities, monitoring is necessary. Given the limitations of human resources, BAZNAS needs to collaborate with competent parties, including government, private sector, vocational training centres, and Higher Education Research and Service Institutions. In case productive economic activities are considered successful, it is necessary to increase productivity, expanding the types and forms of productive enterprises. The series of procedures and productive economic activities described in the Islamic social fund management innovation model are shown in Figure 4.

CONCLUSION

BAZNAS Lumajang Regency, Indonesia, approximately implements the three-circle model of empowering amil zakat institutions. The first circle, which is an increasingly significant fundraising activity, is carried out successfully by BAZNAS Lumajang Regency in Indonesia. This is indicated by the increasing number of Islamic social funds yearly. Similarly, the number of muzaki paying Islamic social funds from year to year is increasing. This is because the management of the BAZNAS is active in promotion, propaganda, socialization, education, and conducting synergies with various parties. It convinces muzaki that ZIS funds are managed based on Islamic sharia and are accounted for transparently through the media, magazines, and websites. Obtaining unqualified audit opinions over the past 3 years has also increased muzaki’s confidence in the BAZNAS of Lumajang Regency, Indonesia. The second circle, which is an Islamic social fund distribution activity enlarges due to the excellent interaction between BAZNAS management and mustahik / Islamic social fund recipients by direct or indirect means.

The success in the distribution of funds is illustrated in the circle above because BAZNAS management actively distributes ZIS according to sharia and on target. It starts from the criteria for determining the individuals to be given the distribution of funds, the amount of funds to be distributed, and the selection of the distribution process of ZIS funds. However, the three-circle model cannot explain how to distribute Islamic social funds productively. Studies have focused on productive economic activities to develop a productive Islamic social fund management model. This model explains how BAZNAS or other amil Zakat institutions distribute Islamic social funds from Zakat and infaq to empower the poor and alleviate poverty.
All BAZNAS and LAZ Indonesia should use the three-circle model combined with a productive Islamic social fund management model to successfully empowered the poor.

**THEORETICAL IMPLICATIONS**

Construction of a model of Islamic social fund management consist of integration, interaction and innovation approaches. The integration approach of Islamic social fund management is carried out in the initial stages to determine the productivity of the management based on Islamic law and provides greater benefits to the poor. It explains the legal basis used as a foothold in deciding the validity based on Islamic sharia law, as well as the provisions/regulations of zakat laws and the basic budget of the Amil Zakat institution. The interaction approach explains the interaction and cooperation between the 4 main elements, including BAZNAS management, ulema, experts, and the government in managing and distributing Islamic social funds. The innovation model explains how BAZNAS and LAZ management carry out productive economic activities, including zakat community development, islamic microfinance, mustahik economic empowerment institutions, mustahik farmer empowerment institutions and strategic study center.

**MANAGERIAL IMPLICATIONS**

Management of national amil zakat agency (BAZNAS) and amil zakat institution (LAZ) Indonesia should use the three-circle model combined with a productive Islamic social fund management model to successfully empowered the poor.

**LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH**

This research is limited to using only Lumajang District BAZNAS. Further researchers need to test and develop a model of Islamic social fund management model.

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