

Empowering Micro Enterprises through the Bondowoso Makmur Program by Baznas Bondowoso: A Case Study of Local Economic Development


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Article History:	Abstract
<p>Submitted: March 22nd, 2025</p> <p>Revised: May 20th, 2025</p> <p>Accepted: May 21st, 2025</p> <p>Published: July 1st, 2025</p> <p>By: International Journal of Islamic Economics (IJIE)</p> <p>Copyright: ©2025. Annisa Ramadhani Hermanto et al.,</p>  <p>This article is licensed under the Creative Commons Attribution- Share Alike 4.0 International License. http://creativecommons.org/licenses/by-sa/4.0/</p>	<p>Introduction: Microenterprises play a significant role in the Indonesian economy. However, they often face obstacles, including limited capital, market access, and management skills. In this context, zakat institutions such as the National Amil Zakat Agency (BAZNAS) become very relevant in supporting their development.</p> <p>Objective: This study discusses micro-businesses' problems in the Bondowoso District, including the lack of capital. Bondowoso Regency has limitations in capital, so the Badan Amil Zakat Nasional (BAZNAS) meets the need for productive zakat assistance.</p> <p>Method: The research used is qualitative with a phenomenological approach. Data collection techniques include observation, interviews, and documentation.</p> <p>Result: The results show that the program's distribution process, including data verification, feasibility surveys, and monitoring, has positively impacted <i>mustahik</i> businesses, increasing turnover, profits, production capacity, and customer base, though full development has yet to be achieved.</p> <p>Implication: This article emphasises the important role of institutions in easing the burden on micro-entrepreneurs; such support can alleviate poverty.</p> <p>Keywords: Economic Empowerment; Entrepreneurship Development; Micro Business</p>

A. Introduction

Law No. 20 of 2008 Concerning Micro, Small, and Medium Enterprises defines micro enterprises as profitable companies owned by people or individual business organisations that satisfy the requirements for micro businesses (Sundari Tanjung, 2019).

Micro enterprises accounted for 98.68% of the total 64.2 million Micro, Small, and Medium Enterprises, or around 99.6% of the total (Kementerian Keuangan RI, 2020). In contrast, there were 39,710 microbusinesses in Bondowoso Regency in 2020. Subsequently, it surged to 39,970 in 2021 and 40,035 in 2022. After that, it will rise by 40,170 in 2023 (Diskoperindag Bondowoso Regency, 2023).

The Bondowoso Makmur initiative distributes productive zakat to the community. According to Mr. KH Akhmadi, the chairman of BAZNAS Bondowoso Regency, the pre-survey findings showed that fruitful zakat is now a priority, which is why the researchers selected the area for BAZNAS Bondowoso Regency. Aside from that, one issue that microbusiness operators frequently encounter is the capital limit. The Bondowoso Makmur program provides assistance to micro-entrepreneurs who are deemed impoverished and who operate a firm. This support comes in funds or useful business tools (BAZNAS Bondowoso Regency, 2023). When giving the needy and impoverished financial support, zakat is crucial. Thus, zakat promotes socioeconomic growth and reduces poverty (Omar et al., 2021). The Qur'an gives precise and comprehensive guidelines for zakat, which serve humanity and advance it in line with human development. Allah says in Q.S. An-Nur verse 56: “Moreover, establish prayer, pay alms-tax, and obey the Messenger so that you may be shown mercy.”

There has been some fluctuation in the quantity of productive zakat monies provided under the Bondowoso Makmur program; as of 2022, IDR 194,405,000 has been distributed. The amount of funding allocated to the Bondowoso Makmur program has grown by IDR 232,452,500 in 2023. This indicates that by fostering microbusiness growth in Bondowoso Regency, BAZNAS Bondowoso Regency has contributed to reducing poverty. The five primary programs of Baznas Bondowoso Regency are Bondowoso Healthy, Bondowoso Smart, Bondowoso Peduli, Bondowoso Taqwa, and Bondowoso Makmur. These programs disburse zakat, infaq, and sodaqoh (ZIS) (BAZNAS Bondowoso Regency, 2023).

The study addresses the optimisation of the Pasuruan Peduli, Pasuruan Smart, and Pasuruan Makmur programs based on the research findings by Darmawan & Solekah. The ZIS that BAZNAS Pasuruan City supplied has successfully raised *Mustahik's* income (Darmawan & Solekah, 2022). In the interim, this study concentrates on one initiative, Bondowoso Makmur, which is funded by zakat money that has been gathered. In addition to measuring the rise in *mustahik* revenue, the researchers also examined other growth elements. Since assessing gains beyond income growth will yield a more comprehensive and precise representation of the programs' effects.

The study carried out by Amelia *et al.* employed quantitative research methodologies and concluded that the help offered positively impacted income and profits both before and after the receipt of the productive zakat monies (Amelia et al., 2020). In the meantime, this study's qualitative methodology uses detailed observation, interviews, and documentation techniques. The main subjects of this study are the development of *mustahik* enterprises and BAZNAS's involvement.

The researcher attempted to investigate the role of Baznas Bondowoso Regency through the Bondowoso Makmur Program as an Effort to Develop Micro Enterprises in light of the background information provided above. This background information led to the

creation of an issue: how BAZNAS Bondowoso Regency handles the distribution mechanism for the Bondowoso Makmur program and how the program's development affects microbusinesses who receive it.

B. Literature Review

The Role of the National Zakat Amil Agency (BAZNAS)

The legislation states that BAZNAS is a separate, non-structural government organisation that answers to the President via the Minister of Religion. The government and BAZNAS oversee the administration of zakat by the tenets of Islamic law, which include accountability, integration, trust, benefit, and justice (Manurung & Harahap, 2022). Community workers are accountable to their employers for their performance in many roles and activities, such as motivating, communicating, and facilitating obligations (Zubaedi, 2016)

Productive Zakat

According to Shaykh Al-Mawardi, zakat is defined as providing anything that is required from a certain asset collection based on specific traits and sizes to specific groups that are eligible to receive it (Susanty et al., 2022). Zakat provided to the impoverished in the form of business capital or other items is known as productive zakat. This zakat is utilised for worthwhile projects that will raise people's standard of living (Habriyanto et al., 2023).

Micro Business

The firm's location must not be used to determine eligibility for microbusiness status. Erratic product offerings, variable locations, a lack of financial segregation between the business and the family, a lack of human resources, and the absence of business licenses and other regulatory requirements typify microbusinesses. They often employ fewer than four individuals (Soemitra et al., 2022).

Business Development

The development process outcomes include improvement, advancement, positive changes, or growth in physical, economic, environmental, social, and demographic factors (Rahmah & Natasya, 2022). Business development, on the other hand, is a type of business that enables an organization to grow and succeed. Two metrics that can be used to gauge business development are total sales turnover and profit or business profits (Damayanti, SE., M.Si. & Amanah, 2021).

C. Research Methodology

A qualitative, phenomenological technique is employed in this type of inquiry. The snowball sampling approach was used to find informants. It seems as if snow gradually builds up within snowballs as they roll (RACO, 2010). Primary data sources include interviews with *Mustahik*, bid personnel, distribution, and the chairman of the secretariat. An example of interim secondary data is report data from BAZNAS.

Data is gathered using three different techniques: observation, interviewing, and documenting. Data analysis processes, such as data collection, reduction, presentation, conclusion drawing, and verification, employ the Miles and Huberman Model (Putri et al., 2021). Triangulation was employed in this study to test the validity of the data. Technical triangulation is the sort of triangulation that is employed, and its goal is to assess the reliability

of information by using several techniques to verify information obtained from the same source. For instance, observation, paperwork, or questionnaires are used to confirm information gathered during interviews (Rita, 2022).

D. Results and Discussion

Mechanism for the Distribution of the Bondowoso Makmur BAZNAS Bondowoso Regency Program

The program was the implementation of productive zakat, which is the present focus, according to the chairman of the BAZNAS secretariat, whom the researchers interviewed. This initiative has been in place since BAZNAS was established in 2010. The support is given out in the form of grant agreement-compliant cash and useful business tools. The goal of this initiative is to support the *Mustahik* economy, since they face a capital shortage (Mr. Acshmad Erwantono interview, February 5, 2024).

The *mustahik* responded well to the Bondowoso Makmur program that was offered to the community, as reported by the bid staff. According to the distribution, the *mustahik* felt much assistance and appreciation. With this support, *Mustahik* can grow their business and raise their living level (Interview with Mrs. Yeny Kurniawati, February 5, 2024). The data verification procedure, which requires the submission of original KTP, KK, SKTM, company picture, and a letter asking for help, serves as the program's distribution mechanism in its initial stage. The requirements for receiving help include being a Muslim, living in the Bondowoso Regency, economically disadvantaged, and having a company. A *mustahik* feasibility assessment was conducted at the Bondowoso Regency Ministry of Religion's business site. The following phase, monitoring and regulating, is done roughly every three months.

Using the following indications of the function of community workers, researchers will examine BAZNAS's role:

1. *The role of a companion as a motivator*

In addition to helping, BAZNAS encourages *Mustahik* to be more passionate about managing a firm. These initiatives are consistent with earlier research by Mariroh & Anwar, who also undertook business incentive efforts in their study, offering motivation that was provided concurrently with the monitoring process, namely by making in-person visits to *Mustahik* (Mariroh & Anwar, 2020).

2. *The role of a companion as a communicator*

BAZNAS's concentration on zakat collection and distribution is evident in its outreach to the broader community, where it actively disseminates information about its activities. To get queries, feedback, and suggestions from the general public, BAZNAS uses several digital channels.

3. *The role of a companion as a facilitator*

BAZNAS created a simple and cost-free registration procedure for every *mustahik* to receive support. Aside from that, the support facilities come in the shape of useful business items like sewing machines, frying pans, construction tools, etc. Additionally, BAZNAS gave support in the form of IDR 1,500,000 in cash. This is suitable in terms

of how productive zakat works, which is often how it uses or forms zakat to make it productive. Therefore, if zakat money is used to support or finance *mustahik* enterprises, their distribution can be more fruitful (Kurnia, 2022).

Development of Micro Enterprises Recipients of the Bondowoso Makmur Program

In addition to BAZNAS, the informants employed in this study include microbusiness actors who have benefited from the Bondowoso Makmur program. These individuals have, of course, undergone several selection procedures conducted by BAZNAS Bondowoso Regency. Among the assistance beneficiaries is Mrs. Nining Suciati, an 18-year veteran seamstress. The sewing machine Mrs. Nining got positively impacted her business since it enhanced her turnover and profitability. Regarding school breaks and vacations, he receives 1,500,000 in salary. The consumers are busier now than before receiving assistance (Interview with Mrs. Nining Suciati, February 7, 2024).

After three years of employment as a furniture manufacturer, Mr. Dedy Susanto is the next aid beneficiary. With the help of useful tools from BAZNAS, the minimal furniture equipment is now finished. However, his business is usually steady, or it has not grown much in the last few years. He does not sell his items directly to customers; thus, the money he receives is unpredictable (Interview with Mr. Dedy Susanto, 10 February 2024). Researchers use indicators of overall sales turnover, profitability, and firm earnings. Informants reported a notable rise in employee turnover. First, the increase in manufacturing capacity makes the rise noteworthy. Second, there is an increase in production process efficiency. Thirdly, there are other kinds of products. This study supports that conducted by Jainudin, who found that the productive zakat money provided to *mustahik* had a major effect on their turnover and daily revenue. The *mustahik* were able to diversify their product line after getting help, which increased their turnover and income (Baidhowi & Triwibowo, 2023; Jahan, 2021; Jainudin, 2024).

Nonetheless, several informants said that there had not been a notable rise or that the company they were managing tended to remain steady. First, certain company categories take longer to see appreciable progress; second, fierce rivalry. Third, inadequate management practices prevent a firm from making the best use of support. *Mustahik*, a tailor, is one person who can attest to the benefits of help. He may boost his revenues by producing higher-quality orders in greater volumes. Even though many *mustahik* firms have not made much progress, microbusinesses have benefited from the support of the Bondowoso Makmur initiative. Boosting revenue as well as business success. Giving zakat in this situation improves the *mustahik's* living conditions for an extended period rather than only providing them with a few bits of rice or food for a day or two, after which they become impoverished once more (Hakim et al., 2021; Triwibowo et al., 2023).

E. Conclusion

There are three steps to the Bondowoso Makmur program distribution mechanism: data verification, feasibility investigation, and monitoring and managing. BAZNAS has a strategic role, first and foremost as a motivator, encouraging *mustahik* to grow their enterprises by offering incentives. Secondly, in the capacity of a communicator, by engage with the public and distributing program information through digital channels. Third, besides offering support, BAZNAS acts as a facilitator by making the registration procedure simple and cost-free. Though not entirely, the help offered has been shown to have a beneficial effect. With his increased salary, *Mustahik* can live a wealthier life.

In addition to offering business capital facilities, the Bondowoso Regency BAZNAS institution ought to train *Mustahik*. Training can be administered in cooperation with other organizations, such as Diskoperindag, Job Training Centers (BLK), and others. *Mustahik* who gets business capital support should, in the meantime, consistently maintain and make use of aid that is productive rather than consumptive. It is anticipated that future researchers will look into additional BAZNAS Bondowoso Regency projects or the originality of other study techniques.

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