

## Analysis of Mustahik Economic Empowerment Model in Pekanbaru: Qualitative and Non-Parametric Statistical Approach

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### ABSTRACT

*In Pekanbaru, Indonesia, mustahik empowerment has two model approaches for running the mustahik economic empowerment programs, namely individual empowerment and groups empowerment. This paper aims to analyze whether two model approach of mustahik empowerment can increase household income and maximize alleviate poverty. To analyze those models, we used qualitative and statistics non-parametric method. After an investigation, from two models empowerment approach that have been implemented in Pekanbaru, researcher found that mustahik income in groups and individually relatively same result after getting an empowerment program. This result is confirmed by the non-parametric statistical analysis using the Mann-Whitney test. The statistical test result shows that the two mustahik empowerment models implemented by zakat institutions in Pekanbaru still did not perform maximally in increasing mustahik household income and poverty alleviation because the result is still below 50 percent by using the World Bank and BAZNAS standard of poverty line. Nevertheless, those models are success to alleviate poverty if use the Government standard of poverty line. This result implies that the zakat institutions to should find another approach to reach the BAZNAS or World Bank standard of poverty line.*

*Keyword: Mustahik, Empowerment, Poverty Alleviation, Qualitative and Non-Parametric Approach.*

*JEL Classification: I32, I38, Z13*

### INTRODUCTION

Poverty is still a major topic in Indonesia until now. Various poverty alleviation efforts have been carried out by the government and the private sector. Poverty alleviation has been done since President Soeharto until President Joko Widodo. In the era of President Joko Widodo, poverty alleviation was focus on three main programs that are price stability, subsidy and village fund programs (Dana Desa) and social programs. Price stability program is carried out to keep prices under control so as not to impoverish the poor. Meanwhile, village funds programs (Dana Desa) are intended to develop the village

economy so that the village community can prosper and get out of poverty. Whereas social program in the form of Smart Indonesia Cards (KIP), Healty Indonesia Cards (KIS), Porsperous Family Programs and Rice Prosperous Programs is part of efforts to eradicate poverty.

Recently, the empowerment program can also carried out by the community such as NGO or zakat institution. In Islam, zakat is social instrument to alleviate poverty through empowerment program. Empowerment program in Islam was practiced by the prophet Muhammad saw. The messenger of Allah gave us a good example for regarding the empowerment program.

Rasulullah saw provided an empowerment program for the poor where the poor given equipments which can be used to work. He did not give money to fulfil his needs because the poor still have a strong physics to work, with the equipment given to the poor in the form of axes. With the ax, the poor can look for firewood in the forest and after searching, the wood can be sold to the market so that poor get income to meet their daily needs.

In the industry 4.0 era, the poor empowerment becomes the main program to alleviate poverty in muslim country carried out by the zakat institution. The poor empowerment program by zakat organizations is to provide assistance to the poor (mustahik) in the form of capital, training, equipment and accompaniment. The main objective of the empowerment program carried out by zakat institutions is to create economic independence of the mustahik which in turn can alleviate the poverty of the mustahik. This is in line with the Millenium Development Goals (MDGs) program launched by United Nations and also government programs in alleviating poverty. Event though the program finally failed, a new program namely Sustainable Development Goals (SDGs) was then created. There are at least three goals out of the 17 SDGs that can be achieved through the mustahik empowerment program, the first goal is without proverty, the second goal is without hunger and the third goal is living a healthy and prosperous life.

In Pekanbaru, for implementing the mustahik empowerment program, each zakat institutions has a different way. There are zakat institutions that empower, starting from providing capital assistance then the mustahik will be given training and motivation for starting a business so that mustahik get knowledge in running their business. The next stage is the development stage. At this stage the zakat institution will provide additional assistance to the mustahik who have

already obtained capital in the first stage. This additional venture capital assistance is provided on the condition that they obey in running a business as a group not individually and these additional given to the mustahik who are considered to have achievements. The model is running by the BAZNAS Pekanbaru.

Another model has been implemented by Rumah Zakat Pekanbaru which runs empowerment programs starting from conducting religious guidance or religious understanding, so the mustahik will get a good religious provision before they go into business. Furthermore, if the ruhiyah coaching process has been completed, then the next program is conducting business coaching, starting from looking for business ideas that can be done together or in groups. After getting a business idea that will be done, then they will submit funding to the zakat agency office to be financed. In this case the mustahik do not receive cash but are given equipment for running a business to suit the needs of mustahik. Provision of equipment assistance is also done in stages and not all at once. If it feels that the business is experiencing a good development and mustahik requires working capital, the supervisory team will propose to the office to rovide the needs needed by the mustahik. To launch the msutahik business, the zakat institution also provides assistance in the form of training for the mustahik. The training was given according to the needs of the mustahik.

Meanwhile, Dompot Duafa Pekanbaru tends to empower mustahik who do not yet a business and the mustahik will be grouped for running a business. Mustahik are given business capital and type of business have been determined and must be run by the mustahik. For the selected mustahik are given training so that they can run their business well. Then, Swadaya Ummah has a model that is almost the same as the

model carried out by BAZNAS Pekanbaru. The mustahik is the people who already have a business but their business is not going well. Mustahik empowerment program in Swadaya Ummah is carried out individually not in groups. From the explanation above, there are two main models in empowering mustahik. First, mustahik empowerment is done in groups and individually. Second, mustahik makes a start-up of business means that the mustahik has no experience at all in running his business and mustahik already has a previous business.

Every business model which is run by mustahik, both business that are run in groups and individually, have their own problems, especially business that are run by mustahik who has no experience in doing business. In the preliminary survey, it was found that the mustahik have problems related to the products final sale which they produced. For those who do not have business experience, of course, it will certainly have an impact on the sustainability of their business and there are even some business members who resign. Besides the final sale of products, the problem that arises is building teamwork, especially business that are run in groups. In some group business, not all group members are involved in decision making, so group businesses tend to be dominated by group leaders. Whereas, the key element of empowerment is participation in decision making (World Bank, 2002). The choice of this business model is certainly with careful consideration by each institution and hopefully to get maximum results.

The research that discuss individual business models and group business model in the mustahik empowerment programs is rarely done by researchers. Most researchers are generally examine the mustahik empowerment program. One researcher concerned with group and individual empowerment is Ernawati (2016), but the research is not detail in

discussing the result of individual and group empowerment programs. Likewise research conducted by Furqani *at.al* (2018) where the research results is still general. So, this research is an important to do to find the contribution of individual and groups business of mustahik on mustahik household income and impact on poverty alleviation. This research aims to (1). Analyze whether the mustahik empowerment model through individual business and group business is able to increase of household mustahik income and able to reduce poverty maximally, (2). Analyze whether it has different results of the two model approaches in implementing of mustahik empowerment program.

## LITERATURE REVIEW

Poverty can be interpreted as a person who has a job or business but his income only is able to meet some of the needs of his life and his family (Az-Zuhaili, 1985). Meanwhile the World Bank defines poverty is a lack of food, shelter, land and other assets (Maupita, 2014). Then, Law No.13, 2011 concerning the handling of the needy and poor defines poverty as a person who has no source of income and / or has a source of livelihood but does not meet basic needs that are proper for himself and his family. BKKBN (National Board of Family) defines poverty based on classification of underprivileged families and prosperous families I, where the factors consists of meeting basic needs, fulfilling psychological needs, development needs and self-actualization needs (Bappenas, 2010).

According to Hasan (1997), the concept of poverty in Islam is divided into two namely high poverty incidence (called as hardcore poverty) and low poverty incidence (called as general poverty). Hardcore poverty refers to the needy and the poor. The Needy is defined as someone who does not have anything and does not have the ability to meet basic daily needs.

The basic needs include food, clothing, housing, health and education. While poor conditions are better than the poor. In this case, poverty can be defined as a situation where the basic needs that are determined by Islam cannot be met. Meanwhile general poverty is a condition where a person has been able to fulfill his basic needs but he has not yet reached the obligatory zakat. Meanwhile, Ahmed *et al* (2017) in their paper was classifying poverty into three namely hardcore poor, moderate poor and poor.

To determine whether a person is classified as a poor or not, we must have an indicator. The World Bank gives an indicator that a person is poor if his income is below under \$1 and \$2 per day (Kuncoro, 2016). Meanwhile the Central Strategics Agency (BPS) uses the concept of ability to use basic needs approach to measure poverty and the head count index approach. With this approach, poverty is seen as an inability on the economic side. While the head count index is a measure that uses absolute poverty. From the two approaches, BPS uses the basic need approach more frequently (Bappenas, 2010). Government of Pekanbaru use the standard of poverty line is Rp. 416,479/month/capita. Meanwhile BAZNAS stipulates that a person is poor if his income less than Rp. 20,000 per day/capita (Beik and Ayyunyah, 2015).

Zakat is an important element in the moslem people because zakat can be function as a form of obedience to Allah and at the same time can be function as social finance. Zakat as a social finance can be used for scholarship to the poor, giving training or short course and also giving a capital for empowerment of mustahik by starting a business (Yusoff, 2008). As social finance, zakat has two roles, namely the role of wealth distribution and poverty alleviation. Wealth distribution is a good relation between the rich and the poor and more important to development of the society,

but due to imbalance distribution in wealth the different between the above classes are getting maximized. Undoubtedly, the most important power that uphold these crucial relations between the rich and the poor is Zakah (Hussain and Abdullah, 2015). Poverty alleviation through zakat can be realized the mustahik empowerment program carried out by zakat institutions.

There are at least three main components in poverty alleviating programs through empowerment programs conducted by zakat institutions namely muzakki, mustahik and amil. Muzakki is a moslem or company that has fulfilled the obligation to pay zakat and is paid to authorized institutions such as National Zakat Boards (BAZNAS) and Private Zakat Boards (LAZNAS) (Zakat Law No.23, 2011). Meanwhile mustahik are individuals or people who can received zakat from muzakki. According to the Quran, (QS At-Taubah : 60), mustahik consists of eight asnaf namely needy, poor, amil, muallaf, gharimin, ar-riqab, fiisabillah and ibnu sabil. While amil is organization which its job is to collect, distribute and utilize zakat. In Indonesia, amil duties are carried out by the National Zakat Boards (BAZNAS) and Private Zakat Boards (LAZNAS). BAZNAS is a zakat institution managed by the government and LAZNAS is zakat institution managed by private sector or publics.

Zakat is an an institution is one of the most influential system of wealth sharing, which promotes economics activity and assures a minimum standard of living for Muslims. Thus zakat is a symbol of Islamic economic justice that guarantees an aqual and trustworhty distribution of wealth (Djaghballou *et al*, 2018). A sustainable form of zakat fund could assist the poor and the needy to become economically productive recipients and free them from poverty. Therefore the effectiveness of zakat funds could show how zakat could be a catalyst

for improving the lives of the poor and needy (Djaghballou *et al*, 2018).

In distributing zakat funds, a muzakki can determine the use of zakat funds. The choice of using zakat funds by muzakki is called zakat muqayyadah. According to Beik and Ayyunyah (2015), the meaning of zakat muqayyadah is as follows:

1. For Individual Muzakki, zakat muqayyah is allowed to be distributed to the surrounding area of zakat payer.
2. For zakat of corporation, this zakat muqayyadah is only allowed for private operation, in which the majority share holders are muslims. As for state own enterprises, although it is not mentioned in the article, the allocation of the zakat can also can be negotiated with BAZNAS.
3. Allocation of zakat muqayyadah by corporation is anywhere within the territory of the country.
4. Amil of BAZNAS are not of allowed to take the right of amil (one eight) of this zakat muqayyadah, but they are permitted to request ujah (fee) from the muzakki that used to distribute the fund.

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One way to alleviate poverty is to empower the poor who live below the poverty line. Empowerment can be defined as an increasing the capacity of individuals and groups to make choices and to transform these choice intodesired action and outcomes (World Bank, 2004).

Empowerment can also interpreted as a way by which people , organization, and communities are directed to be able to control or rule over their lives (Rappaport, 1984). Empowering people could be a strategy to improve the income status at the bottom line by making people aware of their right, sometimes there real productivity. Empowering people is critical for achieveing poverty eradiction (United Nation, 2011).

In the term of empowerment, the prophet of Muhammad gave a very impressive example. The example becomes even more beautiful when it is realized that he does it in two ways. Firstly is self empowerment. The example of self-empowerment he lived before he was appointed as an apostle. He became a trusted merchant (mandate) and succeeded in running his trading business since he was young. Muhammad's trading activities before getting a mandate as an apostle of Allah are allegedly a deliberate (deliberation) from God that empowerment is not solely because of lack, because of the sky but also because of human factors (Harahap, 2016).

The prophet Muhammad gave an example of self-empowerment by practicing it through his own hand. This can be seen from his activities as a goat herder as the previous prophets. Secondly is weak community empowerment. This was done by Muhammad directly touching the traditions of his people, so it was not too difficult to provide training for those who pursue it. In empowerment based on community traditions, Rasulullah PBUH provided direct guidance to the community on how to best breed and plant dates. At the sime time he guided the ummah to continue planting until the end of his life. He said "if the apocalypse has risen and one of you is holding a seed in his land, then he will continue to seed it (HR. Imam Ahmad).

Today, the poor community empowerment project had became a trade

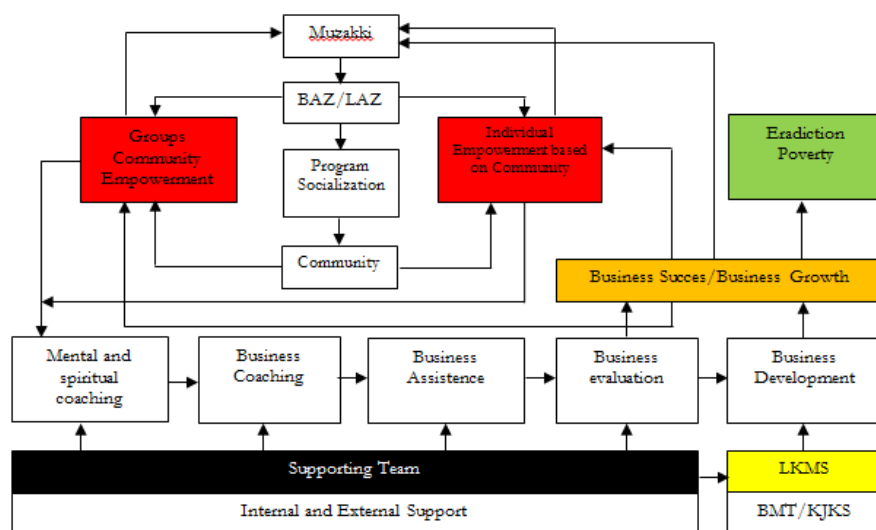
mark for developing countries in order to alleviate poverty. The empowerment of poor communities is usually associated with business activities because these business activities can bring economic benefits). Although the empowerment model carried out in this part of the world is almost always related to entrepreneurship activities, there also those related to socio-politics (Aldajani and Marlow, 2013). In Indonesia, entrepreneurs activities for mustahik are identical with microenterprise. Microenterprise defined as a marginal trading institution of the unorganized poor (Choudhury and Harahap, 2009).

The economic empowerment model was implemented in some countries. In Malaysia, development of the micro business sector for the poor under the name Amanah Ikhtiar Malaysia (AIM). AIM funding comes from the Malaysian government on an annual basis. AIM focuses on funding microenterprises for the needy and poor with interest free, hoping that the microenterprises of the needy and poor can develop properly (Choudhury *et al.*, 2008). The mustahik empowerment model is also carried out in Europe through micro business credit distribution. In developing the micro business, it is carried out in the three stage. The first stage is providing the needs of mustahik with a tabaru'at agreement. In this stage, they are given training which is funded from alms, awqf, donation and zakat. In the second stage, they create a microfinancing group through qardhul hasan funds and at this stage trainings are still being provided. The third stage is the mustahik are given a mudhorabah contract model financed by Islamic Microfinance (Mollah and Udin, 2013).

To finance the empowerment program can be done with various funding sources, including zakat, alms, awqf and public funds. These funds can be used to help the poor in getting venture capital (Amuda, 2013). Ashraf and Hasan (2013) emphasize that to eradicate poverty in muslim countries, integrated efforts are needed that they will produce maximum results. The poverty eradication model according to him is integrating various funding such as zakat, awqf and other funding sources that allow it to be integrated into a model which will then be distributed to the needy and make in the form of capital giving to create new businesses (Hassan, 2010). Raimi *et al* (2014) offers a Faith-Based Model Concept that combines funds from third parties namely zakat, awqf and corporate social responsibility funds for poverty alleviation programs and empowerment programs. They emphasized that social funds, especially CSR funds, could be used to alleviate poverty, develop business and also for economic empowerment.

To develop the mustahik business, the mustahik business development model must be linked to financial institutions, especially Islamic microfinance institutions. Trianto *et al* (2018) proposed the model of the mustahik empowerment model are linked to the Islamic Micro Finance Institutions (IMFIs). By connecting the mustahik empowerment program with Islamic microfinance institutions, it is possible for business run by mustahik to develop properly and of course, financial inclusion will be created. The model can be seen in Figure 1.

**Figure 1.** Operational Model of Mustahik Empowerment Program That Linked With Islamic Micro Finance Institutions



Source: Trianto et al., 2018

Research conducting by the PUSKAS BAZNAS in Riau Province (2019), using the CIBEST model, from the total of respondents are involved was finding that there are 89,19% household are in quadrant I (prosperous household), and 10,81% are in quadrant II (materially poor household). Even, after giving productive zakat there are no household in quadrant III (spiritual poverty) and Quadrant IV (absolute poverty). It means that zakat distribution has a very positive impact since before giving zakat, there is no household are in quadrant I and quadrant II. These result are contradictive with other researchs conducted by Trianto *et al* (2018) in Pekanbaru, using World Bank Standards of \$1.25/day, an empowerment program by zakat institution in Pekanbaru succeeded to alleviate poverty is only reached of 34,07%, but using the Government standard (Rp416,479/month/capita), the mustahik who succeeded out of poverty line is 60,29%. Another research conducted by Anwar (2016) in Malang that empowerment program only reached about of 0,1% succeed to 25%.

From the previous research above, none of the studies produced a success rate of empowerment programs above 50% and

also none of the studies discussed and compared individual business models and groups business models conducted by mustahik. This research is important to do, therefore a good model can be found in implementing empowerment programs in Indonesia.

Based on the explanation above, so we develop research hypothesis as follows:

*“There are no different result of mustahik empowerment program by two model approach in Pekanbaru”.*

## RESEARCH METHODOLOGY

### Data

This reseach was carried out in Pekanbaru involving four zakat institutions namely Rumah Zakat Pekanbaru, BAZNAS Pekanbaru, Dompot Duafa Pekanbaru and Swadaya Ummah. The four zakat institutions are made representative of the mustahik empowerment program because of their experience in managing the empowerment program. The population in this study were 267 who participated in the empowerment program. Hair *et al* (2006) suggested that the total sample can be take from the total indicator variable multiple

by 5-10. Our indicator variable is 21 and take value of 5 multiple with total indicator variabel. There were 105 samples involved in this study. The data in this study were obtained by giving questionnaires, in-depth interviews and focus group discussions (FGD).

### Method

In this research, researcher used qualitatif research with an qualitative approach and a non-parametric statistical approach. A qualitatif research is an affective to explore the variabel, explain and interpret the collected data (Williams, 2007). There are two stages that will be carried out in carrying out this research. First, the researchers will explore the mustahik business model that has been carried out by zakat institutions in implementing the empowerment program. To see how successful the program is, we use the following criteria:

**Table 1.** Criteria of Successful of Mustahik Empowerment Program to Alleviate Poverty

No	Percentage of Achievement	Remarks
1	01.00% - 20.99%	Not Successfull
2	30.00% - 40.99%	Less Successful
3	50.00% - 60.99%	Quite Successful
4	70.00% - 80.99%	Successful
5	90.00% - 100.00%	Very Successfull

Second, analyzed using a non-parametric statistical approach through the Mann-Whitney test. The Mann-Whitney Test is used to test whether two business models run by zakat institutions have the similar or different results.

## RESULT AND DISCUSSION

### Mustahik Demographic

The mustahik empowerment model implemented by zakat institutions is an effort to alleviate poverty of mustahik. The choice of the business model carried out by each zakat institution is based on the

needs of mustahik and also based on consideration of the ability of the zakat institution. Based on investigation, there are 35 mustahik who conduct their business activities in groups, while 70 mustahik do business individually, as shown in table 2.

**Table 2.** Business Model of Mustahik Empowerment Program

No	Business Model	Total	%
1	Groups Business	35	33,33
2	Individual Business	70	66,66
	Total	105	100

Source : Author Estimation (2019)

From the table 2 above, it can be seen that the business model run by mustahik is dominated by groups of business 66,6 percent and then individual business 33,33 percent. This empowerment program is dominated by women for business that are run individually, while business that are run in groups are dominated by men. The number of women in the group business is 15 mustahik and male is 20. Whereas in individual business, there were 53 women and 17 men. For more details, it can be seen in the table 3.

**Table 3.** Gender of Mustahik Empowerment Program

No.	Business Model	Total	%
1	Groups Business		
	- Male	20	57,14
	- Female	15	42,86
	Total	35	100
2	Individual Business		
	- Male	17	24,29
	- Female	53	75,71
	Total	70	100

Source : Author Estimation (2019)

The education level will effect the way of thinking, especially if it is associated with business. In this research, the mustahik education level which run its business in groups is dominated by Junior



High School (SMP) and Senior High School (SMU) at 42.86%, followed by elementary school (SD) at 8.57% and University at 5.71%. While the mustahik education level that runs an individual business is dominated by Senior High School (SMU) by 50.00%, then followed by Junior High School (SMP) by 27.14%, Elementary School by 20.00% and University by 2.86%. For more details can be seen in the Table 4.

**Table 4.** Education Level of Mustahik Empowerment Program

No	Business Model	Total	%
1	<b>Groups Business</b>		
	<i>Elementary School</i>	3	08.57
	<i>Junior High School</i>	15	42.86
	<i>Senior High School</i>	15	42.86
	<i>University</i>	2	05.71
	<i>Total</i>	35	100
2	<b>Individual Business</b>		
	<i>Elementary School</i>	14	20.00
	<i>Junior High School</i>	19	27.14
	<i>Senior High School</i>	35	50.00
	<i>University</i>	2	02.86
	<i>Total</i>	70	100

Source : Author Estimation (2019)

#### *Poverty Alleviation Analysis*

The aims of mustahik empowerment programs is to increase income of house hold of mustahik. Before joining the empowerment program, average mustahik income for group business is Rp300,571 and the average income of mustahik who runs a business individually is Rp. 380,816. After joining the mustahik empowerment program, the income of house hold of mustahik who run the business in groups average increased in income is Rp528,500 or 75.83 percent. Whereas mustahik who runs his business individually with an average income

increased Rp593,233 or 55.78 percent. This result can be seen in the table 5.

**Table 5.** Average Increasing Income of Mustahik

No	Business Model	Before	After	%
1	Groups Business	Rp300,571	Rp528,500	75,83
2	Individual Business	Rp380,816	Rp593,233	55,78

Source : Author Estimation (2019)

From the result above, business income in individually after getting an empowerment program increases greater than in business income in groups. However, as a percentage, a greater increase in income is obtained by mustahik who run the business in groups compared to mustahik who runs the business empowerment program individually. Although there was an increasing income, it was still below the poverty line by using the BAZNAS standard and the World Bank Standard. BAZNAS standard for poverty line is Rp600.000 and the World Bank Standard is Rp840,000 (using \$2/day/capita). However, when it is viewed partially, the mustahik empowerment program through an individual business model using the World Bank standard of \$1,25/day/percapita has succeeded in alleviating poverty in 45.71%. Meanwhile, the income standard using BAZNAS standard is Rp20,000/day/capita, the individual business model can only reduce poverty by 40%. Then, the groups business model has succeeded in alleviating poverty based on World Bank Standard of 40.00%, while based on the BAZNAS standard, the business model group only reached of 25.71%. For more details can be seen in Table 6.

**Table 6.** Poverty Alleviation

No	Business Model	Success	Failed	%	Remarks
A	<b>World Bank Standard</b>				
	1. Groups Business	45.71%	54.29%	100%	Less Successfull
	2. Individual Business	40.00%	60.00%	100%	Less Successfull
B	<b>BAZNAS Standard</b>				
	1. Groups Business	25.71%	74.29%	100%	Not Successfull
	2. Individual Business	40.00%	60.00%	100%	Less Successfull

Source : Author Estimation (2019)

The result of this study are in line with Beik (2013), Saad and Abdullah (2014), Isiaka et.al (2015), Nurzaman (2016) and Anwar (2016) where the level of success in alleviating poverty is still below 50%, despite their research are different measurement and approach. If it is seen from the result, the mustahik business in groups and individually have almost the same result, namely successfully alleviating poverty around 40% - 45%. By using our criteria in the research method, this result is less successfull . However, if using the BAZNAS standard, business model individually are more successful when compared to group business. Individual

business able to alleviate poverty 40% but for groups business only reached 25.71%. Using the our criteria, individual business is less successful and groups business is not successfull.

This empowerment program is quite successful if it is based on government standards. Pekanbaru City Government sets a standard poverty line in Rp.416,479 / month / capita. In the group business, the success of the empowerment program in alleviating poverty reached 62.86%, while in the individual business reached 70.00%. For more details, it can be seen in Table 7.

**Table 7.** Poverty Alleviation by the Government Standard

No	Business Model	Success	Failed	%	Remarks
1	Groups Business	62.86%	37.14%	100%	Quite Successfull
2	Individual Business	70.00%	30.00%	100%	Successfull

Source : Author Estimation (2019)

#### *Statistics Non-Parametric Analysis*

From some analysis above, it shows that there are differences in results between the business made individually and the business done in groups. From the three approaches above, an individual business is more successful when compared to a group business. To find out whether there is a real difference between mustahik business empowerment program in groups and individually, a non-parametric statistical test will be conducted by conducting the Mann-Whitney test using the SPSS software, Table 8 is the SPSS output.

**Table 8.** Statistical Test of Mann-Whitney U

	Income
Mann-Whitney U	1037,000
Wilcoxon W	1667,000
Z	-1,282
Asymp.Sig. (2-Tailed)	,200

Based on the SPSS output in Table 8, it can be seen that the value of Asymp. Sig. amounting to 0.200. This value is greater than the value of 0.05 (0,200>0.05). It means that the business model implemented by zakat organization in the mustahik empowerment program in Pekanbaru, both in groups and

individually, does not provide significant difference in result. Therefore we accept the hypothesis that there is no different result by two model approaches in mustahik empowerment program in Pekanbaru.

## CONCLUSION AND RECOMMENDATION

### *Conclusion*

The success of mustahik business is not only determined by the ability of mustahik in managing the business but also determined by the business model run by the mustahik. Based on the Government of Pekanbaru standard of poverty line, the both models is able to alleviate poverty maximally. But if using the World Bank Standard and BAZNAS standard, two business models that are run by the zakat institutions in Pekanbaru in order to alleviate mustahik poverty have not been able to optimally reduce poverty of mustahik. It is shown that the success level in alleviating poverty, both business that are done individually and in groups, based on the BAZNAS standard only reached below 50 %. This was proven statically with the Mann-Whitney test, where the Aymp. Sig. amounting to 0.200. This value is greater than 0.05, means that the two business models are not significantly different or have relatively the same result.

### *Recommendation*

Despite, the models are going well and success to alleviate poverty if use the Government standard of poverty line but we need an alternative to increase the standard of poverty alleviation in the mustahik empowerment programs, at least be able to reach the standard set by BAZNAS. This study recommends to use a new model for empowerment. The model is expected to be able to minimize the failure rate of mustahik in running their business and get the maximum result. We

suggested that another model approach should be developed with smallest risk for a beginner by the adopted of franchise business model but it needs to modified so that the business provides profit certainly for the mustahik. With the certainty of these benefits, mustahik have certainly monthly income. Franchise business model is a business that already has a system so that for those who have never been in the business experiences, it will really help them. In the franchise business model, franchisor is only responsible for assisting business management, starting from business place, human resource management, opening business and marketing (advertising or promotion), so the franchisor is not responsible for the final sales of the partners. Its means, the franchisor has done all of his responsibilities in helping partners, so when the sale is not as expected by franchisee, then franchisor cannot be blamed because it is part of the business risk. But in the mustahik economic empowerment model, the model must be modified so the mustahik will not face the problem in running his business, especially the sales of products produced. Modifications will guarantee the production result. It will be purchased by other parties, in this case, are business people who are willing to duplicate their business.

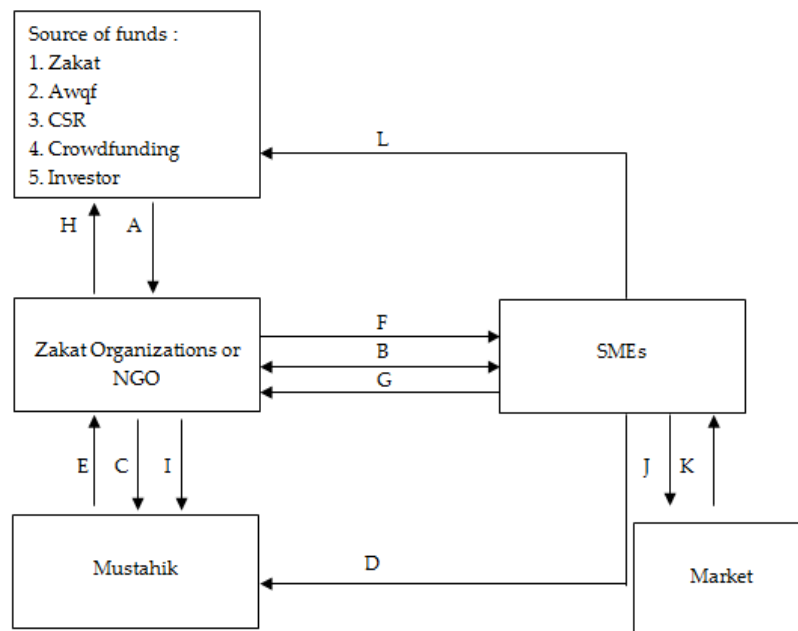
To realize this model, it is needed collaboration with several parties including Small Medium Enterprises (SMEs) who have long experience in running a business and they are in need of business partners to develop their business. The business model of mustahik empowerment program is duplicated by SMEs who are want. With the business duplication model of the SMEs, the mustahik only need to run the business in accordance with the standard operating procedure (SOP) that has been made by the SMEs.

From here, it will bring up sharing economy for both parties. Sharing

economy is in the form of product supply which is carried out by mustahik and it will guarantee the production result by SMEs. For SMEs, the availability of production supplies to meet market needs can guarantee them to make sales, while for mustahik, they get buyer certainty even

though the price is very dependent on SMEs who are willing to duplicate their business. Besides, SMEs who want to expand their business also do not get the difficulties to look for human resources in developing their business and of course they can minimize their business capital.

**Figure 2.** New Model Business Approach of Mustahik Empowerment



Source : Author Development, 2019

Remarks :

- A : The donors gave their money to the zakat institutions
- B : Zakat Institutions cooperative with the SMEs in the framework of fostering mustahik business through business duplication owned by SMEs
- C : Zakat institutions empowers mustahik
- D : SMEs do business duplication of mustahik
- E : Mustahik sell their product to the zakat institutions
- F : SMEs purchase the products produced by mustahik from the zakat institutions
- G : Zakat institutions received payments from SMEs
- H : Investor get a profit sharing from the fund invested in the mustahik empowerment programs
- I : Mustahik get money from zakat institution
- J : The market absorbs production from SMEs
- K : SMEs get the benefit
- L : SMEs pay of zakat (if it reaches *nishab and haul*)

Then where is the role of zakat institutions here? Zakat institutions can act as mediators between interested parties such as mustahik, entrepreneurs, muzakki or other funder such as CSR and Crowdfunding. If the zakat institution's

funding sources come from zakat fund, awqf, crowdfunding or CSR, then with new model the zakat institutions can also invite investors who are willing to help the mustahik run a duplication business. Investor will get a profit sharing from

funds invested. With this model, we can integrate various component to reduce poverty. For more understanding about the new model, it can be seen in the figure 2.

From figure 2 above, it can be explained that the zakat organization still become the central of mustahik empowerment which involves several important elements in business. The empowerment model does not only involve several parties but also encourage zakat institutions to activate support institutions with productive activities and there is economic sharing in this pattern. Economic sharing becomes very important in covering poverty and social inequalities that occur in Indonesia and even in the world.

The above stage is still the first stage in empowering mustahik. In this stage, zakat institutions endeavor to make the mustahik get a monthly income from producing goods whose markets have been guaranteed by the zakat institution in collaboration with SMEs. This is an important stage in carrying out mustahik empowerment so that they have experience on how to run a business properly and correctly. In the next stage is the stage of mustahik business development. This business development can be vertical or horizontal. Vertical means that the mustahik can develop similar business both upstream and downstream industries. While horizontal means mustahik must have the courage to start another business that does not have a relationship with the initial business in the empowerment program. The role mentioned above can also be played by other institutions besides zakat institution such as NGOs. NGOs can participate in alleviating poverty through empowerment, but NGOs do not have the authority to receive and distribute zakat funds but they can use other funds such as CSR and crowdfunding funds. Besides, NGOs can work together with zakat institutions in empowering mustahik.

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