

The Effectiveness of Productive Zakat Program for MSMEs using the Zakat Utilization Index (IPZ)

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Abstract

Introduction to The Problem: Productive zakat has the potential to empower MSMEs. The program's effectiveness needs to be monitored continuously to increase its usefulness. A comprehensive measurement tool to assess the effectiveness of productive zakat is needed. The Zakat Utilization Index (IPZ) by Puskas BAZNAS is one of the tools used to measure the utilization of zakat in five aspects: social, cultural, economic, da'wah, and environmental.

Purpose/Objective Study: The article aims to analyze the effectiveness of LAZIS UNISIA's Gerobak Barokah program in empowering mustahik using the Zakat Utilization Index (IPZ).

Design/Methodology/Approach: The study employs a descriptive quantitative approach, using the Zakat Utilization Index (IPZ) to evaluate the effectiveness of the Gerobak Barokah program. The beneficiaries of the Gerobak Barokah are the MSME entrepreneurs in the culinary sector located in Yogyakarta Province. There are 44 mustahik included in data analysis. Data were collected through 1-5 Likert scale questionnaires based on IPZ Puskas BAZNAS. A multi-stage weighted index was applied to assess five indicators: social, cultural, economic, da'wah, and environmental.

Findings: The findings reveal that the Gerobak Barokah program achieved a Zakat Utilization Index (IPZ) value of 0.56, classifying it as "Fairly Good." This value indicates that the Gerobak Barokah program is in the strengthening phase. The indicator with the highest value is the da'wah indicator (0.75), followed by social (0.68) and environmental (0.66). The cultural (0.48) and the economic indicator (0.46) are in the bottom two. The beneficiaries feel they benefited from the program in terms of social trust, entrepreneurship knowledge, income, religious participation, and clean water. The variables in the economic indicator need attention from the amil institution when formulating strategies for similar programs.

Paper Type: Research Article

Keywords: Zakat Utilization Index (IPZ); Productive Zakat; Entrepreneur

Note: The total of word accounts in the abstract should not be more than 300 words

Introduction

Since Prophet Muhammad SAW, Islam has recognized various public financial instruments, including zakat. Zakat is an obligation for Muslims who have assets reaching the *nisab*, functioning not only as a means of fulfilling basic needs for the underprivileged but also to create a more equitable

economic distribution. In the current context, where the population continues to increase, and the capitalist system dominates, zakat has a vital role in encouraging concern for people experiencing poverty.

In the issue of poverty, zakat plays a role in the income earned by a group of people can be distributed evenly. In addition, zakat also helps regulate individual wealth so that it can be used productively (Rini et al., 2020). So, it can be understood that the role of zakat in the lives of Muslims is to provide basic needs to those in need and maintain existing wealth to become more sustainable.

Based on Law Number 23 of 2011, zakat management is an activity that includes planning, implementing and coordinating the collection, distribution and utilization of zakat funds, infaq, sadaqah (ZIS) and other social religious funds. In an effort to achieve the objectives of zakat management, the National Amil Zakat Agency (BAZNAS) was established which is independent and directly responsible to the President through the Minister. To assist BAZNAS, the community can form an Amil Zakat Institution (LAZ) which must obtain a Ministerial permit and must report on all zakat implementation periodically to BAZNAS (UU Pengelolaan Zakat, 2011). According to the Law, the distribution of zakat can be done in consumptive and productive ways. Giving zakat in a productive form requires more time so that the goal is achieved, the target of productive zakat is not only to eliminate material poverty experienced by mustahik, but also other aspects. Therefore, it is necessary to have a process of mentoring, monitoring and evaluation so that the productive zakat program runs well and as expected.

LAZIS UNISIA is one of the provincial-level Amil Zakat Institutions established in Yogyakarta which serves to empower the poor with a religious approach through philanthropic activities (compassion) and prophetic social empowerment. The Gerobak Barokah is a program of zakat productive by LAZIS UNISIA. Gerobak Barokah is an MSME-based community economic empowerment program that is routinely provided with assistance, recitation, and regular monitoring. The program's beneficiaries are the MSME entrepreneurs in the culinary sector who have had a business and are located in Yogyakarta Province. The economic empowerment of the Gerobak Barokah program is carried out through strengthening business knowledge and skills, as well as access to business capital, branding, and business marketing. The Gerobak Barokah Program began in 2019. Previously, the program was called Angkringan Barokah which was implemented from 2015 to 2017. The participants of Gerobak Barokah batch 2022 and 2023 amounted to 62 people. The Gerobak Barokah program is a response to the community's limited access to education, economy, and health. By addressing these needs, the program empowers people to improve their welfare. The Central Bureau of Statistics shows that the number of poor people has increased since the pandemic and has decreased, but the reduction has not yet reached the pre-pandemic level. The Gerobak Barokah program is a beacon of hope in these challenging times.

Salam & Risnawati (2018) showed that productive zakat at LAZISNU Yogyakarta had an impact on 16.5% of families whose welfare had reached the stage of self-actualization and some mustahik who felt helped by productive zakat from LAZISNU so that they could feel an increase in economic welfare. Viphindartin et al. (2021) state that utilizing productive zakat funds in the BAZNAS Banyuwangi Regency positively affects beneficiaries. The result is in line with Muafif & Anwar (2022) that utilizing productive zakat funds positively influences increasing mustahik micro, small, and medium enterprises in Surabaya City.

There have been many studies on the effectiveness of zakat, but the perspective used still needs to be comprehensive. In 2016, Puskas BAZNAS issued a measuring tool called the BAZNAS Welfare Index (IKB) to measure the impact of productive zakat on mustahik. In 2017, Puskas BAZNAS again

issued a measuring tool called the Zakat Village Index (IDZ) to measure dimensions: Economy, Social Humanity, Health, Education, and Da'wah. Although these two measuring instruments can capture the impact of the zakat given, other measuring instruments are still needed to determine the development process of individual mustahik who have been given productive zakat. Other measurement tools are needed to measure the achievement of mustahik, not only in terms of economic and spiritual aspects but also from other aspects.

The Center for Strategic Studies (Puskas) BAZNAS created a measuring tool to assess the impact of zakat utilization. The measurement tool is called the Zakat Utilization Index (IPZ), which can be used to measure the development of mustahik. IPZ is a complement to several previous measurement tools that Puskas Baznas created. Unlike the previous measurement tools, the object of IPZ is specifically for the mustahik of the utilization group and does not only measure changes in mustahik from the economic side but other sides as well. With other positive impacts felt by mustahik from various sides, mustahik can independently improve their quality of life with or without the assistance provided by amil zakat institutions. The results of the IPZ measurement can be used as evaluation material and follow-up action for program assistants and BAZNAS to achieve the objectives of zakat utilization (Puskas-BAZNAS, 2019). In this study, the authors analyzed the effectiveness of LAZIS UNISIA's empowerment program, namely the Gerobak Barokah program in terms of social, cultural, economic, da'wah, and environmental dimensions using IPZ. Mairijani & Nita (2022) studied the productive zakat using IPZ in Banjarmasin City, while Azzahra & Munawar (2023) studied on mustahik in Bogor and Bekasi. This study also uses IPZ to assess the zakat productive program in Yogyakarta, named Gerobak Barokah program by LAZIS UNISIA. This paper comprehensively delivers the IPZ calculation with a detailed formula presented in Method.

Method

The Gerobak Barokah program is a zakat-based initiative that provides economic empowerment to the underprivileged. The research took place in Yogyakarta from January to February 2024. This program is intended for the poor who have the skills to run a culinary business using carts as support. To be able to become a beneficiary of this program, prospective recipients must go through an interview process. They were then surveyed, and their business feasibility was assessed. In addition, the business must operate in the Yogyakarta province.

The population of this research is the beneficiaries of the Gerobak Barokah program batch 2022 and 2023, totaling 62 people. From 62 people, researchers interviewed 44 mustahik from this group. The rest could not be contacted or were unwilling to be interviewed. The questionnaire based on IPZ Puskas BAZNAS is the main instrument to obtain primary data directly from respondents. Each question or statement in IPZ measurement is Likert scale of 1 to 5. A value of 5 represents the best answer choice and a value of 1 is the least ideal answer. The question/statement to measure IPZ can be accessed at www.puskasbasnas.com.

In data analysis, the researcher applied the Index of Zakat Utilization (IPZ) from PUSKAS BAZNAS as a measuring tool. This method uses a multi-stage weighted index to assess five indicators: social, cultural, economic, da'wah, and environmental. The Zakat Utilization Index value ranges from 0 to 1, where the closer it is to 1, the better the Zakat empowerment and utilization program is running, and vice versa, the closer it is to 0, the worse the Zakat empowerment and utilization program is running, and further evaluation is needed. The process of calculating IPZ involves the assessment of each indicator, with weights determined for each variable. The IPZ calculation formula is as follows.

First, after the mustahik has answered all questions on the questionnaire, the value of the answer is normalized (so that the value is between 0 and 1).

$$V = \frac{Answer_m - Score_{min}}{Range}$$

The range is the maximum value minus the minimum value. In this case, the value in question is the Likert scale of 1 to 5, so that the formula above can be written as follows:

$$V = \frac{Answer_m - 1}{4}$$

Second, the mustahik's answers that have been normalized are used to calculate the indicator index. The indicator index is the multiplication of the weight and the normalized score of Mustahik's answer. IPZ consists of five indicators, namely social (X_1), cultural (X_2), economic (X_3), da'wah (X_4), and environmental (X_5). Each indicator consists of a different number of questions and different weights. The social indicator consists of 8 questions. The cultural, economic, and da'wah indicators each consist of 5 questions, while the environmental indicator consists of 4 questions. The following is the formula for the index of each indicator that must be calculated for each mustahik.

- a. $X_1 = 0.12V_1 + 0.14V_2 + 0.17V_3 + 0.13V_4 + 0.09V_5 + 0.13V_6 + 0.12V_7 + 0.1V_8$
- b. $X_2 = 0.18V_1 + 0.23V_2 + 0.23V_3 + 0.17V_4 + 0.19V_5$
- c. $X_3 = 0.19V_1 + 0.28V_2 + 0.20V_3 + 0.18V_4 + 0.15V_5$
- d. $X_4 = 0.16V_1 + 0.28V_2 + 0.17V_3 + 0.22V_4 + 0.17V_5$
- e. $X_5 = 0.25V_1 + 0.22V_2 + 0.33V_3 + 0.20V_4$

At this stage, the indicator index of each mustahik is obtained for five indicators.

Third, IPZ is calculated for each mustahik. IPZ_m is the IPZ for each mustahik, which is the multiplication of the indicator index (X) with the weight of each indicator.

$$IPZ_m = 0.26 X_1 + 0.17 X_2 + 0.22 X_3 + 0.20 X_4 + 0.15 X_5$$

Fourth (last), the IPZ value is the average of IPZ_m . If m is the number of mustahik and IPZ_m is the IPZ value of each mustahik, then IPZ is calculated as follows:

$$IPZ = \frac{\sum IPZ_m}{m}$$

The result of the IPZ calculation will have a value between 0 and 1. An IPZ value that has a value from 0 to 0.25 means that the utilization of zakat is Not Good. If the IPZ value ranges from 0.26 to 0.50, it is categorized as Less Good. IPZ above this value is in the Fairly Good category (0.51 to 0.75) and Good (0.76 to 1). The IPZ value is also related to the Phase of zakat utilization. Three stages must be passed in the Zakat utilization, namely the initiation phase, the strengthening phase, and the independence phase. If the IPZ value obtained is 0.25, it is included in the 'initiation phase'. The IPZ value obtained between 0.26-0.75 is included in the 'strengthening phase'. Furthermore, if the IPZ value reaches 0.76, it is included in the 'independence phase'. Finally, if the IPZ value reaches at least 0.90, the phasing-out program must be carried out (Puskas-BAZNAS, 2019).

Results and Discussion

The total number of mustahik as respondents in this study was 44 people. They are primarily women, 27 people, and 17 men. The respondents in this study ranged from 20-59 years. The majority of respondents were in the 40-49 age range, 20 people, followed by the 30-39 age range, 11 people. All mustahik are engaged in the culinary business sector, which is per the program target. The results of IPZ measurements for the five indicators (social, cultural, economy, dakwah, and environmental) are presented below.

Social indicator

The social indicator is the indicator that contributes the highest value in building the value of the Zakat Utilization index (IPZ), which is 0.26. This indicator consist of eight variables as shown in Table 1. These variables are used to measure internal and external social relations, which are part of the mustahik's survival.

Table 1. The Average Value of Variable Index in Social Indicators

No	Variable	Variable Weight	Variable Index
1.	Trust in the facilitator (group facilitator)	0,12	0,76
2.	How group decisions are made	0,14	0,25
3.	Spirit of mutual support among group members	0,17	0,69
4.	The group can solve internal problems that occur	0,13	0,64
5.	Has a market information network	0,09	0,27
6.	Group participation for communities experiencing calamities	0,13	0,59
7.	Participates in community activities	0,12	0,60
8.	Participate in community activities based on social institutions and or certain goals	0,10	0,64

Source: Primary data processed by author (2024)

Table 1 shows the average value of eight variables in the social indicators. (1) Trust in the group facilitator has an index of 0.76. It is the highest among the other variables. Mustahik trusts that group facilitators play a role in the empowerment of mustahik. (2) The second variable is how decisions are made in the group. The value of this variable is 0.25, which means that Amil Zakat Institution makes group decisions. Ideally, the decision should be through discussion (*musyawarah*). (3) The third variable with the highest weight in social indicators is the spirit of mutual responsibility among group members. The average of this variable index is 0.69; the mustahik believes that if a problem occurs, all participants will bear the problem and find a way out together. (4) The following variable measures whether the group can solve internal problems. It has a value of 0.64; that means the mustahik believes that if there is an internal problem, the group can solve it. If the group has a problem, the members will gather and deliberate to get the best solution.

Next, the four last variables in social indicator is described. (5) Of all the variables in the social indicators, the variable of having a market information network has the lowest value of 0.27. This shows that some program participants do not have a market information network in the form of market demand, consumer needs, price competition and distribution systems. On average, Gerobak Barokah program participants do not understand consumer needs, market demand, the importance of adjusting prices for

competition, and effective distribution systems. (6) Group participation for people who experience calamities has a variable index 0.59 which can be interpreted as Quite Good. This means that if there are individuals or groups in the neighborhood who are experiencing a disaster, then all mustahik will care and go directly to help with these difficulties. Not only helping, all mustahik will also preach and invite others to help alleviate the difficulties of the disaster experienced so that the suffering felt becomes lighter. (7) Participating in community activities got the average value 0.60. It means that the majority of mustahiks on average care about community activities and actively invite community members to participate. Community activities are usually in the form of community service, village cleaning, tirakatan and others. (8) Participating in community activities based on social institutions and / or certain goals has a variable index 0.64, meaning that the majority of mustahiks care about social-based community activities and invite residents to get involved. Barokah cart participants actively participate in social activities, but some participants are not active in participating in social activities.

Social indicators prioritize the concept of independence and social aspects of group members. The concept of social independence or group independence is almost similar to the concept also used by Grameen Bank in Bangladesh. In Grameen Bank, people are organized into groups of five. If the first two people in the group start repaying the principal and interest within six weeks, then the other members can qualify for a loan. Group support, peer pressure, self-interest, and creditor motivation ensure that loan repayments in Grameen Bank remain high (Yunus et al., 2010). In the social aspect of Gerobak Barokah, there are obstacles such as the absence of a mentoring agenda, so that even though they have a group, participants tend to discuss directly with other members or with the program coaches so that the solutions obtained are relatively individual. Zakat institutions should consider implementing mentoring agenda so that the independence and social aspects of the participants are optimized.

Another study from Rohmah et al. (2022) showed that the group system in the phenomenon of joint responsibility in the field of sharia loans is very helpful for micro-entrepreneurs to survive and run a business. The existence of a joint responsibility system for financing customers has a positive influence on business continuity and family relationships and a sense of mutual assistance between fellow members. In the Gerobak Barokah program, social responsibility has not been a priority for zakat institutions so program participants do carry out social activities, but social activities carried out in groups are still minimal.

Meanwhile, when discussing group independence in the agribusiness sector, Hariri (2017) shows that group performance has a direct effect on group independence. (Ahmadi et al., 2023) study on group independence suggested that group dynamics had a significant effect on group independence. In this context, group independence has been functioning well; however, the implementation of mentoring is still considered necessary when participants face certain obstacles in the program.

Cultural indicator

The cultural indicator has a weight of 0.17 in the calculation of the IPZ. It consist of five variables, as shown in Table 2. These variables are used to measure the knowledge and entrepreneurial skills of the beneficiaries. The average IPZ per variable is calculated for all beneficiaries. The average value per variable from all beneficiaries can be seen in the following table.

Table 2. The Average Value of Variable Index in Cultural Indicator

No	Variable	Variable Weight	Variable Index
1	Exploring the latest information related to business development	0,18	0,43
2	Participating in business-related training	0,23	0,40
3	Developing new skills related to business diversification	0,23	0,39
4	Sharing experiences within the group related to business	0,17	0,41
5	Commitment to maintaining the quantity and continuity of the business	0,19	0,59

Source: Primary data processed by author (2024)

Table 2 shows that the cultural indicators has the highest score in the commitment to maintaining the quantity and continuity of the business, with a score of 0.59. Meanwhile, the variable with the lowest index value is the development of new skills related to business diversification, with an index value of 0.39. The explanation of each variable in the cultural indicator above is as follows. (1) Exploring the latest information related to business development has a value of 0.43. This suggests that beneficiaries seek out the latest information related to business development at least once every three months. The value of this variable is high if mustahik dig up business development information daily. (2) The variable index of participating in business-related training is 0.40. This variable is intended to measure how often mustahiks participate in training that can improve their business to maximize their potential. The variable index indicates that mustahiks rarely attend such training, approximately more than once every six months. Ideally, mustahik are expected to attend training at least once a month. (3) Developing new skills related to business diversification has a value of 0.39. This variable measures the beneficiaries' initiatives to develop new skills related to business diversification, such as adding product lines over a specific period. The low index value indicates that, on average, beneficiaries rarely add new product lines within a designated time frame. Based on the IPZ measuring tool, Mustahik is expected to add product lines in at least one year.

The fourth variable from cultural indicator is (4) sharing experiences related to business. The index value for this variable is 0.41. This variable is used to assess the quality of group meetings, determining whether these meetings often consist of informal discussions or extend to benchmarking activities. The low index value indicates that most beneficiaries engage in only informal discussions to share experiences within the group related to business. Ideally, mustahik is expected to conduct discussions and comparative studies and put the results of the discussions/comparative studies into practice. (5) Commitment to maintaining the quantity and continuity of business has the highest index value within the cultural indicators, standing at 0.59. This variable relates to the beneficiaries' role as entrepreneurs, assessing whether they can identify production capacity, set production targets, and realize and evaluate established goals. The low index value suggests that most beneficiaries can identify their production capacity and have established production targets. However, the mustahik has not yet realized and evaluated the target.

The points within the cultural indicator focus on how beneficiaries develop an entrepreneurial culture both internally within the group and externally. Developing an entrepreneurial culture certainly requires a sound entrepreneurial mindset. The essence of an entrepreneurial mindset is a cognitive perspective that enables an individual to create value by recognizing and acting on opportunities, making decisions with limited information, and remaining adaptable and resilient in often uncertain and complex conditions (Dasmit et al., 2023). Considering that the cultural indicators are more aligned with the entrepreneurial culture of beneficiaries, training related to the entrepreneurial mindset has already been implemented by the Zakat institutions. Moving forward, efforts to enhance this training should be developed to maximize its effectiveness.

In entrepreneurial activities, the cultural aspect is crucial, as an entrepreneurial culture can enhance the implementation of long-term socio-economic orientations (Bogdanovic, 2023), such as sustainable growth, community development, and wealth distribution. Moreover, it is important to recognize that individuals engaging in entrepreneurial activities under constrained economic conditions tend to face a variety of challenges, such as limited capital, slower business development, and a more conservative approach to decision-making. These factors make their ventures more vulnerable to shocks (Morris et al., 2022). The Zakat institutions are actively working to address these limitations in business resources.

Economic indicator

The economic indicator comprises five variables. The highest index value of 0.74 is found in the variable of access to markets, followed by access to capital from financial institutions with an index value of 0.40, the income levels variable with an index value of 0.36, and the savings ownership variable with a score of 0.27. The variable with the lowest index value within the economic indicator is asset growth, which stands at 0.13.

Table 3. The Average Value of Variable Index in Economic Indicator

No	Variable	Variable Weight	Variable Index
1	Access to capital from financial institutions	0,19	0,40
2	Access to markets	0,28	0,74
3	Income levels	0,20	0,36
4	Savings ownership	0,18	0,27
5	Asset growth	0,15	0,13

Source: Primary data processed by author (2024)

The description of each variable is as follows. (1) Access to capital from financial institutions has a value of 0.40, which ranks second among the highest index values within the cultural indicators. The variable of access to capital from financial institutions is intended to measure beneficiaries' access to financial institutions (including informal lenders, informal financial institutions, and formal institutions),

both Islamic and conventional. Most beneficiaries tend to rely more on informal financial access, such as borrowing money from family and friends or obtaining funds through community savings groups. Mustahik is expected to have access to all informal and formal financial institutions, both Sharia and conventional, but only Sharia is used. (2) Access to markets is highest-index variable within the economic indicator, it indicates that among the other economic variables, most beneficiaries excel in the area of market access. The value of 0.74 means that mustahik can sell their products below market price but still make a profit. However, they should sell their products at market price. (3) The income levels variable is intended to measure whether there has been an increase in the beneficiaries' income from their business activities. The index value for this variable is 0.36, which indicates that most beneficiaries experience an income increase ranging from 5% to 10%. Ideally, the mustahik's income is expected to increase by more than 15%. (4) The savings ownership variable has an index value of 0.27. This variable is used to assess the savings held by beneficiaries, whether stored at home or in financial institutions. Most beneficiaries save informally at home or may not have any savings at all. Mustahik are expected to have savings only in Islamic financial institutions, not conventional ones. (5) The asset growth variable has the lowest-index variable within the economic indicator, with a value of 0.13. This variable measures the increase in assets held as the business progresses. The index value of 0.13 indicates that most beneficiaries do not experience any asset growth. Based on IPZ, mustahik is expected to have more than four additional types of assets.

Regarding access to markets, Risal & Siradjuddin (2022) note that the limited access of micro, small, and medium enterprises (MSMEs) to markets is one of the significant challenges faced in the empowerment of MSMEs. The same point is made by Ardiansyah and Soegoto, who state that access to markets is one of the biggest challenges facing MSMEs in the Bandung Regency (Ardiansyah & Soegoto, 2019). The results of this study indicate that the variable concerning access to markets has a relatively high score of 0.74, interpreted as Quite Good, suggesting that beneficiaries do not face significant difficulties in accessing markets to sell their products.

Safira & Vedava (2024) in India show that self-help groups assist members in achieving increases in income, savings, and investments, thereby enhancing both income and assets. Self-help groups are women's empowerment collectives focused on enhancing the skills of adult and adolescent women to acquire specific competencies. In this study, the variables of asset growth, savings ownership, and income levels tend to have low scores. Asset growth is the variable with the lowest score within the economic indicator. Data indicates that, on average, beneficiaries' incomes have increased by 5-10%, yet savings ownership remains low, with most beneficiaries saving informally, while asset growth shows minimal improvement.

The economic indicators of IPZ emphasize financial inclusion and beneficiaries' access to markets. Although financial inclusion has a significant positive impact on Gross Regional Product, there are still challenges to be addressed. However, nearly all provinces in Indonesia have low financial inclusion (Ummah et al., 2015). The low scores for the variable of access to capital from financial institutions and the variable of savings ownership indicate that financial inclusion and financial literacy among beneficiaries are relatively low. The causes of this low financial inclusion and financial literacy among beneficiaries can be attributed to various factors.

Da'wah indicator

The da'wah indicator assesses the spiritual development of beneficiaries. This indicator comprises of five variables: (1) Religious Knowledge, (2) Prayer, (3) Fasting, (4) Zakat, Infaq, and

Sadaqah (ZIS), and (5) Behavior. The da'wah indicator weighs 0.20 within the overall zakat utilization index. The highest index value of 0.90 is found in the behavior variable, followed by the religious knowledge variable at 0.72 and the Zakat, Infaq, and Sadaqah (ZIS) variable at 0.68. The variable with the lowest value within the da'wah indicator is fasting, which stands at 0.64.

Table 4. The Average Value of Variable Index in Da'wah Indicator

No.	Variable	Variable Weight	Variable Index
1	Religious Knowledge	0,16	0,72
2	Prayers	0,28	0,63
3	Fasting	0,17	0,64
4	ZIS	0,22	0,68
5	Behavior	0,17	0,90

Source: Primary data processed by author (2024)

The description of each variable is as follows. (1) Religious knowledge measures beneficiaries' commitment to enhancing their spiritual condition through religious study sessions/circles (*pengajian*). The value for this variable is 0.72, indicating that most beneficiaries attend religious study sessions once a week. The highest category of this variable is attending religious study sessions every day. (2) The prayer variable has a value of 0.63. The majority of mustahiks have prayed five times a day. The highest value of this variable is when the mustahik prays the five obligatory prayers in the congregation and the sunnah prayers. (3) Fasting has a value of 0.64. This variable measures the frequency of obligatory and voluntary fasting among beneficiaries. On average, beneficiaries fully observe the obligatory fast during Ramadan. Sunnah fasting is not widely practiced. (4) The ZIS variable is essential for measuring beneficiaries' spirit of sharing through the frequency of performing ZIS (zakat, infaq, and sadaqah). This variable has a value of 0.68. Most beneficiaries can pay zakat fitrah, contribute infaq, and make sadaqah. They still need to be in the category of paying zakat maal. The last variable in the da'wah indicator is behavior. (5) The behavior variable has the highest-index variable within the da'wah indicator. This variable measures beneficiaries' views on the obligation to cover one's aurat. The value of 0.90 indicates that most beneficiaries support the obligation to cover one's aurat and understand this obligation. The da'wah indicator in the Impact Performance Index (IPZ) shares similarities with the spiritual aspects found in the CIBEST model that Beik & Arsyianti (2016) developed. The variables that overlap between CIBEST and IPZ are the prayer and fasting variables, while the CIBEST model includes zakat and infaq, whereas IPZ encompasses the ZIS variable. Additionally, CIBEST includes family environment and government policy variables, while IPZ includes religious knowledge and the behavior of covering one's aurat.

Regarding the da'wah indicator, the initial selection for beneficiaries to join the Gerobak Barokah program emphasizes the da'wah indicator, ensuring that beneficiaries already have a Quite Good score. Subsequently, the distribution of zakat is expected to enhance the quality of empowerment for beneficiaries, gradually enabling them to become muzakki. In this context, data analysis indicates that some beneficiaries are slowly evolving into muzakki.

Environmental indicator

The environmental indicator weights 0.15 within the overall zakat utilization index and consists of four variables. The average value of each variable is presented in Table 5.

Table 5. The Average Value of Variable Index in Environmental Indicator

No	Variable	Variable Weight	Variable Index
1	Availability of waste management facilities	0,25	0,45
2	Availability of industrial waste management facilities	0,22	0,47
3	Access to clean and drinkable water source	0,33	0,78
4	Awareness of disaster risks in the business operation environment	0,20	0,68

Source: Primary data processed by author (2024)

(1) Waste management facilities' availability measures waste management's availability, including disposal, sorting, and processing. The index value is 0.45, which can be interpreted as most beneficiaries have waste disposal facilities but lack sorting and processing capabilities. (2) The availability of industrial waste management facilities has the lowest index variable within the environmental indicator, with a value of 0.47. It measures beneficiaries' waste management awareness, including disposal, sorting, and processing. Most beneficiaries have waste disposal facilities, but they need more sorting and processing capabilities for waste. Mustahik is expected to have facilities for disposal, sorting, and processing and to run them effectively. (3) Among all the variables in the environmental indicator, the variable for access to clean and drinkable water has the highest index value at 0.78. This variable is intended to assess whether beneficiaries have access to clean water sources and their awareness of the need to process this water for safe consumption. The majority of beneficiaries already have access to clean water that is suitable for drinking. They have a water source suitable for consumption (distance from the septic tank is more than 10 meters or through a processing process). (4) The variable of awareness of disaster risks in the business operation environment measures awareness of disaster risks in the business environment. It assesses beneficiaries' understanding of potential risks and their mitigation strategies, as well as the implementation of those strategies. The index value for this variable is 0.68. While most beneficiaries know the disaster risks in their operational areas, they lack knowledge on how to mitigate them effectively.

The environmental indicator encompasses waste and waste management variables, environmental sanitation, and disaster mitigation. However, there has yet to be a more in-depth discussion of environmental themes in training materials. Community participation in waste management is a crucial aspect that holds significant value for an integrated waste processing and management system (Zairinayati et al., 2020). On the other hand, Islam is comprehensive, suggesting that it may be essential for zakat institutions to include materials on waste management, disposal, and disaster risk mitigation in the future. This is particularly relevant considering that the Yogyakarta Province faces two potential disaster threats: active volcanoes to the north and the ocean to the south, both posing natural disaster risks.

The Zakat Utilization Index (IPZ)

The Zakat Utilization Index consists of five indicators, as described above. The social indicator weighs 0.26, the cultural indicator weighs 0.17, the economic indicator weighs 0.22, the da'wah indicator weighs 0.20, and the environmental indicator weighs 0.15. The IPZ value of each mustahik is calculated by multiplying the index of each indicator by its respective weight. Table 6 shows the average indicator index for all mustahik.

Table 6. The Average Value of Indicator Index in IPZ

No	Indicator	Indicator Index
1	Social	0,68
2	Cultural	0,48
3	Economic	0,46
4	Da'wah	0,75
5	Environmental	0,66

Source: Primary data processed by author (2024)

The description of social and cultural indicator as follows. (1) The social indicator has an index value of 0.68, indicating that the social relationships—both internal to the group and external—support the beneficiaries' lives. This conclusion is reinforced by the high level of trust beneficiaries have in group facilitators, decision-making through deliberation, mutual support among members during individual or group issues, and high participation rates in assisting communities affected by disasters. (2) The cultural indicator has an index value of 0.33, suggesting that the knowledge and entrepreneurial skills of the beneficiaries are in insufficient condition. This conclusion is supported by the low index values for variables such as seeking updated information related to business development, participating in business training, developing new skills, sharing experiences related to business, and commitment to maintaining business quantity and continuity.

Next is the economic, da'wah, dan environmental indicator. (3) The economic indicator obtained an index value of 0.42, indicating that the utilization of zakat from an economic perspective is not yet maximized. Access to capital for beneficiaries from financial institutions remains limited, as do improvements in income, savings, and asset growth. The variable with the highest score is access to markets. (4) The da'wah indicator achieved an index value of 0.70, which signifies that the spiritual development of the beneficiaries is in good condition. This is supported by the high frequency of religious study sessions, regular five-time daily prayers, full observance of mandatory fasting during Ramadan, consistent charitable giving through ZIS, and positive behavior regarding the obligation to cover one's modesty. (5) Lastly, the environmental indicator received an index value of 0.61, indicating that the beneficiaries' awareness of the natural environment, which serves as a resource for their production processes, is in good condition. This conclusion is drawn from the ownership of waste disposal and processing facilities, waste management systems, access to clean and consumable water, and knowledge of disaster risks in their operational environments.

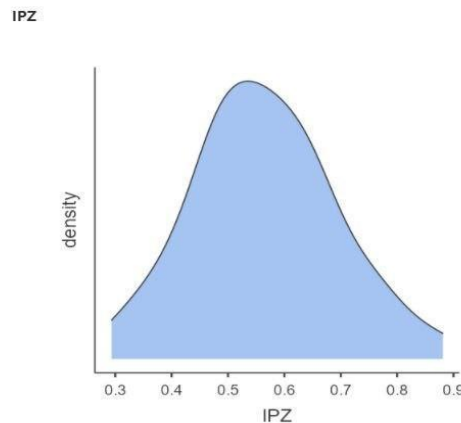


Figure 1. Distribution of Beneficiaries' IPZ

The distribution of the IPZ among beneficiaries is illustrated in Figure 1. The predominant IPZ values fall within the range of 0.5 to 0.6, which is categorized as Quite Good. This indicates that most beneficiaries have IPZ scores rated as Quite Good, reflecting a positive overall assessment of the utilization of productive zakat. In this distribution, the lowest score is 0.3, while the highest reaches 0.9.

The final value of IPZ is the average value of IPZ for all mustahik. The IPZ value for Gerobak Barokah program is 0.56, as shown in the calculation below.

$$IPZ = \frac{\sum IPZ_m}{m} = \frac{24.85}{44} = 0.56$$

The IPZ value of 0.56, based on categorization from BAZNAS, is included in the Fairly Good category, closer to the Less Good than the upper category (Good Category). As depicted in Figure 1, many mustahik have an IPZ below 0.5, totaling 16 people. LAZIS UNISIA needs to pay more attention to the benefits of the distributed productive zakat, which can be optimized.

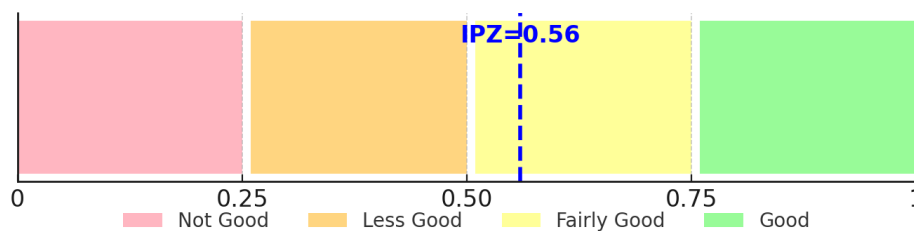


Figure 2. The Utilization Zakat Index (IPZ)

Research by (Azzahra & Munawar, 2023) on Mustahik Entrepreneurs in the Bogor and Bekasi areas fostered by BAZNAS, totaling 42 people, showed an IPZ value of 0.60. This value is the same as the results of this study in terms of both being included in the Fairly Good category. The Zakat Utilization Index (IPZ) in the Zakat Community Development (ZCD) program of BAZNAS Banjarmasin City showed a lower value than the IPZ in this study, which was 0.50. This value lies on the border between the Less Good and Fairly Good categories. The beneficiaries were 22 productive zakat recipients: shrimp cracker owners, food businesses, and chicken farmers (Mairijani & Nita, 2022).

In the context of the 3 phase of the zakat utilization, the Gerobak Barokah program yield the IPZA value of 0.56 and it is included in the second phase (the range is 0.26-0.75). The program is currently in the ‘strengthening phase’.

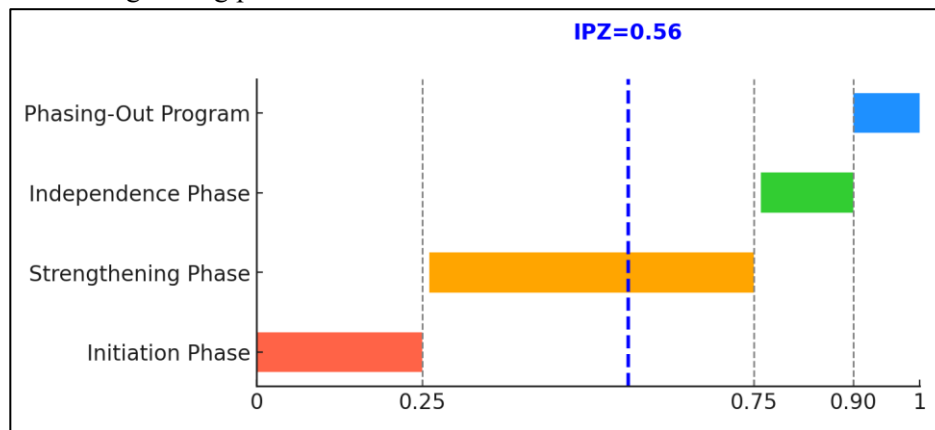


Figure 3. The Phase of the Utilization Zakat Index

The zakat utilization through the Gerobak Barokah program by LAZIS UNISIA has significant potential for further development because it is still quite far from the independence phase. The zakat productive program by BAZNAS in Bogor, Bekasi, and Banjarmasin also in the same phase, strengthening phase (Azzahra & Munawar, 2023; Mairijani & Nita, 2022).

Conclusion

The Gerobak Barokah program has a Zakat Utilization Index (IPZ) value of 0.56, indicating that the program is classified as Quite Good and runs according to the predetermined objectives. This phase of the program is at the strengthening stage, with the da’wah indicator being the highest (0.75), followed by environmental (0.66), social (0.68), cultural (0.48), and economic (0.46). Summary of each indicator are as follows. (1) Social: There is an increased sense of trust and care among members, although some still have difficulties in accessing market information. (2) Cultural: Insight into entrepreneurship has increased through training, although there are constraints in developing new skills. (3) Economical: Mustahik's can sell products at market prices and experience an increase in income of more than 10%, but some still find it difficult to save money and have more assets. (4) Da'wah: Improved religious knowledge is seen from regular activities such as recitation and worship, with most mustahiks active in worship. (5) Environment: Mustahik's have access to clean water sources and awareness regarding disaster risks, but some still face obstacles in waste management.

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