



VALUE CHAIN MODEL IN ZAKAT MANAGEMENT AT MAKASSAR CITY NATIONAL AMIL ZAKAT AGENCY

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Abstract

This research aims to determine the application of value chain model in zakat management at the Makassar City National Amil Zakat Agency. Population in this research is financial statements BAZNAS Makassar City in 2016 to 2018. Sample this research is data zakat conducted by BAZNAS Makassar City in 2016-2018. Data collection in research is by documentation, observation and interviews. The analysis technique used is descriptive method of value chain model analysis. The results showed that value chain model application can describe the activities carried out and increase the BAZNAS Makassar City value added. Primary activities consisting of zakat receipts, management functions application, zakat distribution, distribution and services. Furthermore secondary activities consist of administration, technology development, human resources management, and institutional facilities.

Keywords: *Value Chain Model, Zakat Management, Makassar City National Amil Zakat Agency*

1. INTRODUCTION

The potential for zakat has a strategic value that deserves to be developed as an instrument for poverty alleviation. So far, the potential for zakat in Indonesia has not been optimally developed and has not been managed professionally (Hafidhuddin, 2019). This is because the zakat management system is still considered to be of a classical level and there is also a lack of awareness by muzakis to issue zakat through BAZNAS so that it seems inefficient and has less impact on the economic welfare of the people.

In relation to institutional strengthening, a professional zakat management system is needed. For this reason, organizations like BAZNAS need to develop a system strategy in running their organization. One of the analysis tools that can be used to provide information to make strategic decisions in professional zakat management is the value chain which can be a model for zakat management in providing added value to the socio-economic. The National Amil Zakat Agency can understand the position of activities that are feasible to do

with a value chain approach. According to Robinson (2013), the value chain describes a chain of activities that transforms inputs into outputs to provide added value to customers. This basis is an illustration for BAZNAS to manage zakat as a chain of activities that converts inputs into outputs to provide added economic value for people who are entitled to receive zakat (mustahiq). Value chain analysis seeks to understand the success of zakat management organizations in order to create value for people who wish to give zakat (muzakki) and are entitled to receive zakat (mustahiq) by examining the contribution of different activities in the performance of zakat distribution services (amil).

The potential for zakat in South Sulawesi Province is considered very high, especially in Makassar City with a fairly rapid economic growth of 7.2%, but the management of zakat has not been able to provide justice optimally. In 2019, zakat receipts by BAZNAS Makassar City amounted to Rp. 974,866,225, - with zakat spending of Rp. 895,353,425, - in 2020 zakat receipts increased by 26% to Rp. 1,319,695,860, - with an expenditure of Rp. 1,316,987,814, - or an increase of 99.8%, and in 2021 zakat receipts again increased by 81% or Rp. 7,009,690,997, - with an expenditure of Rp. 6,947,251,781, - or an increase of 99%. In 2019 zakat has a balance of 0.2% while in 2021 it has a balance of 1% of the remaining zakat which is used in the following year. As a question, is it sufficient to use funds of 1% in the management of zakat. Makassar city BAZNAS does not yet have a pattern of zakat management that is oriented towards socio-economic welfare, but has the potential to overcome poverty if it is managed properly.

The value chain model can be a solution in managing zakat, starting from receiving zakat to its distribution, which are classified into main activities (receiving zakat, implementing management functions, issuing zakat, distribution, and services) as well as supporting activities (institutional facilities, resource management, technology development, administration). This model can be a strategic plan from BAZ to add value added to the beneficiaries. So that these processes can contribute with their respective positions in BAZ for efficient and effective results.

Previous research by Akyun (2014) who used the value chain model at ASA Perum Jasa Tirta 1 Malang, found that the critical value activity that influences company profitability is operating value activity, which is equal to 78,369% of sales volume, and for the overall cost of primary activity is 91.482%, while for supporting activities of 9.015%. Meanwhile, in Mangifera (2016) research on value chain analysis for handmade batik products in Surakarta, the results show that the main value chain activities for written batik products in Kampung Batik Laweyan Surakarta include: (1) purchasing raw materials and main equipment; (2) production process; and (3) product sales. While the main activity of hand-written batik products that have the highest added economic value in Kampung Batik Laweyan is marketing and sales.

The difference between these two studies focuses on profit-oriented businesses. While the research conducted by researchers is oriented to non-profit institutions, namely the



Makassar City National Amil Zakat Agency. Paying attention to these problems, it is deemed necessary to further study the value chain model in zakat management, so research is conducted on the value chain model in zakat management at BAZNAS Makassar City with the aim of research is to determine the application of the value chain model in zakat management.

2. IMPLEMENTATION METHOD

The variable in this qualitative descriptive type of research is the Value Chain Model. As for the research design, it can be explained according to its characteristics and has certain steps in its implementation, including:

- a. Doing research at the Makassar City National Amil Zakat Agency
- b. Literature Review. Namely an explanation of the concept of the value chain, the stages of activity in the value chain, sharia principles, zakat and zakat management to strengthen the theory underlying the research
- c. Determine the data collection procedure which consists of observation, in-depth interviews and documentation.
- d. Research results, namely summarizing the overall conclusions in the research results.

The informants in this study were determined flexibly and depending on needs, so that the number of key informants would be selected and determined purposively, then followed by the snowball method, namely other key informants. The criteria for informants are: (1) long enough and intensive with the information provided, (2) still fully involved with the activities being informed, (4) they are not conditioned or engineered to provide information, and (5) readiness to provide information. Involvement and capacity of informants is needed in this study so that the information provided is in accordance with the research object. The information to be extracted is the management of zakat carried out by BAZNAS Makassar City in 2019 - 2021. The management of zakat will be the basis for determining the added value of each activity carried out at BAZNAS Makassar City.

The technique of collecting research data is by direct observation techniques at the research location, direct in-depth interviews with administrators and general section staff related to activities carried out at BAZNAS Makassar City, as well as documentation by collecting existing documents in the form of financial reports and document archives. Meanwhile, in analyzing the data, descriptive analysis techniques were used using the value chain model to determine the added value of BAZNAS Makassar. The first step in the data analysis design is to collect data relating to the activities of the institution under study. Next identify these activities and then formulate a value chain model in zakat management at BAZNAS Makassar City.

3. RESULTS AND DISCUSSION

The presentation of the research results is divided into two main parts, namely:

3.1 The classic model of Zakat Management by BAZNAS Makassar City

After conducting observations and interviews, it is known that the classic model of zakat management is carried out by BAZNAS Makassar City, namely:

- 1) The mechanism for collecting zakat at the Makassar City BAZNAS is by receiving or taking it directly from the muzakki on the basis of the muzakki's notification. The National Amil Zakat Agency also works with banks in collecting zakat to make it easier for muzakki to pay their zakat. On average those who pay zakat at BAZNAS are officials, bureaucrats, Civil within the Makassar City government. Makassar City BAZNAS collects zakat funds using approaches that can be used, namely:
 - a) Institutional cooperation approach, namely the management cooperates with related institutions by entering personally and then seeking the sympathy of employees and employees in these agencies.
 - b) A participatory collaboration approach, namely by recruiting donors through collaboration in activities carried out by BAZNAS.
 - c) Designing a collection method from the general public through the employee, agency, private sector, school, and city government levels.
 - d) BAZNAS provides accounts with a variety of purposes so that muzakki have the choice to send zakat through available banks. Among these accounts are: Bank Sulselbar, BNI Syariah, Bank Mandiri, Bank Syariah Mandiri, BRI, BNI and Bank Mega Syariah.
- 2) Mechanism of zakat distribution at BAZNAS Makassar City. The distribution program is handed over to those who are entitled (mustahiq) prioritized, namely the needy and poor, people with disabilities and pre-prosperous people in Makassar City. The programs for channeling zakat funds by BAZNAS Makassar City are:
 - a) Religious development program (Da'wah and Advocacy)
 - b) Economics and Human Resources
 - c) Education and Health Sector
 - d) Social Sector

Table 1. Collection of Zakat at BAZNAS Makassar City

Zakat Collection	2019 (Rp)	2020 (Rp)	2021 (Rp)
Individual Zakat	400.872.825	345.657.400	411.398.846
Agency Zakat / UPZ	493.680.600	898.877.561	1.003.995.997
ZCD Zakat	-	-	237.340.000
Agricultural Zakat	-	-	9.085.000
Soul Zakat	-	-	5.218.424.347
Receipt of Zakat Current Year	894.553.425	1.319.695.860	6.880.244.190

Source: *Makassar City BAZNAS Data Processing, 2022*

Zakat receipts from 2019-2021 from optimizing their collection have not been achieved because the amount of potential zakat in Makassar City reaches Rp. 7 Trillion



whereas in reality BAZNAS can only collect 0.1% of zakat. This less than optimal achievement was due to the lack of socialization of BAZNAS in informing zakat so that the muzakki community (distributors) did not know BAZNAS well in terms of zakat management. The guidance carried out by BAZNAS Makassar City by dividing several categories of zakat to make it easier for people who will tithe and supervision carried out after obtaining zakat collection at BAZNAS is included in reports in 2 forms, namely internal reports and reports from the secretariat regarding the amount of zakat received.

Table 2. Distribution of Zakat at BAZNAS Makassar City

Distribution of Zakat	2019 (Rp)	2020 (Rp)	2022 (Rp)
Da'wah	111.793.700	66.267.255	1.414.694.087
Social Humanity	502.545.575	710.187.671	4.725.480.713
Socioeconomic	63.130.000	19.154.700	8.000.000
Social Health	106.064.150	129.341.929	-
Social Education	11.800.000	170.874.990	33.150.000
Amil	-	333.911.669	765.926.981
Total	795.334.425	1.429.738.669	6.947.251.781

Source: *Makassar City BAZNAS Data Processing, 2022*

The distribution of zakat collection proceeds at BAZNAS Makassar City for the needs of mustahik is carried out based on 6 distribution sources, namely da'wah and advocacy programs, social humanitarian programs, socio-economic, social health, social education programs, and amil. The proportion of distribution over the last 3 years (2019-2021) has put more emphasis on social humanity, but from a socio-economic and educational standpoint it is still lacking.

Utilization of zakat at BAZNAS in collecting and distributing zakat by socializing BAZNAS Makassar City through UPZ Kelurahan to Regency/City, Outreach through social media using posters, pamphlets and so on. The problem that occurs in the distribution of zakat is that there is no standard for determining priority mustahiq. In practice, it is often difficult for the Zakat Collection Unit/UPZ to distinguish between mustahiq who really need it and mustahiq who really don't really need it. Not to mention if there is an irresponsible party claiming to be a mustahiq even though he is a capable person. The complexity increases if most of the people who come are individuals. This complexity is due to the many cases that occur when individuals who come are not classified as priority mustahiq.

In its implementation, the distribution of zakat must be supported by supporting activities such as institutional facilities, human resource management, technology development and administration to make it easier for zakat to be distributed to mustahiq and also to zakat managers in a real way to prove that zakat can really be an instrument to reduce the gap between the rich and the poor, increasing work productivity and realizing social justice for all Indonesian people.

3.2 Value chain model in Zakat Management at BAZNAS Makassar City

Next, identification of institutional activities is carried out into value chain activities, identifying value activities by assigning costs to each value activity, identifying factors that

trigger costs in each activity and identifying cost linkages as well as seeking and identifying opportunities to add value/value to reduce costs. costs so that the expected efficiency can be achieved. The step in this research is to create a value chain model by grouping the main activities and supporting activities. This process is also known as activity identification. This can be obtained by collecting data related to Makassar City BAZNAS activities.

In the following, data on the main activities of the Makassar City National Amil Zakat Agency will be presented which have been grouped into Value Chain activities.

1) Zakat collection at the Makassar City National Amil Zakat Agency

Inbound logistics value chain activities are obtained from several types of zakat

Table 3. Zakat Collection at BAZNAS Makassar Value Chain Inbound Logistics Activities

Institutional Activities	2019 (Rp)	2020 (Rp)	2021 (Rp)
Zakat Collection			
Individual Zakat	400.872.825	345.657.400	411.398.846
Agency Zakat / UPZ	493.680.600	898.877.561	1.003.995.997
ZCD Zakat	-	-	237.340.000
Agricultural Zakat	-	-	9.085.000
Soul Zakat	-	-	5.218.424.347
Receipt of Zakat Current Year	894.553.425	1.319.695.860	6.880.244.190

Source: *Makassar City BAZNAS Data Processing, 2022*

Optimization of zakat collection consisting of individual zakat, corporate zakat, zakat fitrah, agricultural zakat, and zakat ZCD in 2016-2018 will be optimal when supported by supporting activities consisting of adequacy of Institutional facilities, human resources, access to technology and institutional administration (in collaboration with related agencies) and participative (capture) donors through collaborative activities.

2) Application of management functions in BAZNAS Makassar City

The application of management functions in the Makassar City Baznas starts from planning (structural formation, collection and distribution), Organization (Management Duties and Authorities), Implementation (Annual Budget Work Meeting) and Supervision which aims to pay attention to each zakat management process so that it runs well and is formulated carefully for the formulation and implementation of strategic plans and routine plans in realizing community welfare and poverty alleviation.

3) Distribution of Zakat at BAZNAS Makassar City

The distribution of zakat at the Makassar City National Amil Zakat Agency is channeled to programs carried out at BAZNAS namely da'wah & advocacy, social humanity, economics, health, education and distribution programs given to amil zakat.

Table 4. Distribution of Zakat at BAZNAS Makassar Value Chain Outbound Logistics Activities

Institutional Activities	2019 (Rp)	2020 (Rp)	2021 (Rp)
Da'wah and Advocacy	111.793.700	66.267.255	1.414.694.087
Social Humanity	502.545.575	710.187.671	4.725.480.713
Socioeconomic	63.130.000	19.154.700	8.000.000
Social Health	106.064.150	129.341.929	-

Social Education	11.800.000	170.874.990	33.150.000
Amil	-	333.911.669	765.926.981

Source: *Makassar City BAZNAS Data Processing, 2022*

Distribution of zakat on da'wah and advocacy activities, social humanity, socio-economic programs, social health programs, social educational programs, and amil. The proportion of distribution must have priorities that are formed with a pattern of realizing prosperity and reducing poverty through increasing the proportion of economic programs.

4) Rationing to the Makassar City National Amil Zakat Agency

There are two types of zakat distribution carried out by BAZNAS Makassar City, namely consumptive distribution, meaning the distribution of funds directly needed by mustahiq. and productive distribution means giving zakat funds in the form of productive assistance to improve their standard of living. Based on the results of an interview by H. Katjong as treasurer at BAZNAS Makassar City explained that the implementation of the distribution at BAZNAS Makassar City has two programs, namely: first, it is consumptive in the sense that the distribution is given in cash or runs out immediately. Second, it is productive in the sense that the distribution is given in the form of trainings for mustahik.

This distribution and zakat are in accordance with the eight ashnaf (classes) based on QS. At-Taubah verse 60 which consists of: Poor, Poor, Amil, Muallaf, riqab, or freeing slaves no longer exists so that the distribution is only divided into seven groups. The form of distribution to mustahik is through a work program that has been discussed and also sometimes goes directly to the BAZNAS office or is directly given cash assistance. For the distribution of pre-prosperous residents, BAZNAS Makassar City gave a letter to the sub-district and then the sub-district gave a mandate to the kelurahan to record the citizens who are entitled to receive (mustahiq). For the distribution of zakat, Makassar City BAZNAS only provides a letter and will then be submitted to the Kelurahan. Even though the distribution is still family-friendly, sometimes even the distribution of Direct Cash Assistance (BLT) is usually uneven. However, the distribution is in the Districts and BAZNAS of Makassar City, which directly provide assistance. The distribution program launched by BAZNAS Makassar City still needs to be evaluated for better management.

5) Services at the Makassar City National Amil Zakat Agency

The Amil Zakat Agency (BAZ) as an institution formed by the government functions as an amil to deal with problems in poverty alleviation and has a very important role as an amil with full responsibility, wisdom and trustworthiness. In this case, it determines the stability of the economy, especially as humans who cannot be separated from social relations. Makassar City BAZNAS service programs include; Sewing Training, Fellowship Program, Mass Circumcision and Cataract Surgery.

6) Supporting Activities at the Makassar City National Amil Zakat Agency

Supporting activities consisting of institutional facilities, human resource management, technology development, and administration are used as an integral part of the main activity. Zakat collection will not be optimal without support from institutional

facilities, human resources, the use of technology, and administration. Likewise with other main activities.

3.3 Discussion

The classic model / Zakat management carried out by BAZNAS Makassar City carries out 2 main activities, namely collecting / receiving zakat that has been successfully collected to mustahiq for a certain period and channeling zakat funds through empowerment programs as well as direct distribution / giving in cash. The value chain model produces an overview of the activities at BAZNAS Makassar. The description of these activities can be seen the relationship between the main and supporting activities. Linkage reflects that value activities create opportunities to optimize zakat collection activities by BAZNAS.

The value chain model has opportunities in zakat management, namely being able to create and build a value in order to generate added value margins for BAZNAS Makassar City, as is done by grouping main activities and supporting activities, this process is also known as activity identification. This can be obtained by collecting reference data related to Makassar City BAZNAS activities. In this value chain model a framework is formed that aims to identify the main activities and supporting activities. The main activities in the value chain are all activities that create value or benefits for customers and provide something that can show something special. This main activity is seen as an important activity in running an institution. Activities included in the main activity category include: receiving zakat, implementing management functions, distributing zakat, distribution and services.

The application of the value chain model aims to increase added value in zakat management and also make it easier for decision makers to determine which activities will have added value in zakat management. As with the operational value chain model in collecting zakat to drive the people's economy, it requires strengthening with supporting activities, starting from institutional facilities, human resource management, technology development and administration. Supporting activities greatly support the smooth running of zakat collection up to the distribution stage. Furthermore, BAZNAS as a social institution is basically related to human resource management which is manifested as the quality and ratio of the workforce aimed at optimizing the collection of zakat from muzakki and productive of the funds that will be channeled later by BAZNAS. Then, BAZNAS as zakat manager can be linked to technology development which consists of digitizing the receipt and distribution of zakat as a function to make it easier for muzakki to fulfill their obligations. BAZNAS as a non-profit institution that is non-structural in nature is associated with administration, namely institutional cooperation that aims to facilitate zakat payment services in accordance with Islamic law. The use of the value chain model in the management of zakat can be projected starting from the collection of zakat until its distribution can be optimized.

4. CONCLUSION

Based on the results and discussion that has been done, the following conclusions can be formulated:

1. The main activities in implementing the value chain model in zakat management at the Makassar City National Amil Zakat Agency consist of zakat collection, implementation of management functions (RKAT/Annual Budget Activity Plan), distribution of zakat, distribution, and services. The supporting activities consist of Institutional facilities, human resource management, technology development, and administration.
2. Zakat collection, implementation of management functions in formulating and realizing annual budget work plans, zakat distribution, distribution and services can be optimized in generating added value if supported by complete institutional facilities, human resource management, technology development and administration.

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