

CHAPTER I

INTRODUCTION

1.1 Background

Zakat is part of the pillars of Islam which instruct a Muslim to distribute part of his wealth to people who are entitled to receive zakat. The order to pay zakat, since it was required by the Prophet, has been carried out and continued by friends, caliphs and sultans in various parts of Muslim countries and is still being carried out to this day (Setiawan et al., 2018). Not only paying zakat, but a Muslim is also ordered to carry out infaq and alms.

Indonesia is a country with a majority Muslim population. The large number of Muslims in Indonesia provides a large contribution of zakat to the Indonesian state. According to Putri, A.M.H (2023) in [cnbcindonesia.com](https://www.cnbcindonesia.com), Indonesia is ranked first with the largest Muslim population in the world with a total of 231 million people in Indonesia who embrace Islam. The large Muslim population in Indonesia makes the potential for zakat very large.

With the large role given by zakat, it is very important to have professional and responsible management so that its benefits can be maximized to those who are entitled to receive it. Good and accountable zakat management will increase public trust in the Amil Zakat Institution, thus encouraging community participation in zakat.

According to Law no. 23 of 2011 concerning Zakat Management explains that zakat management institutions in Indonesia are divided into two, namely the National Zakat Agency (BAZNAS) and the Amil Zakat Institution (LAZ). BAZNAS is a zakat amil institution that manages zakat nationally, while LAZ is a zakat management institution formed by the community. (Deni Lubis 2018)

Zakat management is carried out in stages by BAZNAS, provincial BAZNAS and district/city BAZNAS as a single organizational unit that has a hierarchical relationship. In this regard, all LAZs submit reports on the implementation of zakat, infaq, alms and other religious social management to BAZNAS and local governments on a regular basis. (Fadly 2015)

There are many zakat amil institutions in Indonesia, there are 37 national scale zakat amil institutions that have permission from the Ministry of Religion, including LAZ Rumah Zakat Indonesia, LAZ Muhammadiyah, LAZ Daarut Tauhid Peduli, LAZ Indonesian Zakat Initiative and many others. Each zakat institution has its own unique characteristics, both in terms of its muzaki targets and program recipient targets.

Every Amil Zakat Institution collects funds from muzaki or potential zakat donors. Fundraising zakat is a process to influence the community or muzaki to want

to distribute their zakat. In general, zakat funding is carried out using the Direct Fundraising and Indirect Fundraising methods.

A direct fundraising method is needed because without a direct method, muzakki will have difficulty donating their funds. Meanwhile, if all forms of fundraising were carried out directly, it would appear to be stiff, limiting the penetration of potential muzakki's environment and potentially creating boredom. Both methods can be used flexibly and all institutions must be clever at combining the two methods. (Ahmad Furqon, 2015)

Along with the increasing complexity and dynamics of the socio-economic environment, as well as the growth of community needs, the challenges faced by zakat amil institutions are increasingly diverse. In this context, fundraising strategies and the effectiveness of fund distribution are important factors to ensure the sustainability and effectiveness of institutions. The rapid development of technology in the current digital era has also encouraged developments in zakat collection methods. This has brought many conveniences that can be felt today, especially in matters of zakat, infaq and alms.

For example, there is a digital platform that makes it easier for muzakki to donate quickly, easily and safely, and makes it easier for zakat amil institutions to

manage and distribute zakat more efficiently to those in need. Effective use of funds is also a moral and moral responsibility that must be carried out by every zakat amil institution in order to maintain the trust of zakat donors.

Based on Law No. 38 of 1999 concerning zakat management (hereinafter referred to as the zakat management law), zakat is expected to create equal distribution of income and increase welfare. This is in line with Islamic economic principles which emphasize the importance of fair and equitable distribution of income, as well as making a positive contribution to improving the social and economic conditions of society. Therefore, the distribution of zakat funds to people who are entitled to receive or mustahiq must be right on target, both in cash and through programs to make it happen.

In Indonesia, zakat fund distribution programs are quite varied, starting from the economic sector such as community empowerment from farmers to SMEs as well as education such as scholarships and Islamic guidance. Through organized collection and distribution of zakat, zakat amil institutions can provide assistance to individuals in need in terms of fulfilling basic needs, education, health and economic development.

Based on information that researchers obtained through the West Sumatra Zakat Forum, there are at least 14 institutions that collect zakat funds in West Sumatra. One of which is the Indonesian Zakat Initiative, based on the Decree of the

Ministry of Religion of the Republic of Indonesia no. 950 of 2020, the Indonesian Zakat Initiative or IZI is a national scale zakat institution.

According to izi.or.id, the most important reason why IZI was born was a strong determination to build an authentic zakat management institution. By focusing on managing zakat and other religious donations, it is hoped that IZI can more seriously encourage the great potential of zakat to become a real strength and a solid pillar supporting the glory and welfare of the ummah through clear institutional positioning, excellent service, high program effectiveness, efficient business processes and modern, as well as 100% sharia compliance in accordance with the *ashnaf* and *maqashid* (goals) of sharia.

Based on interviews conducted by researchers, the West Sumatra Inisiatif Zakat Indonesia, as an existing and independent institution, has succeeded in getting good attention from the community. This can be seen from the amount of funds collected which always increases every year and also the zakat distribution program is successfully implemented, not only IZI West Sumatra is also a leader in IZI's sacrificial cattle management program in other regions in Indonesia.

The above phenomena and problems encouraged the researcher to raise the research title "**Fundraising Strategy and Effectiveness of Zakat Distribution at Zakat Collection Institutions: Case Study at the Inisiatif Zakat Indonesia Institution in West Sumatra.**"

1.2 Problem Formulation

Based on the background description that has been presented, the formulation of the problem of this research can be found, namely:

1. What is the fundraising strategy implemented by the West Sumatra Insiatif Zakat Indonesia Institute?
2. How effective is the distribution of zakat at the Insiatif Zakat Indonesia Institution?

1.3 Research Objectives

Based on the problems above, the researcher explains the research objectives as follows:

1. Analysis of fundraising strategies carried out by the Insiatif Zakat Indonesia Institute of West Sumatra.
2. Effectiveness Analysisdistribution of zakat funds at the Insiatif Zakat Indonesia Institute of West Sumatra?

1.4 Benefits of Research

Based on the formulation of the problem and research objectives above, this research is expected to have the following research benefits:

1. It is expected that this study will serve as a reference and reference source for related research. This study is also expected to add and expand knowledge

about theories related to zakat fundraising strategies and the effectiveness of zakat distribution in zakat institutions.

2. For practitioners: This research is expected to help managers of zakat collection institutions to improve their zakat collection strategies and distribution effectiveness.

1.5 Scope of Discussion

This research will focus on the analysis of fundraising strategies and the effectiveness of zakat distribution at the Insiatif Zakat Indonesia Institution in West Sumatra. The scope of this research covers a certain period and involves an in-depth understanding of the policies, procedures and implementation of fundraising strategies and the effectiveness of zakat distribution at the Insiatif Zakat Indonesia in West Sumatra.

1.6 Writing Systematics

The authors made their research consist of several chapters which are structured in the following way:

CHAPTER I INTRODUCTION: This section discusses the background of the research, problem formulation, research objectives, advantages of the research, and its scope.

CHAPTER II LITERATURE REVIEW: Theories related to the subject of this study are discussed in this section. Fundraising, effectiveness, and zakat institutions

are the theories used. Furthermore, there is a list of previous studies that are related to the current study, as well as a framework of thought that serves as a guideline for the process of analyzing the results.

Chapter III Research Methods: This section discusses the research design, population and sample used, sampling procedures, types and sources of data used, and data analysis methods used to interpret the research findings.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION: This section contains the research results, description of respondents, and data analysis.

CHAPTER V CLOSING: This section discusses the research findings, their implications, limitations, and suggestions.