

New Challenges in Creating Social Entrepreneurs Based on Sharia

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Abstract. A large number of potential *zakat* provide opportunities for economic empowerment. *Qardhul Hasan* is one of a program to distribute *zakat* funds in a productive way. By doing so, the fund will continue to roll *zakat* to the poor. So that one day they will grow and become a social entrepreneur or being a new *muzzaki* for others. The transformation of *mustahik* to become *muzzaki* still need much effort and take time. One of the things that can be done is to make assistance method by conducting training or being an enabling associate to *mustahiq*. By doing an associate program such as conducting training and enabling the beneficiaries, Dompot Dhuafa has been succeed to make its objective in empowering people through *Zakat*. The productive scheme of *Zakat* distribution that has been done by Dompot Dhuafa is in *Qardhul Hasan*. In the factual observation, by giving *Zakat* in the productive way such as *Qardhul Hasan* can create social entrepreneur. It seems like giving a tool to enhance their lives and to improve their business performance. This process is a new challenge to create empowerment by giving *Zakat* in productive way.

Keywords: Intermediary Institution, Zakat, Social Entrepreneurship, Qordhul Hasan.

1. Introduction

Poverty has become a global issues for the world community. Many things we can do to contribute to the world. One of the world's Muslim scholars, Muhammad Yunus has developed the concept of microcredit, the development of small-scale loans to poor entrepreneurs who are unable to borrow from commercial banks. Yunus applied these ideas to set up the Grameen Bank. A program that helped poor people with financial assistance easier. Muhammad Yunus with the Grameen Bank has raised 58% of the beneficiaries of the poverty line. Even the Grameen Bank has received recognition from the government of Bangladesh and has a separate law (Yunus, 1997). It is certainly possible if we apply it in Indonesia.

Moreover, Indonesia is one of the largest Muslim countries in the world (The Pew Forum on Religion & Public Life in 2010). According to data from The Pew Forum on Religion & Public Life in 2010, the population of Muslims in Indonesia has about 12.7 % of the total Muslims in the world. In 2010, adherents of Islam in Indonesia have around 205 million or 88.1 percent of the population. It could indicate that there is a potential amount of *Zakat* in Indonesia. Even the number of potential *Zakat* rate reaches up to hundreds of trillions of Rupiahs. (Hafidhuddin, 2013). It has been convincing that the *Zakat* potential is very large, and by this condition Indonesia is able to obtain or perform well for economic empowerment, poverty reduction and others. In the other hand, the factual condition of that huge number of that potential *Zakat* has just only a worthless number if it is distributed just only as a charity fund. There are a lot of examples in the factual condition whereas the distribution of its substantial funds seems not channelled properly. In addition, these *Zakat* are distributed more focused just on the unproductive scheme. So people just accept the *Zakat* and eventually discharged without trace.

Though, Indonesia could be more than that. There is a chance when *Zakat* funds channeled in the productive scheme. Indeed this is a challenge, but when the challenge was answered, it will be a good economic empowerment for poor people or *Mustahiq*. The process requires an intermediary institution that intermediate between the parties that the lack of fund (*Mustahiq*) to the excess fund (*Muzzaki*)

One of the intermediary institutions in this voluntary sector is Dompot Dhuafa. It has been collecting and distributing *Zakat*. One of the programs in term of distribute *Zakat* in the productive scheme is *Qardhul Hasan*. In this *Qardhul Hasan* scheme, *mustahik* get productive funds that can be used as a working capital. This scheme would make their standard of living is improved. In the future, there will be a transformation

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agent, from *Mustahiq* to *Muzzaki*. And it will become a snowball whereas the new *Muzzaki* will increase the *Zakat* and their *zakat* will empower another *Mustahiq*. This is a good process of empowerment, because by giving *zakat* in the productive way, it would raise a new social entrepreneur.

2. Literature Review

2.1. Intermediary Institutions

Establishment of the *Zakat* cannot be discharged by the issuance of Law No. 38 Year 1999 on *Zakah* (UUPZ). The law is based on the management of *Zakat* in Indonesia will be conducted by the two types of institution, the Agency Amil *Zakat* (BAZ) and the Institute Amil *Zakat* (LAZ). BAZ is *Zakat* management organization established by the government, while the LAZ is *Zakat* management organization that was formed on the initiative of the community. One of national amil *Zakat* institutions that Dompot Dhuafa aims to become locomotive empowerment, of the development of life and independence of the community, which relies on local resources, towards equitable economic system.

2.2. Zakat

According to the language, the word "*Zakat*" means to grow, expand, or grow lush. In Al - Quran and Hadith mentioned, "God destroys usury and enrich alms" (Surah al - Baqarah : 276); "Take alms of their wealth to charity that you cleanse and purify them " (Surat at - Tawbah: 103); "Charity does not decrease the treasure " (Narrated by al- Tirmidhi).

According to the terms, in the book of al - Hawi, al - Mawardi defines *Zakat* as a specific retrieval of a particular property, according to certain characteristics, and to be given to certain groups .As for the donation and alms , some jurists argue that all forms of donation are spending (spending), either for personal, family, or others, while the charity is all forms of spending (donation) in Allah's way. Unlike the *Zakat*, alms not limited or bound and do not have certain limitations. Alms, but can be form of property, can be also donated labor or thought, and even just a smile.

2.3. Qardhul Hasan

Qardhul Hasan is etymologically pieces, pieces here means, treasure that is completely cut off if it is given to the borrower, while the terminology *Qardhul Hasan* means loan without compensation that allows the borrower to use the funds for a certain period and return the same amount at the end of the agreed period.

Qardhul Hasan is a borrowing without allowing interest and compensation only return the main loan in a lump sum or instalments within a specified period that is intended for people who are poor (the indigent and / or poor) for ongoing capital. A time when the borrower cannot return it, then give grace period for them payment periods, if the borrower really cannot return it, then the lender must take it as charity.

Qardhul Hasan contract can only occur for emergency loan, such as subsistence, not for consumer loan more over for gambling. Therefore, in performing the contract *Qardhul Hasan* should observe who will be given a loan .When the loan cannot be billed, then the lender will consider it as alms. Is the lender loss? Of course, no. Verse above as guarantee. Giving loan to people who needs, indirectly we have helped of dependency on money. So, there is no term money to be God, which always makes them (borrower) become dependent on it.

At last, it has made God back to God, not money to be God. In other words, we have helped people who owe the conviction. This is what eventually became the view that in fact we have been doing the borrowing and lending by God, for those who cannot afford to repay the debt to us. What's the profit of borrowing and lending with God? Suit that his promised, He will multiply the change. Is it in the form of money ? It could be, but God certainly knows what we need. Of course not only money, only God can give health, blessings treasure, a pious child, mate and many things that we cannot count.

Qardhul Hasan is including covenants are helping each other, which aims to advanced the economic life of the community, after carrying out the contract *Qardhul Hasan* expected the borrower to change or economic life to be better. So, in this case because of *Qardhul Hasan* is helping each other contract, then the borrower or commonly called *muqtarid* when it has been successful or that have already earlier promise to repay the loan, then the borrower is only right to return the same amount on the loan same as a lender or

muqrid only entitled to receive a loan in the amount of money the first time in the loan. However, the borrower may give more if fortified with pleasure. Transactions *Qardhul Hasan* growing in the community at the present time are usually financial institutions provide capital to customers to use as capital in setting up the business. In this case, the financial institutions that provide funds for borrowed, divides two types of funding sources *Qardhul Hasan* . If the funds are derived from the bank's capital funds given to customers who require fast funds and short-term, and if the money comes from *Zakah* fund, donation, and sadaqah then given to help very small businesses and social purposes.

Qardhul Hasan by QS. Al - hadid : 11, Hadith and history majjah Ibn Ibn Hibban and ijma'. And the scholars have agreed that hasan qardhul be done, it is based on human nature, and can not live without the aid and help of his brother, Hanafi scholars argue that in view of legitimate *Qardhul Hasan* is legitimate for mitsil treasure, which is something that does not happen differences that cause value differences, scholars malikiah, syfi'iyah and Hanabilah allow *Qardhul Hasan* on any object that can not be submitted, both in peck, and that at the weigh. And jumhur scholars allow` *Qardhul Hasan*, on every object that can be sold traded, except humans.

3. Methodology

This paper is a preliminary research of undergraduate thesis. It is based on literature review and qualitative approach. The samples are taken from the beneficiaries of one of intermediary institution called Dompot Dhuafa. The beneficiaries are mostly women and placed in one community (Pangalengan district, West Java)

4. Finding

Dompot Dhuafa has an empowerment program for poor people by using Zakat fund rising in the productive way with *Qardhul Hasanscheme*. It has reached many remote areas especially in Bandung. One of the target area for this programis Pangalengan. Pangalengan is a district in Bandung regency, West Java Province, Indonesia with an area of 280, 59 km² and a population of 133 thousand inhabitants. According to Dompot Dhuafa, the criteria of a needy people or beneficiaries of its scheme are people who do not have the income to fulfill their family basic need and the people who have income but not enough to fulfill their family basic need.

Its community which is gotten its scheme is mostly women (90%) and they are living in a community in Pangalengan district. They are not only provided the funds for their capital to earn money but they also have the assistance program in managerial skill for enhancing their entrepreneurial competencies. Empowerment process was carried out with this assistance program which is called "Mentoring". In this program Dompot Dhuafa plays their role as a business consultant which has a main responsibility in enabling, advocating and helping to wider networkingfor the beneficiaries (*Mustahiq*). The things that have been done during the assistance program (Mentoring) are:

- Conduct regular monitoring (in the first 3 months)
- b. Communicate intensively to *mustahiq* to give motivation and assistance to their business
- c. Educate them by giving training of simple managerial skill
- d. Encourage *mustahiq* on entrepreneurial skill

"Mentoring" process has been doing every first three months. This assistance program will be ended if *mustahiq* installment has been completed. Regular period of payment up to one year. If *mustahik* does not have installment anymore, Dompot Dhuafa will take it off, it is called exit program. This is done because Dompot Dhuafa will not be only mentors, but they will make the effort forward. So when they are ready, Dompot Dhuafa will release it. There are some indicators that can beusedto examine a successful *mustahiq* in progressing into the exit program:

- Target congestion (Non-Performing Loan) by 10%
- Target installment receipts amounting to 90 % of the total portfolio
- Continuity of operations amounted to 75 % of the total partner -assisted

- Increased revenue by 30 % partners

Based on in depth interview with the person in charge of Dompot Dhuafa for this assistance program, the program in pengalangan has been on-going so there has been no real results yet of their beneficiaries (*mustahiq*) performance. Because they have just started their business in a few months. But Dompot Dhuafa implied that they can see the existing value that has been developed by both parties in creating new social entrepreneurs.

Overall, with this financing program Dompot Dhuafa has become a trustworthy intermediary institutions in excess of *Zakat* funds productively and the intended target was in line with expectations. Additionally, Dompot Dhuafa has successfully answered the challenge that *Zakat* is not only used for consumption, but also for earning. This condition can stimulate and create new social entrepreneurs and helping the *mustahiq* to be transformed into *muzzaki* for others in their society.

5. Conclusion and Limitation

Dompot Dhuafa with their empowerment program has been successfully distributes *Zakat* in the productive way to society. It is does not only give capital but also provide method in assisting the *mustahiq* to enhance their managerial skill in running their business. So that the constraints on the ability of *mustahiq* business can be resolved. By doing an associate program such as conducting training and enabling the beneficiaries, Dompot Dhuafa has been succeed to make its objective in empowering people through *Zakat*. The productive scheme of *Zakat* distribution that has been done by Dompot Dhuafa is *Qardhul Hasan*. In the factual observation, by giving *Zakat* in the productive way such as *Qardhul Hasan* can create social entrepreneur. It seems like giving a tool to enhance their lives and to improve their business performance.

This research is still preliminary undergraduate thesis, so there is still a big challenge for further research. But in general the results can be seen when *mustahiq* eager to improve their standard of living in fulfilling their basic need.

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