



Original Article

Assessing the Impact of Zakat on Developing New Entrepreneurs in Medan, Sumatera Utara, Indonesia

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Abstract: This paper discusses the implementing fund empowerment productive Zakat through the social microfinance program conducted by LAZISMU. Also, assess the impact of MSMEs empowerment by LAZISMU in the city of Medan and find out what are the supporting factors and obstacles in the implementation of MSME empowerment carried out by LAZISMU. This study is designed using a qualitative approach through content analysis. Observations, interviews and documentation studies are techniques that researchers use to collect data and then interpret accordingly with the phenomena and problems found in the field during carry out research. This study found that Zakat's productive through the social microfinance program is important in helping business actors who experience difficulties developing their businesses. Also, this program has a significant impact on increasing business outcomes. The existence of a network of work, increase in family income and increased knowledge, skills, as well as independence. In addition, this study indicates that the factors supporting this program include human resources. There is a good organizational structure in Muhammadiyah. While the inhibiting factors and obstacles faced include the mentality of some members, there is no professional amil in the LAZISMU, so assistance has not been maximized, and there is no special organization in this program.

Keywords: empowerment; micro, small and medium enterprises; productive Zakat; LAZISMU program.



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1. Introduction

Indonesia is a developing country but still lacks entrepreneurship. The role of entrepreneurs in Indonesia can be seen in the contribution of new entrepreneurs to the national economy. Entrepreneurs are one of the main actors in the national development process who have proven to survive and grow during the crisis that hit Indonesia. The problem that new entrepreneurs often face is limited financial and human resources. It is because most of the entrepreneurs in Indonesia grew up traditionally and are a family business. This limitation also includes formal education, knowledge, and skills, so entrepreneurial management is very practical and easy, which will be difficult to develop optimally.

Therefore, the role of the government is crucial to support it. So, the drafted development policy is capable of realizing the necessary goals. Community institutional components will also be able to support the implementation of development policies from a power structure that is responsive and accountable to the people, i.e. social control institutions that are independent and responsible for the interests of many people such as the press, community organizations, and others.

The government has an exact position which is an intermediary function. This function is meant to be a bridge for micro businesses that want to expand their business by providing capital loans, providing business training and bookkeeping. Economic development of the country, then it is appropriate for a Sharia institution to orientate this sector by focusing on empowering new entrepreneurs, one of which is through the institution of Zakat Infaq and Sedekah (LAZIS). Qardawi et al. (2006) stated that in Islam, one of the efforts to overcome or minimize the problem of poverty is to optimize the implementation of Zakat. Zakat is a suitable poverty alleviation measure where those who have more funds or are said to be able (muzakki) must distribute a certain amount of assets to those in need or in need (mustahiq). Zakat is a financial worship (Maliyah) that can overcome social and economic problems. Eighty-two verses of prayer accompany the mention of Zakat in the Quran. So, do not be surprised if Abu Bakar, the caliph of Siddiq, fights those who do not pay Zakat. In addition to meeting the basic needs of mustahiq, Zakat can develop the community's economy. To get maximum results, zakat institutions need to do a lot of research and make discoveries.

Zakat in Islam is an obligation for every Muslim who can pay it and is for those entitled to receive it. With good management, Zakat is a potential source of funds to advance the general welfare of the entire community. Zakat is closely related to social and economic problems, where Zakat destroys the greed and greed of the rich. Social problems where Zakat acts as a tool given by Islam to eradicate poverty from society by making the rich realize their social responsibilities. At the same time, in the economic sector, zakat prevents wealth accumulation in a person's hands (Sari, 2007). Zakat is also believed to be a source of economic balance for the Ummah, creating jobs and reducing unemployment and poverty. However, through the existing zakat institution, the community does not maximize the existing potential. It is because Zakat is only understood as giving to the weak or meeting a person's immediate needs. Muhammadiyah is one of the largest organizations in Indonesia that contributes a lot to the construction of schools, mosques, universities, hospitals and social service places for the Muslim community in Indonesia. Therefore, Muhammadiyah founded LAZISMU as a philanthropic forum for the community's well-being.

LAZISMU is a national level zakat institution that actively empowers the community by using Zakat, infaq, waqf and generous funds (ZISKA) from individuals, institutions, companies and other agencies. Founded by the Central Representative (PP) of Muhammadiyah in 2002, then confirmed by the Minister of Religion of the Republic of Indonesia as the National Amil Zakat Board through Decision No. 457/21 November 2002. With the enactment of Zakat Law number 23 of 2011, PP number 14 of 2014, and Decree of the Minister of Religion of the Republic of Indonesia number 333 of 2015. Lazismu as LAZNAS was further confirmed through the Decree of the Minister of Religion of the Republic of Indonesia, number 730 of 2016.

The background of the establishment of Lazismu consists of two factors. First, Indonesia still has poverty, ignorance and a very low human development index. All of them have consequences and, at the same time, are caused by a weak order of social justice. Second, Zakat is believed to be able to contribute to promoting social justice, human development and can reduce poverty. As a country with the largest Muslim population in the world, Indonesia has the potential to receive quite a lot of Zakat, infaq and waqf. LAZISMU Medan's management in each program refers to the basis of the strategy of empowering programs from Central Lazismu with the innovation and creativity of Lazismu units in each region. Each program has a closeness reference by the central Lazismu and is distributed to all regional units in Indonesia by holding a centralized meeting known as the National Working Meeting program. The main pillars of Lazismu's service action program are some of the main service action programs that Lazismu has and are the targets of Lazismu's achievements. Education is a program that aims to improve human resources and cadres of publicity and citizenship through educational activities, providing scholarships, training teachers, and strengthening the strategic role of educational facilities, both at the elementary, middle and high school levels.

Health is a program that aims to improve public health services, especially among disadvantaged families, through preventive measures (counselling) and campaigns. Economics is a program that aims to encourage independence, increase income and well-being, and entrepreneurial spirit through economic activity and legitimate and empowering business formation. Dakwah is a program aimed at the community Dakwah movement that directly impacts creating an Islamic society and achieving the active participation of the weak in poor urban areas and remote areas with the spirit of Islamic Dakwah. Social is a humanitarian program aimed at disaster management and humanitarian missions, both in disaster preparedness, emergency response, recovery, and redevelopment, that is done systematically and involves Muhammadiyah's internal and external partners.

Lembaga Amil Zakat Infaq and Sadaqah Institusi Muhammadiyah (LAZISMU) is one of the zakat institutions that move in Indonesia in community empowerment through the use of zakat funds, infaq, sadaqah waqf and other philanthropic funds that are spread almost evenly throughout Indonesia, one of which is the City of Medan. This definition is very supportive as a basic point for the birth of new entrepreneurs in terms of the Lazismu movement

process by training mustahiq to be able to trade, change their status to become entrepreneurs and expected to become new muzakki to break the prosperity in Indonesia, especially in the City of Medan.

The establishment of LAZISMU aims to be a zakat management institution with modern management that can deliver Zakat to be part of the solution to the social problems of the developing society. With a reliable, professional and transparent work culture, Lazismu strives to develop itself into a trusted Amil Zakat Institution. Over time, community trust grew stronger. With the spirit of creativity and innovation, Lazismu always produces empowerment programs that can address the challenges of societal and social changes.

The Vision and Mission are as follows; the Vision is to be a Trusted Amil Zakat Institution, while the Mission is to optimize reliable, professional and transparent ZISKA management; Optimise creative, innovative and productive use of ZISKA; Donor service optimization. Regarding the basics of the strategy for the empowerment and distribution of blue, it is known as follows, namely; the Mission of empowerment and spreading the creation of more quality of people's socio-economy as a bulwark against the problems of poverty, backwardness, and ignorance in society through various programs developed by Muhammadiyah. The strategic policy in business is as follows:

1. The priority for beneficiaries is the needy, poor people and fisabilillah.
2. The distribution of ZISKA is done regularly (planned and measured) according to the core of the Muhammadiyah movement: Education, Health, Dakwah Economy and Social-Humanitarianism.
3. Synergize with Councils, Institutions, Ortom (MLO) and Muhammadiyah charities in realizing this program.
4. Able to synergize with institutions and communities outside of Muhammadiyah to develop dominant da'wah.
5. Minimize charitable aid except for emergencies such as Eastern Indonesia, areas prone to disasters and rescue efforts.
6. An intermediary for any business that creates the conditions and supporting factors to create an Islamic society [Vision of Muhammadiyah 2025].
7. Mobilize the institutionalization of the ZISKA movement throughout Muhammadiyah structures and charities.

Synergy Based on Lazismu's position as an intermediary institution in the empowerment and distribution of ZISKA funds, it synergizes with both the internal and external institutions of Muhammadiyah. The purpose of the synergy is to provide maximum benefits to the community because it is managed by a trusted management institution (expert) and reaches the target location of the program. Based on the above, it becomes a Field Lazism movement in its management because each program refers to the basic strategy of empowering and distributing central Lazism. It is because every program references intimacy in all Lazismu regional units. The program and form of Zakat innovation management at the Institute of Zakat Infaq and Shadaqah Muhammadiyah (LAZISMU) Medan are as follows:

1. Empowerment of UMKM (Micro, Small and Medium Enterprises)/ Small Medium Enterprise - Economic empowerment program by providing venture capital and strengthening businesses with partnership schemes to individuals or business groups. Budget: Target Benefit: 25 People; Budget Cost: IDR 125,000,000.00

Partnership: Partnership cooperation can be done in the form of implementation of activities and financing with parties inside and outside Muhammadiyah, including;

- Muhammadiyah Economic and Entrepreneurship Council (MEK)
- Higher Education (Faculty of Economics and Business)
- State companies (BUMN) and private companies

2. Make-up Corner - Program to empower women in the economic sector, especially the make-up profession, through training activities, guidance and working capital assistance to form Rias Corner. Budget: Target beneficiaries: 50 people; Budget Cost: IDR 10,000,000.00

Partnership: Partnership cooperation can be done in the form of implementation of activities and financing with parties inside and outside Muhammadiyah, including;

- Muhammadiyah Economic and Entrepreneurship Council/ *Majlis Ekonomi dan Keusahawanan Muhammadiyah* (MEK)
- Economic and Employment Council (MEK) 'Aisyiyah
- Higher Education (Faculty of Economics and Business)
- State companies (BUMN) and private companies

3. Farmer Rises - Farmer empowerment program through a community-based integrated and environmentally friendly farming system. Target Recipient: 100 People; Budget Cost: IDR 40,000,000.00

Partnership: Partnership cooperation can be done by implementing activities and financing with parties inside and outside Muhammadiyah, including; Muhammadiyah Community Empowerment Council (MPM), State companies (BUMN) and private companies.

4. Free Community Farming - Farmer empowerment program through an integrated and environmentally friendly community-based livestock system to improve price quality and competitiveness. Target Recipient: 4 Peoples; Budget Cost: IDR 200,000,000.00

Partnership: Partnership cooperation can be done by implementing activities and financing with parties inside and outside Muhammadiyah, including; Community Empowerment Council (MPM) Muhammadiyah and Higher Education (Faculty of Economics and Business).

In Indonesia, the need to improve welfare with the biggest problem is the number of poor people, as evidenced in data from the Medan City Statistics Agency, which reported the number of poor people in 2017 was 204 thousand people. It is due to a lack of workforce and human resource expertise. Unemployment is one of the triggers for poverty. To eradicate poverty in Indonesia. It is necessary to create new entrepreneurs. A group of people classified as poor are the ones who must be given help in Islam. The help given in Islam to people experiencing poverty is Zakat. Zakat is closely related to social and economic problems, where Zakat destroys the greed and greed of the rich. A social problem where Zakat acts as a tool by Islam to eradicate poverty from society by making the rich realize their social responsibilities. In the economic sector, Zakat prevents wealth accumulation in one's hands. Signs that the mustahiq is not motivated to change his social status. Currently, many amil zakat institutions only distribute Zakat as wasteful because it is limited to solving hunger and meeting the needs of life. So far, in practice, the Zakat distributed to the general public is dominated by consumer zakat, so when the Zakat is completed, the benefits received by the mustahiq can only be used for a short time. The purpose of Zakat is not just to support people experiencing poverty, but it has a more permanent goal to reduce poverty (Qadir, 2001).

Poverty reduction through Zakat is expected to reduce the number of new mustahiq and muzakki. In this case, the distribution of consumption zakat needs to be reviewed and a new method made, namely the distribution of productive Zakat and entrepreneurship training of members for mustahiq. Aspects of development in this research aim to highlight the virtues of being a new entrepreneurial candidate from the mustahiq community who is projected to be muzakki. Drucker & Wartzman (2011) stated that entrepreneurship is the ability to create something new and different. Hisrich di Suryana presents this definition more broadly, who says that entrepreneurship is creating something different to produce value by devoting time and effort, using money, physical, and risk, and then producing monetary rewards as well as personal satisfaction and freedom. Meanwhile, Zimmerer defines entrepreneurship as applying creativity and innovation in solving problems and finding opportunities to improve life (business) (Rijal et al., 2018).

According to Mair & Marti (2006), social entrepreneurship is a process that involves the innovative use and combination of resources to open up opportunities to accelerate social change and meet social needs. Social entrepreneurship is a main factor in helping solve the financial crisis. Social entrepreneurs are important in the current economic crisis (Yunus, 2006). It is hoped that social entrepreneurship can solve the financial crisis problem and even advance economic development, especially in Asia, by maximizing society's and the environment's role through innovative and effective business models.

The main characteristic of social entrepreneurship is that it is driven by the awareness to achieve social goals and values, not just to maximize personal profit. According to Reginald & Mawardi (2015), a social entrepreneur performs entrepreneurial activities to solve social and environmental problems by empowering society through economic activities. Characteristics of social entrepreneurship, namely:

1. Activities are initiated by a group of residents/community.
2. Making decisions not based on capital ownership.
3. This is participatory, especially involving those affected by the activities and effects of social entrepreneurship.
4. Limited profit sharing.
5. Social objectives/community benefits are clearly stated.

Zakat institutions are social institutions whose main activity is receiving and distributing Zakat. Zakat institutions that have social entrepreneurial values must be able to carry out business activities to produce added value. Once the business activities have added value, they will be used again to help the main activities of Zakat institutions. Businesses are carried out by zakat institutions, establishing business units as a form of social entrepreneurship. Socially oriented institutions can carry out social entrepreneurship by having business units. Social institutions have business activities to develop business units where all profits and business benefits are devoted to supporting social services (Juwaini, 2011).

2. Literature Review

Hafidhuddin (2002) explained that Zakat could solve economic equality and empower needy people by channelling it to productive businesses. Therefore, if we mean Zakat, etymologically, it means additional, growing, growing, clean, and pure, while in terminology, Zakat is defined as throwing away a certain part of a certain asset with certain characteristics (after reaching nishab and a distance or a year) because it is given to a certain group or mustahik (person who is entitled to receive it). Based on the definition above, it can be concluded that Zakat is obligatory and, at the same time, a right for mustahik (Al-Zuhayly, 1995). It can be seen in the well-being theory that is suitable to be applied when we discuss Zakat as the basis of the well-being of the ummah, especially in building this productive Zakat.

While Toriquuddin (2015) explained that productive zakat management is a new phenomenon in zakat collection and collection, Zakat continuously produces something. This book is a form of investigation that aims to find out how to manage productive Zakat in el-Zawa UIN Maliki Malang. The results of this study can help understand and analyze the pattern of zakat fund distribution, the reasons for the use of productive patterns and the status of zakat property ownership in el-Zawa UIN Maliki Malang in the perspective of Maqasid Syariah Ibn 'Ashur. In addition, (Makhrus, 2019) interpreted productive Zakat as one of the models of zakat collection that cannot be forgotten in solving social problems, especially poverty eradication. The problem of poverty is still a problem that needs to be addressed seriously. For this purpose, productive Zakat must be managed accordingly. Social entrepreneurship, which has developed in several countries in the last few years, is very interesting to find its relationship with productive zakat arrangements. Productive zakat management will be expanded by training entrepreneurial skills to produce better new entrepreneurs who can conduct trade.

The distribution of productive Zakat is given to activities that can generate long-term benefits and release people experiencing poverty from economic dependence on assistance from other parties. Recipients of this productive Zakat must meet three conditions; first, they already have a viable, productive business. Second, be willing to accept the task of a companion who functions as a mentor and third, be willing to submit business reports periodically every six months (Yusuf, 2017). Regarding productive zakat management in building new entrepreneurs, it is important to see how the management is at Lazismu Medan. According to a study by Syahri et al. (2020), stated that the collection of Zakat, Infaq, and Sadaqah (ZIS) funds and the search for donors are still manual, so sometimes donors are not easy to trust, it is difficult to follow up the infaq and sadaqah boxes, many boxes are damaged and even lost. People still doubt that the donated funds do not reach Kota Lazismu Medan and are channelled to the right target, and reporting is still done in the monthly bulletin of Lazismu in Medan City.

Toharul Anwar (2018) concluded that Lazismu Kudus did productive zakat fund management with a degree in management science. Lazismu Kudus productive zakat empowerment measures include data collection, monitoring and supervision. There are two obstacles that Lazismu faces, namely internal and external factors. Among the internal factors are limited funds provided, lack of coordination, lack of human resources and traditional administrative management. Meanwhile, external factors include Muzakki, who pay Zakat outside amil and mustahik institutions that do not know business management. In highlighting the perspective of comparing Zakat to its effectiveness (Ali et al., 2016) revealed their study to compare the effectiveness of productive zakat distribution with consumptive zakat distribution in improving the welfare of mustahik. This study uses the CIBEST Model (Center for Islamic Business and Economics Studies), which measures poverty from the material aspect, but also the spiritual aspect of the respondents. The study results show that two methods of zakat distribution are proven to increase well-being while reducing poverty. Productive Zakat is more capable of improving the well-being of the mustahik than consumption zakat.

As an instrument for the community's well-being, (Fitri, 2017) thinks that the purpose of formal zakat management is to increase the effectiveness and efficiency of services in managing Zakat and increase the benefits of Zakat to create community well-being and poverty reduction. In this context, the distribution of zakat funds in providing all-out assistance can also foster productive economic activities for zakat recipients (mustahik). According to the law, using Zakat for productive economic activities is also not prohibited, as long as there is a mandatory mustahik, and it should be helped to meet their basic needs. Using zakat funds for productive economic activities is a concept to make zakat recipients' socio-economic change from zakat recipients to zakat payers. The implementation scheme of this concept is to build or expand business units for zakat recipients by providing grants for business capital. In a certain production cycle, zakat recipients will also receive technical assistance and guidance from zakat management institutions until the plan to form a business unit is successful, and zakat recipients will have a steady source of income.

A study related to Zakat and business empowerment written by Bakri & Daud (2019) shows that the role of ZIS funds conducted by BAZNAS Kota Palopo for empowering MSMEs is very important. It is shown by the number of MSMEs that make financing with qardhul hasan contracts at BAZNAS in Palopo city. Meanwhile, a study conducted by Jr et al. (2016) determines the management strategy of BMQ ItQan in developing UMKM in Cicaheem Bandung. Their study revealed that BMT ItQan succeeded in carrying out its duties in developing UMKM because it had planned a zakat management strategy in developing Cicaheem UMKM in Bandung. Bahri & Oktaviani (2018) showed that zakat institutions that apply the productive zakat model as working capital for micro-businesses hope to improve the social status of mustahik to become muzaki. Zakat as working capital is useful for empowering micro businesses, improving micro businesses, fostering enthusiasm, improving ability and skills and entrepreneurship. Regarding socio-economic aspects, Zakat can encourage weak economic growth by increasing their purchasing power, employment, and micro business income. From moral-spiritual aspects, Zakat can increase obedience and servitude to Allah. Therefore, a productive model of Zakat as working capital is an effective method to reduce poverty.

Prahesti & Putri (2018) conducted their study on the role of productive zakat funds as capital in influencing the increase in UKM earnings given to mustahik assisted by Zakat Houses in 30 cities and 48 ICD regions in 2016. The study results showed that UKM Zakat House assistance provided to the beneficiaries of the poor Asnaf is 91.26%, and capital has a strong relationship with earnings, with the influence of capital on earnings at 44.7%. In contrast, the large model

affects capital on earnings. The research results by Nurbismi & Ramli (2018) found that the amount of productive Zakat, income, and amil significantly reduced the poverty level of zakat mustahik in the City of Banda Aceh. As shown by the income gap ratio, poverty reduction can decrease with a distance of percentage reduction in the spread of 0.19% - 0.25%. So, it can be concluded that productive zakat distribution can reduce the mustahik income gap. Productive Zakat shows that either collectively or partially, the amount of Productive Zakat, mustahik production and mustahik business duration affect mustahik business productivity.

Setiyowati (2018) explained that ZISWAF (Zakat, Infaq, Shodaqoh and Waqf) is an instrument of wealth distribution in the Islamic economic system. The four instruments are only Zakat which is obligatory for every Muslim, but the other three instruments are methods of giving charity to fellow Muslims. ZISWAF has two meanings; efforts to carry out the commands of the Almighty God (ritual purity) and fulfil social responsibilities (social holiness). Demographic bonuses with a Muslim majority population and separate (decentralized) asset management system rules have made LAZ (Amil Zakat Board) mushroom in every city. LAZISMU Surabaya (Muhammadiyah Amil Zakat Board) is part of the Amil Zakat institution under the mass organization Muhammadiyah Surabaya with its proven activities in collecting and managing zakat funds. This research aims to analyze the management and role of ZISWAF funds in the economic empowerment of the people. Zalikha (2016) studied productive zakat distribution from an Islamic perspective and explained that the obligation to give Zakat as well as the explanation of the law has been confirmed since the Meccan era, according to a strong opinion in the second year of the Hijri. However, the development of science, technology and industry as well as changes in political and economic structures, make the concept of wealth and poverty change drastically so that the legal paradigm is no longer sufficient to implement the teachings of Zakat in society.

Therefore, it is necessary to criticize and evaluate the understanding and perception of Zakat, both regarding theoretical and operational concepts, as well as implementation and application models. This article is an effort to rebuild a complete, comprehensive and accurate concept of Zakat with various related concepts, including property, ownership, economy and justice in various dimensions. The study results show that the productive distribution of Zakat can increase the mustahik economy. The research done by Shobron & Masruhan (2017) found that productive forms of economic development in Lazismu Demak include traditional and creative. The traditional productive economy includes the purchase of work tools for the mustahiq. For a creative, productive economy by providing capital in the form of pure grants, providing capital loans very simply, without burdening the mustahiq and investing zakat funds in the real business sector. Investment return is used to the maximum for mustahiq.

In this way, many productive economic participants can develop their businesses well, some can only meet basic daily needs, and the rest are not mandated to use the capital loan provided. So, it can be concluded that using Zakat in the form of productive economic development is necessary. Among the purposes, the benefits of Zakat do not run out instantly. However, it can take longer and yield greater and wider benefits. The weaknesses and strengths of your typical program above are in line with the study done by Lubis (2022) related to the zakat management carried out by Lazismu Medan, where there are weaknesses and strengths, including Lazismu's advantages of being able to take advantage of the network already owned by Muhammadiyah. Meanwhile, the weakness of Lazismu's gathering strategy is exacerbated by the failure to maximize gathering potential in Muhammadiyah.

In addition to some of the weaknesses mentioned in the study above, there are advantages of zakat empowerment through a study presented by Ariani & Anwar (2018) related to Zakat empowerment program for UMKM in Rumah Zakat City Surabaya. The results of empowerment research at Rumah Zakat include data collection on potential beneficiaries, business feasibility surveys and interviews, beneficiary assistance that includes business consultation and evaluation, and involving third-party partners. Overall, the achievement of the UMKM empowerment program at Rumah Zakat has gone optimally.

3. Materials and Methods

The design of this study is a qualitative approach. According to Lexy (2002), qualitative studies do not use calculations or are called scientific studies that emphasize natural properties data sources. While qualitative research, according to Sukmadinata, is a study that aims to describe and analyze phenomena, events, social activities, attitudes, beliefs, perceptions, and individual and group thinking (Syaodih Sukmadinata, 2007). Research Qualitative research is a field of independent research. Qualitative research involves various disciplines, fields and themes (Langley et al., 1997). Qualitative research means understanding phenomena experienced by research subjects, such as behaviour, perception, motivation, action, and so on, which are explained descriptively in words and language in a specific natural context and using various scientific methods (Lexy, 2013).

A qualitative approach is taken using a cross-sectional method. The Data are obtained from the documentation and interviews. In analyzing the data, the researcher used inductive and deductive methods. The inductive method analyses the data obtained from various sources and then draws conclusions based on the information to get a more specific, clearer, and easy-to-understand picture. At the same time, the deductive method is used to get a picture in the opposite form. In other words, the inductive method can generate ideas, while the deductive method tests the idea to be accepted or rejected. The deductive view guides the study by first using theory as a measuring tool and even an

instrument to build hypotheses so that the researcher will indirectly use theory as a "horse's point of view" in looking at the research problem (Borhan & Ab. Aziz, 2012).

This study is a case design of descriptive-analytical in the form of words- written or spoken words that are observed based on its relationship with how the method of developing the concept of productive Zakat in LAZISMU of Medan City. Data is information about something. It can be in the form of something known or considered. Also, the facts are described through numbers, symbols, codes, etc. (Iqbal, 2002). Research data is collected through data collection instruments, observations, interviews and documentation data. Data sources are divided into two parts, namely primary data and secondary data.

Primary data is obtained from the first source through data collection procedures and techniques in interviews, observations, or measurement instruments designed specifically for the purpose. While secondary data is data obtained from indirect sources, usually in the form of the official documentation, archival data, and academic journals (Azwar, 2005). The accuracy and precision of the information on the subject and study variables depend on the data collection strategy and tools used. It will help determine the accuracy of the study results. According to Lofland, as quoted by Moleong (2017), the main data source in qualitative research is words and actions. The rest is additional data such as documents and others". Therefore, the words and actions of the person being observed or interviewed are the primary data sources and documents or other written sources are supplementary data (Moleong, 2017). Therefore, the data sources in this study are the words and actions obtained from informants involved in the study, and then documents or other written sources are additional data. The data sources in this study are:

1. Management of LAZISMU PP Muhammadiyah DR. Mahli Zainudin.
2. Medan LAZISMU Chairman Muhammad Arifin Lubis.
3. Mustahaq Medan City

In analyzing this data, the writer uses the descriptive qualitative analysis technique, where the writer uses this technique to explain, tell, illustrate and illustrate the qualitative data obtained by the author from the results of data collection. According to Sulayman et al. (2012), the process of analyzing qualitative data is as follows:

1. Observing something produced from field notes, then giving a code so that the source of the data can still be traced.
2. Collect, organize, classify, synthesize, summarize, and index.
3. Thinking by making categories of data meaningful, looking for and finding patterns and relationships, and making general discoveries.
4. The steps used by researchers in analyzing data obtained from various sources are not much different from the above data analysis steps, namely:
5. Record and check all data obtained from various sources: interviews, observations and documentation.
6. Collecting, organizing, synthesizing, surveying and classifying data according to the data required to answer the problem formulation.

From the data that has been categorized, the researcher thinks to find meaning and relationships and make general findings related to formulating the problem. In analyzing the data, the researcher must also test the validity of the data to obtain valid data. To obtain the valid data, five from nine techniques suggested by Moleong (2017) were used in this study. "The five techniques are:

1. Observation is carried out continuously (continuous observation),
2. Triangulation (data sources, methods, and other studies)
3. Inspection of members
4. Peer discussion, and
5. Checking the adequacy of references (checking the adequacy of references)"(Suharsimi, 2006).

4. Results

Lazismu Medan City has carried out actions, including targeting marginalized communities, people who need assistance, and sustainable development, including the economy. In this case, microfinance is included in the empowerment program in the economic field carried out by LAZISMU through the UMKM program or revolving funds. As previously explained, this program is in the form of capital assistance in the form of money or supporting goods to MSMEs or mustahik business actors. The empowerment that is carried out is one of the "Contemporary Da'wah" because it indirectly touches all aspects of people's lives economically, socially and religiously. While the productive zakat mechanism through the UMKM program is based on the results of interviews conducted by researchers with Mr Putrama Alkhair as the LAZISMU Collection and Marketing Division and also one of the MSME assistants that the zakat mechanism has several procedures that have been determined in the rules made by which institution as a candidate beneficiaries or productive Zakat are those who submit written requests in the form of proposals and complete other administrative matters. In addition, they received recommendations from muzakki and the accompanying team at the regional, branch and branch levels.

LAZISMU and the Assisting Team conduct surveys and observe whether prospective recipients meet the criteria or category of Mustahiq according to what is stated in the Al-Quran, in this case, Asnaf. The survey continued to the place of business or economic activity that will be provided with capital by LA-ZISMU to find out clearly about the financing needed by Mustahiq. If the prospective beneficiary fulfils the category and deserves capital, Zakat will be distributed to mustahiq. In work carried out, the applicant will agree to be intervened by the Assistance Team appointed by LAZISMU, namely in assistance or coaching. The companion team will report Mustahiq's progress to LAZISMU. To avoid ignorance and lack of information about this program for those who are entitled to it, in addition to socializing this program conventionally, such as distributing brochures, pamphlets, and advertisements in print and web media, LAZISMU also builds good communication in the form of recommendations from other program members, Muhammadiyah, local government. It aims to provide massive information to all elements of society so that this program can be right on target and greatly impact the people of Yogyakarta.

In addition, LAZISMU provides outreach to all activities carried out by other Muhammadiyah institutions or agencies. The capital provided by LAZISMU prioritizes Mustahiq, who already has a business or economic activity but has problems or has not developed either capital or procurement of goods. It is one of the strategies so that the funds provided are by existing procedures because it is realized that it is more effective to encourage people who already have a business compared to those who are just about to start or have no experience, in addition to minimizing the risks that arise in the future. But it does not rule out the possibility that LAZISMU provides capital to mustahiq in setting up a business, which can be seen from Mustahiq's personal experience and opinions from the surrounding environment. In a sense, this will have more assistance from LAZISMU.

The contract is used in this revolving fundraising, namely the Qardhul Hasan Akad, as a grant. Zakat is a fund given to mustahiq without requiring them to report where the funds are used by giving it through productive Zakat, in a productive way, namely by opening or building a business. This productive empowerment system is often carried out because it will have a broad and sustainable impact on mustahiq. The zakat fund empowerment system carried out by LAZISMU is optimal. Manager of utilization, distribution and media of Lazis Muhammadiyah (LAZISMU) Medan City explained that until now, LAZISMU has always carried out optimal empowerment so that mustahiq are properly empowered. Still, optimal or not optimal empowerment lies in each person's opinion. There are two ways of supervising mustahiq or Micro, Small and Medium Enterprises (MSMEs) that receive Zakat funds every month. There is indeed a monitoring and evaluation process from LAZISMU for mustahiq. LAZISMU collaborates with the Sharia Business Management Faculty of Islamic Religion to help monitor and evaluate by giving a small piggy bank to Sharia Business Management students, which will be collected monthly. Mustahiq category or Micro, Small and Medium Enterprises (MSMEs), those entitled to receive the obligatory zakat funds are people with low incomes and people experiencing poverty. If they can no longer finance their lives, then with that to help people experiencing poverty so that they can live with business, that effort is also not for most people who get it and must have certain criteria. It must be fulfilled, first, must have the spirit of business. Second, you must be able to open a business and convince yourself to change your life. In addition, the distribution of Zakat must be done fairly among the mustahiq. Fair does not mean that the distribution must be the same, but fairness is adjusted according to the feasibility and level of needs. And ensure that the distribution touches the mustahiq.

5. Discussion

In the form of utilization of productive Zakat, the funds provided are capital for mustahiq who are experiencing weak economic conditions for entrepreneurship and improving the quality of life of mustahiq, both from a social, economic and religious perspective. The empowerment program carried out by Lazismu in the economic field through revolving funds indirectly impacts the recipients of this capital from all social aspects. It was felt by Ms. Hadisyah, one of the members of the LAZISMU MSME empowerment program. In her interview with researchers, she revealed that: "Thank God, after receiving the program, program members felt several changes after receiving the program. Among them is an increase in capital so that the business can grow, an increase in income, and motivation and independence to further increase productivity. Based on the results of the researcher's interview with Mr. Arifin Lubis, Chair of the Medan City Lazismu Management Board, people who were initially helpless in terms of capital can overcome it with this program. It is also supported by the form of monitoring and coordination by Lazismu at the regional, branch and branch levels. The success rate of the empowerment program by LAZISMU is that there are real changes seen from various aspects.

Mr. Arifin further explained in his interview with the researcher: "The success rate of empowerment uses a benchmark, namely change—changes in conditions from the beginning, process and result. As the initial example was limited, mobility was limited, that is, the chip seller initially walked on foot to market his product, and after we were assisted, he could expand his marketing besides expanding production. Until you can ride a bicycle, there will be more production and wider marketing. The change increases productivity to reach places that previously could not so real or measurable change. It can also be optimized with assistance. Furthermore, assistance is very important and cannot be

ignored. In terms of management, it is always associated with the process; that process must be monitored, traceable and followed. The importance of supervision is raised so that what is to be achieved does not go out of reach.

Mr. Yudha expressed the same thing as who often accompanies MSMEs from LAZISMU that the target for this revolving fund program or assistance is that people who were initially in the vortex of moneylenders in terms of borrowing and borrowing can go out and switch to social funds, namely Zakat originating from the economic system. Islam avoids interest which is usury. Furthermore, mustahiq can be independent in running their business. Then the hope is that after getting assistance as a mustahiq, later, when it has developed, it can become a muzakki. So, there is real social change. Those who were initially assisted in the end can help others around them.

The community's level of success or impact after participating in the Social Micro Finance program with mentoring activities carried out by LAZISMU is a form of economic empowerment program or productive zakat-based MSMEs. Researchers see this compatibility with several existing theories and literature as expressed by Muhammad Daud Ali in his book entitled Islamic Economic System of Zakat and Waqf that he conveys some good impacts in the form of utilization of productive Zakat for economic empowerment or MSMEs if managed properly, namely by utilizing it in the form of providing financial assistance as working capital for micro-enterprises in increasing the capacity and quality of their business production. Creative utilization means distribution in the form of school supplies and scholarships, and others. Support for fostered partners to participate in various efforts to empower micro-enterprises and develop a project. Provision of field assistants to ensure business sustainability, for example, business assistance that develops micro-enterprises through transferring knowledge, skills and information. Industrial development for empowerment aimed at the mustahiq community through programs to create jobs, increase business, train, and form organizations.

6. Conclusions

This study concludes that the assistance provided by LAZISMU has improved knowledge and skills and motivation of the recipients of capital in running their business in terms of all aspects, such as religion, economy and society. On the other hand, the empowerment carried out by LAZISMU is in line with the opinion of Darwan Triwibowo and Nur Iman Subono in their book entitled Hacking the Direction of Social Policy. The productive zakat program is believed to be a way to highlight the role of Lazismu (Amil Zakat Institution, Infaq and Sadaqah Muhammadiyah) in Medan to create new entrepreneurs. New entrepreneurs need to be produced or created to change the mindset of zakat recipients (Mustahiq), who are only consumptive beneficiaries to the limits of meeting needs and fighting hunger. The results that are felt in a productive way will also improve the community's economy in this regard, especially for people who are classified as poor. Suppose a new entrepreneur is created from a productive zakat fund directed to the Mustahiq and given the training to become an entrepreneur. In that case, it is expected that there will be a transition from Mustahiq status to Muzakki status. For the success and maximization of the productive zakat program, it is necessary to undergo intensive training based on the science of entrepreneurship to mustahiq or zakat recipients to create new entrepreneurs ready to enter the business world. The success of this productive zakat program is not achieved without good cooperation between Lazismu Medan and Mustahiq, who are ready to be nurtured in understanding the science of entrepreneurship that Academics or Trainers will bring in the field of entrepreneurship to realize the creation of new entrepreneurs in Medan.

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