



## The Role of Zakat in Social Welfare and Community Development



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**Abstract.** Zakat, one of the pillars of Islamic teachings that serves as a tool to achieve social welfare, has the ability to reduce poverty and improve the living standards of the underprivileged through the distribution of wealth. This journal discusses the role of zakat in social welfare, challenges in its management, and recommendations to increase the effectiveness of zakat in achieving social goals. The purpose of this research is to see how the role of zakat and the challenges faced in the management of zakat. The method carried out is to use a qualitative approach with descriptive analysis. Data is obtained from relevant literature, reports of zakat institutions. Zakat has a significant role in improving social welfare in society, according to the results of the approach used. Zakat, economic empowerment, poverty alleviation, and the creation of social solidarity can be useful tools to build a more just and prosperous society. However, several challenges related to zakat management must be overcome so that the potential of zakat can be maximized, such as the lack of awareness of the muzaki, the lack of transparency and accountability of zakat managers, and the distribution of zakat that is not on target.

**Keywords:** zakat; welfare; community development

### 1. Introduction

Zakat is a worship that not only increases faith and piety to Allah but also increases the bond between fellow humans. Zakat is one of the pillars of Islam in which it is not only related to worship to Allah but also related to muamalah or human relations with other humans. (Prawira & Soemitra, 2022) Paying zakat is an obligation for every eligible Muslim. Zakat has an important role in the social and spiritual life of Muslims (Yarham, 2023). The property that has the rights of others in it. So that it makes mustahiq get happiness and helps them meet their needs in life (Agustina Mutia et al., 2023)

Zakat has such a broad role, where good zakat management can improve social welfare and community development. Zakat funds that are used well by *mustahiq* are considered to be able to improve welfare and the community can also develop, such as the use of productive zakat funds or zakat that is used for productivity, so that this is if it is able to improve the standard of living of the community.



## 2. Methodology

This study uses a qualitative approach with descriptive analysis. (Sugiono, 2013) Data was obtained from relevant literature, reports of zakat institutions, and interviews with zakat managers and beneficiaries. The analysis was carried out to evaluate the impact of zakat on social welfare and the challenges faced in its management.

## 3. Results and Discussion

### 3.1 Zakat on Social Welfare

Zakat is one of the pillars of Islam and functions as a means of wealth redistribution. Zakat is paid upon attainment of nisab and haul and is given to asnaf 8 which is found in the Qur'an surah At Taubah verse 60. Zakat can be in the form of money, goods, or agricultural products, depending on the type of property owned. In addition to its role in wealth distribution, zakat also functions as economic empowerment among marginalized communities. By transforming the recipient from mustahik (those who are eligible to receive zakat) to muzakki (those who give zakat), it fosters a cycle of self-sufficiency and dignity through entrepreneurial initiatives. For example, an effective zakat institution can provide not only financial assistance but also training programs aimed at improving entrepreneurial skills, thus enabling beneficiaries to create sustainable businesses that contribute to the local economy. This approach not only reduces poverty but also strengthens community bonds, promoting a sense of collective responsibility and solidarity in society.

### 3.2 The Role of Zakat in Social Welfare

Zakat has an important role in improving social welfare, including:

#### a. Wealth Redistribution

Zakat serves to distribute wealth from the rich to the poor. By issuing zakat, people who have surplus wealth can help those who are in need, thereby reducing social disparities. When the community witnesses the real benefits of productive zakat allocation, it fosters trust and encourages greater participation from wealthier individuals, ultimately leading to a stronger cycle of giving and support in society. (Putra & Irawan, 2023)

The role of zakat in wealth redistribution is very important to foster social equality and support those in need. The funds collected through zakat can be used for various social, educational, and health programs, ultimately fostering a more equitable society. The impact of zakat goes beyond mere financial assistance; it fosters a sense of community and responsibility among individuals, encouraging them to actively contribute to the well-being of others. (Nurhakim & Budimansyah, 2024)

#### a. Economic Empowerment

Economic empowerment programs can take advantage of well-managed zakat funds, such as skills training, business capital, and education. This not only helps zakat recipients to meet their basic needs, but also provides an opportunity to be economically independent.

In Indonesia itself, there is a BAZNAS institution that has a BAZNAS economic program that was created to increase income and end poverty as a whole through the implementation of ZIS and other social religious funds (DKSL) in the economic

sector. Mustahik business capital, creative economy, village market revitalization, farming business empowerment, and land and sea fisheries business empowerment are all part of the program that aims to improve mustahik welfare. (Abdul Hanafi Harahap, Delima Sari Lubis, 2022)

b. Poverty Alleviation

According to data from the Central Statistics Agency in 2024, the number of poor people in Indonesia as of March 2024 is 25.22 million people. This number shows a decrease of 0.68 million people *year on year* and decreased by 1.14 million people when compared to September 2022. If you look at the numbers from year to year, the poverty rate in Indonesia tends to decrease, including the poverty value as of March 2024 which has decreased when compared to March 2023 and September 2022. (Central Statistics Agency, 2024)

Zakat can contribute significantly to reducing poverty rates. Appropriately distributed zakat can have a direct impact on the lives of people in need, helping them meet basic needs such as food, shelter, and education. (Elvira, 2022)

One of them is the role of zakat in economic empowerment, where zakat funds can be used for business capital. Productive business capital assistance has the purpose of helping in terms of capital for MSME actors to increase their productivity and income. This program is quite effective in increasing MSME businesses. (Irawan, 2023). To maximize this assistance, it is necessary to hold skills training and assistance in empowering the community receiving assistance or businesses fostered by Baznas. This can increase the income and economic independence of the community. (Zakat et al., n.d.)

Creation of training facilities and scholarships that can improve qualifications and job opportunities. (Banjar et al., 2022) The BAZNAS program, the BAZNAS Scholarship, is responsible for providing educational funds to ensure that the educational program will continue as an intergenerational responsibility and prepare the nation's next generation who have high knowledge, noble morals, superiority, and competitiveness. There are a number of scholarships provided by Baznas including domestic BAZNAS scholar scholarships, BAZNAS Al Azhar scholar scholarships, Cairo, BAZNAS partnership scholarships, BAZNAS research scholarships.

The existence of BAZNAS has had a significant impact on the management of zakat in Indonesia. Based on the analysis that has been carried out, zakat managers nationally in 2023 have alleviated poverty as many as 577,138 people, of which 321,757 come from extreme poor zones. This figure contributed 2.28% to the national poverty alleviation in March 202 of 25.90 million people. When compared to the previous year, this year's zakat-based poverty alleviation increased by 24.6% with the 2022 alleviation rate at 463,154 people.

c. Building Social Solidarity

Zakat also serves to build a sense of solidarity and concern between community members. By sharing wealth, people can strengthen social bonds and create a more harmonious environment. (Aidil Aflin, 2014) BAZNAS Humanitarian Program helps victims of accidents, disasters, education, health, and persecution. The purpose of the program is to reduce poverty due to disasters. (Ramadhona et al., 2023)

Zakat for health is an important aspect of the broader zakat system, as it not only addresses the physical well-being of individuals but also promotes public health standards. By allocating funds specifically to healthcare initiatives, such as providing

clean water and sanitation facilities, zakat can directly reduce the prevalence of diseases that disproportionately affect low-income populations.(Erliyanti, 2019)

The benefits of zakat in terms of Health for example, programs that aim to improve maternal and child health through education and access to medical services exemplify how zakat can be effectively utilized to uplift vulnerable groups while adhering to Islamic principles of social justice. (Sidiq P & Intan Cahyani, 2022)

### *3.3 Challenges in Zakat Management*

Although zakat has great potential to improve social welfare, there are several challenges in its management, including:

a. Lack of Awareness

There are still many people who do not understand the importance of zakat and how to manage it. Education about zakat needs to be improved so that more people are willing to fulfill this obligation. In addition, the lack of awareness about zakat not only hinders immediate assistance to those in need but also undermines the broader social order that relies on mutual support and communal responsibility. In addition, integrating educational programs about zakat into community initiatives can foster a culture of giving and empathy, encouraging more people to actively participate in poverty alleviation. Such efforts can be very effective when they resonate with local cultural values, as seen in various areas where traditional practices are aligned with religious teachings, thus strengthening spiritual and social ties

b. Transparency and Accountability

The management of zakat funds must be carried out in a transparent and accountable manner. The community needs to be assured that the funds they pay will be used for the right and effective purposes. The lack of transparency in the management of zakat not only damages the trust of zakat givers but also hinders the effective distribution of resources to those in need. For example, when funds are misallocated or not adequately reported, it can lead to adverse impacts on essential services such as sanitation and healthcare, which are critical areas where zakat can significantly improve the well-being of the community. Additionally, increasing accountability through strict oversight mechanisms can foster greater public trust and encourage higher participation rates among contributors. Potential. (Susanti, 2019) By adopting the best practices of a successful zakat administration model, organizations can ensure that contributions directly benefit the intended recipient, thus fulfilling the spiritual and social objectives of this fundamental pillar of Islam.

c. Uneven Distribution

Sometimes, the distribution of zakat is uneven and not on target. Therefore, it is necessary to have a good system to record and determine zakat recipients. (Tahliani, 2020)

d. Regulatory and Policy Constraints

Lack of integrated regulations to optimally integrate zakat, infaq, alms, and waqf. The licensing problem of ZISWAF management institutions often overlaps. The results of the study show that Indonesia's zakat regulations are not fully effective. Although Law No. 23 of 2011 concerning the Management of Zakat and its

derivatives, as well as the perbazznas issued by BAZNAS, this law still questions zakat half-heartedly and has not answered all problems related to the management of zakat. In its terms, there is no construable clause stating that zakat is mandatory, and there are no sanctions associated with the obligatory violation of zakat. Therefore, zakat regulations in Indonesia are still considered weak in terms of law and good governance. (Tahliani, 2020)

e. Capacity and Human Resources of Managers

Lack of professionals and experts in the management of zakat and waqf, especially in the regions. Training and coaching of managers are still minimal, which affects the effectiveness of fund management. (Tanjung & Panggabean, 2023)

f. Digitalization and Technology

The use of technology in the collection and distribution of ZISWAF has not been evenly distributed. Challenges in digital adaptation among traditional managers. The use of social media also needs to be developed to make it easier to pay zakat. The availability of zakat information on social media is a support and convenience in giving zakat. (Hidayatullah & Asyari, 2023)

#### 4. Conclusion

Zakat has a significant role in improving social welfare in the community. By redistributing wealth, economic empowerment, and poverty alleviation, and also building social solidarity. Zakat can be an effective tool to create a more just and prosperous society. However, challenges in the management of zakat include the lack of awareness of the zakat muzakki, the lack of transparency and accountability of zakat managers and the distribution of zakat that is not on target needs to be overcome so that the potential of zakat can be maximized.

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