

Optimization of Productive Zakat for MSME Development Through Green Economics Principles: A Case Study of YBM Brilian in Medan

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Article Info	Abstract
<p>Article history:</p> <p>Received : 04 Oktober 2024 Revised : 10 Oktober 2024 Accepted : 06 November 2024</p> <hr/> <p>Keywords:</p> <p>Productive Zakat; MSME Development; Green Economics; Sustainable Practices; YBM Brilian; Accountability; Profit-sharing Model</p>	<p><i>The study aims to investigate how YBM Brilian in Medan utilizes productive zakat to empower local MSMEs while maintaining sustainable practices. The study also examines the mechanisms employed to ensure accountability and environmental responsibility among the zakat recipients. This qualitative case study involves an in-depth analysis of YBM Brilian's productive zakat program. Data was collected through interviews, observations, and document reviews from the YBM Brilian program in the Medan region, focusing on its impact on MSMEs, particularly in the livestock sector. The research analyzes how green economic principles are integrated into their operations, and the ways in which zakat recipients are supported to achieve sustainable business growth. The findings reveal that YBM Brilian optimizes productive zakat by targeting the livestock sector through village-based programs, where zakat is used to provide cattle and goats as capital to MSMEs.</i></p> <p>Abstrak</p> <p>Penelitian ini bertujuan untuk menyelidiki bagaimana YBM Brilian di Medan memanfaatkan zakat produktif untuk memberdayakan UMKM lokal sambil mempertahankan praktik berkelanjutan. Studi ini juga meneliti mekanisme yang digunakan untuk memastikan akuntabilitas dan tanggung jawab lingkungan di antara para penerima zakat. Penelitian kualitatif ini merupakan studi kasus mendalam yang menganalisis program zakat produktif YBM Brilian. Data dikumpulkan melalui wawancara, observasi, dan tinjauan dokumen dari program YBM Brilian di wilayah Medan, dengan fokus pada dampaknya terhadap UMKM, khususnya di sektor peternakan. Penelitian ini menganalisis bagaimana prinsip ekonomi hijau diintegrasikan ke dalam operasional mereka, serta cara-cara di mana penerima zakat didukung untuk mencapai pertumbuhan bisnis yang berkelanjutan. Temuan menunjukkan bahwa YBM Brilian mengoptimalkan zakat produktif dengan menargetkan sektor peternakan melalui program berbasis desa, di mana zakat digunakan untuk menyediakan ternak sapi dan kambing sebagai modal bagi UMKM.</p>

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1. INTRODUCTION

The concept of zakat, a central pillar of Islamic finance and social welfare, has been an essential mechanism in alleviating poverty and promoting social justice within Muslim communities (Adhani & Pujianto, 2024; Fawaiz et al., 2024; Salsabela & Hendrawati, 2024). Traditionally, zakat has been viewed as a form of charity aimed at providing immediate relief to the less fortunate, particularly in terms of basic

needs like food, clothing, and shelter (Aziz, 2024; Prasetyo Jati, 2023; Rizkita et al., 2023). However, the evolution of zakat in recent years has seen a shift toward more sustainable and long-term poverty alleviation models, particularly through the productive utilization of zakat (Grace Tianna Solovida, 2023; Hakim & Sadarrudin, 2023; Rahayu et al., 2023). This approach reframes zakat not only as a tool for immediate aid but as an engine for economic empowerment, capable of lifting individuals and communities out of poverty through entrepreneurial support, business development, and capacity building (Derysmono, 2023; Maulana et al., 2023; Maulina et al., 2023). One significant area where this productive zakat model is applied is in the development of micro, small, and medium enterprises (MSMEs).

The MSME sector plays a crucial role in the economic development of many countries, particularly in emerging economies where large-scale industries may be less prevalent (Darmansyah & Anam, 2023; Mutmainah, 2023; Sari et al., 2023). In Indonesia, MSMEs contribute significantly to economic growth and are seen as a key driver of employment creation and poverty reduction (Adinugroho et al., 2023; Efrina, 2023; Lestari, 2023). Despite their importance, MSMEs often face significant challenges, particularly in accessing capital, managing business risks, and ensuring long-term sustainability. The potential of zakat as a form of capital injection into MSMEs, when aligned with the principles of Islamic finance and ethical business practices, offers a compelling model for not only empowering entrepreneurs but also fostering sustainable economic growth.

In this context, the case of YBM Brilian in Medan provides a rich example of how zakat can be optimized to support MSME development through the integration of green economic principles. Green economics emphasizes the need for economic activities to be conducted in ways that protect the environment, promote sustainability, and ensure that natural resources are used efficiently and responsibly. It aligns closely with Islamic teachings that advocate for the ethical and balanced use of resources, stewardship of the earth (khalifah), and the avoidance of wastefulness (israf). By combining productive zakat with green economic principles, YBM Brilian has developed an innovative model that not only supports the financial empowerment of MSMEs but also ensures that this empowerment is aligned with sustainable environmental practices.

Productive zakat refers to the strategic allocation of zakat funds to initiatives that enable the recipients (mustahiq) to generate their own income and become financially independent. Rather than simply providing consumptive aid, productive zakat empowers individuals by giving them the tools, training, and resources necessary to engage in income-generating activities. This approach addresses the root causes of poverty by fostering self-reliance and entrepreneurship among the recipients.

For MSMEs, productive zakat can serve as a critical source of capital, enabling small businesses to grow and scale their operations. Many MSMEs in Indonesia, particularly in rural and underserved areas, face barriers in accessing formal financial institutions, either due to lack of collateral, limited financial literacy, or the complexity of financial services. Zakat funds, when used productively, can help fill this gap by providing seed capital or working capital to small businesses that might otherwise struggle to secure funding. In the case of YBM Brilian in Medan, the organization has focused on using zakat to support MSMEs in the livestock sector, particularly by providing capital in the form of livestock such as cattle and goats. This form of capital is both productive and sustainable, as it allows the zakat recipients to engage in animal husbandry, a sector with strong demand in both local and regional markets. Moreover, this model aligns with the principles of productive zakat by enabling recipients to generate continuous income through the sale of livestock products such as meat, milk, and manure.

While productive zakat offers a pathway to economic empowerment, integrating green economic principles ensures that this empowerment is sustainable and environmentally responsible (Hendriyanto et al., 2022; Vargas et al., 2022). Green economics is centered on the idea that economic activities should contribute to environmental preservation and resource efficiency. It promotes practices that reduce carbon footprints, minimize waste, and use natural resources in ways that do not deplete them for future generations.

In the case of YBM Brilian, green economic principles have been integrated into the productive zakat model through several key mechanisms. First, the use of livestock capital in the MSME development program is designed to minimize environmental impact. The livestock recipients are trained not only in animal husbandry but also in sustainable farming practices that reduce waste and promote environmental stewardship. For example, livestock waste is processed into organic fertilizer, which is then used in local agricultural activities. This creates a closed-loop system where the by-products of one activity (animal husbandry) are utilized in another (agriculture), minimizing waste and promoting resource efficiency.

Second, YBM Brilian has incorporated environmental accountability into its zakat distribution mechanisms. Recipients of zakat are required to adhere to environmentally responsible practices as a condition of their participation in the program. This includes proper waste management, sustainable grazing

practices, and the use of organic inputs in agricultural production. By imposing these requirements, YBM Brilian ensures that the economic empowerment of MSMEs does not come at the expense of environmental degradation. YBM Brilian promotes green entrepreneurship by encouraging MSME participants to adopt business models that prioritize sustainability. This includes providing training on green technologies, renewable energy sources, and environmentally friendly production methods. The organization also facilitates partnerships with local governments and NGOs to create an enabling environment for green MSMEs to thrive. By aligning zakat distribution with green economic principles, YBM Brilian is not only supporting economic development but also contributing to broader efforts to combat climate change and protect natural resources.

A key challenge in the management of productive zakat is ensuring that the recipients use the resources effectively and responsibly. Accountability mechanisms are crucial to ensuring that zakat funds are utilized for their intended purpose and that the recipients are able to generate sustainable income streams. In the case of YBM Brilian, several accountability mechanisms have been put in place to ensure that the productive zakat model leads to long-term economic empowerment. One such mechanism is the requirement for zakat recipients to replace any assets that are lost or damaged due to negligence. This system encourages responsible management of resources and reduces the risk of zakat being wasted or misused. Moreover, YBM Brilian has implemented a profit-sharing model where MSME participants share a portion of their profits with the zakat institution. This not only provides an additional source of revenue for the zakat fund but also fosters a sense of mutual responsibility between the zakat institution and the MSME participants.

Continuous training and supervision are also integral to YBM Brilian's approach. Zakat recipients receive ongoing support in the form of business development training, financial literacy programs, and mentorship. This ensures that the recipients are equipped with the skills and knowledge necessary to run their businesses effectively and sustainably. Additionally, the zakat institution conducts regular monitoring and evaluation to assess the progress of MSME participants and provide additional support where needed.

The case of YBM Brilian in Medan demonstrates the potential of optimizing productive zakat to support MSME development through the integration of green economic principles. By aligning zakat distribution with sustainable business practices, YBM Brilian not only empowers MSMEs but also contributes to environmental preservation and responsible resource management. The incorporation of accountability mechanisms ensures that zakat is used effectively, leading to long-term economic empowerment and sustainable growth. This model offers a blueprint for how zakat can be utilized to promote not only poverty alleviation but also environmental sustainability, highlighting the potential for zakat to play a transformative role in both economic and ecological development.

2. RESEARCH METHODS

The research employs a qualitative case study approach to investigate the optimization of productive zakat for MSME development through green economic principles, focusing on YBM Brilian's program in Medan. A case study methodology is appropriate for this research as it allows for an in-depth exploration of a specific organization and its unique practices, providing rich, contextualized insights into how zakat is utilized to foster sustainable development among MSMEs (Ni, 2022; Vargas-Hernández et al., 2022). Data collection was conducted through multiple sources to ensure a comprehensive understanding of the phenomenon under study (Sutrisno et al., 2022; YATMINIWATI et al., 2022). Primary data was gathered through semi-structured interviews with key stakeholders, including YBM Brilian staff, zakat recipients, and local authorities involved in the implementation of the program. These interviews provided firsthand insights into the operational strategies, challenges, and successes of the zakat distribution process. Additionally, observations were conducted during site visits to MSME projects funded by zakat, particularly those involved in livestock and agriculture sectors. These observations allowed the researcher to directly assess the integration of green economic practices and the accountability mechanisms in place.

Secondary data was collected through document reviews, including program reports, financial records, and policy guidelines from YBM Brilian. This provided a background understanding of the organizational structure, zakat allocation procedures, and monitoring processes (Dzulqornain et al., 2022; Ningsih & Hadi, 2022; Ridho, 2022). Data analysis followed a thematic approach, where patterns and themes related to productive zakat, MSME development, and green economic principles were identified. The analysis focused on understanding how zakat recipients are supported to achieve sustainable business growth, the role of environmental responsibility, and the effectiveness of accountability mechanisms. Triangulation of data from interviews, observations, and documents ensured the validity and reliability of the findings, providing a well-rounded view of the case under study.

3. RESULT AND DISSCUSSION

The results of this study reveal several key insights into how YBM Brilian optimizes productive zakat to support MSME development through the integration of green economic principles. The findings are based on data collected from interviews, observations, and document reviews. The discussion highlights the effectiveness of the zakat program in promoting sustainable business practices, accountability, and long-term economic empowerment.

3.1. MSME Growth through Productive Zakat

The productive zakat program implemented by YBM Brilian focuses on empowering micro, small, and medium enterprises (MSMEs) through the provision of livestock capital, specifically cattle and goats. This initiative is aimed at helping MSMEs in the livestock sector grow their businesses, increase their income, and achieve financial independence. By using zakat not simply as a charitable donation but as an investment tool, YBM Brilian's program turns zakat recipients into business owners with sustainable livelihoods.

In the rural areas where this program is active, livestock farming is a significant source of income. MSME participants receive cattle or goats, which serve as their business assets. These animals enable them to engage in various income-generating activities, such as meat production, dairy farming, and livestock breeding. In addition to the provision of livestock, zakat recipients benefit from ongoing training and supervision to ensure that their businesses are effectively managed and capable of long-term sustainability.

The data from Table 1 highlights the remarkable income growth experienced by MSMEs in the program one year after receiving zakat capital. For instance, MSME 1, focused on goat farming, saw an increase of 140% in income, rising from IDR 2,000,000 to IDR 4,800,000. MSME 2, involved in cattle farming, experienced a 106% increase, while MSME 3, operating in dairy farming, achieved a 118% rise in income. This significant growth across all the MSMEs demonstrates the program's success in promoting economic empowerment by providing critical resources for business development.

Table 1. MSME Income Growth (IDR)

MSME Income Growth (IDR)	Before Zakat	After Zakat (1 Year)	Percentage Increase
MSME 1 (Goat farming)	2,000,000	4,800,000	140%
MSME 2 (Cattle farming)	3,500,000	7,200,000	106%
MSME 3 (Dairy farming)	2,800,000	6,100,000	118%

Source: Observation and Research YBM Brilian 2024, processed

This substantial income growth can be attributed to several factors. The provision of livestock capital is the primary driver of income increases, as it allows MSMEs to generate multiple streams of revenue. In the livestock sector, the sale of meat, milk, and other products contributes to a steady cash flow that was previously unavailable to many of the MSMEs. With the new resources and regular income, MSMEs experience greater financial stability, allowing them to reinvest profits into their businesses for continued growth.

Moreover, the training and supervision provided by YBM Brilian play a crucial role in enhancing productivity. The MSMEs receive ongoing support that equips them with essential skills in livestock management, breeding, health care, and market access. This hands-on guidance helps them overcome common challenges in the sector, leading to increased productivity and business success. Furthermore, the program emphasizes sustainable business practices, such as waste management and organic fertilizer production from animal waste. These practices not only minimize environmental impact but also lower operational costs, contributing to the profitability and sustainability of MSMEs.

Ultimately, this program exemplifies how productive zakat can be a powerful tool for long-term economic empowerment. By transforming zakat from simple financial aid into a model for business development, YBM Brilian ensures that zakat recipients can move from dependency to financial independence. The significant increases in income for MSMEs highlight the potential of productive zakat in fostering sustainable economic growth, particularly in rural areas where access to capital and resources is limited. This approach demonstrates that zakat can contribute to broader goals of poverty alleviation and sustainable development, creating a lasting impact on communities.

3.2. Green Economic Practices in MSMEs

The integration of green economic principles into the zakat-funded MSME operations is another important aspect of the program. Table 2 summarizes the key environmental practices implemented by MSMEs under the YBM Brilian program.

Table 2. Green Economic Practices in MSMEs

Green Economic Practices in MSMEs	MSME 1	MSME 2	MSME 3
Use of organic fertilizers	Yes	Yes	Yes
Waste-to-energy initiatives	No	Yes	Yes
Sustainable grazing practices	Yes	Yes	Yes
Use of renewable energy sources	No	Yes	No

Source: Observation and Research YBM Brilian 2024, processed

The table shows that all MSMEs have adopted sustainable grazing practices and the use of organic fertilizers, which reduce environmental impact. Some MSMEs have also implemented waste-to-energy initiatives, converting livestock waste into biogas or organic fertilizer, further aligning their operations with green economic principles.

The adoption of green economic practices within zakat-funded micro, small, and medium enterprises (MSMEs) highlights a significant commitment to environmental sustainability in business operations. This is particularly evident in the YBM Brilian program, which has encouraged MSMEs to incorporate practices that reduce their environmental footprint while maintaining productive and profitable operations. By embracing these principles, MSMEs not only contribute to environmental preservation but also align themselves with global trends toward more sustainable economic models. A key element of the green economic practices observed in these MSMEs is the use of organic fertilizers. All the MSMEs involved in the YBM Brilian program have adopted organic fertilizers in their agricultural processes. Organic fertilizers, which are derived from natural sources, contribute to healthier soil, reduce the need for chemical inputs, and minimize water pollution caused by runoff. This practice shows a clear understanding of the importance of maintaining environmental integrity while ensuring the sustainability of agricultural output. The shift toward organic inputs helps reduce the long-term environmental damage that is often associated with conventional farming techniques, thus creating a more sustainable approach to food production.

Another significant green practice implemented by some of these MSMEs is the conversion of waste into energy. The waste-to-energy initiative involves repurposing organic waste, often from livestock, into biogas or compostable materials. This process not only helps in reducing the volume of waste generated but also provides a sustainable energy source or valuable organic compost for further agricultural use. MSMEs that engage in waste-to-energy initiatives demonstrate a forward-thinking approach by leveraging circular economy principles, where waste is repurposed rather than discarded. However, not all MSMEs in the program have adopted this practice, indicating potential room for further development and expansion of this initiative to more enterprises in the future. Sustainable grazing practices are another common approach employed by the MSMEs. These practices include managing livestock in ways that allow the land to regenerate naturally, avoiding overgrazing, and ensuring that ecosystems remain balanced. Sustainable grazing reduces soil erosion and enhances biodiversity in grazing areas. By maintaining the health of grazing lands, MSMEs ensure that their livestock farming is ecologically viable over the long term, preserving both the land and their livelihoods.

The use of renewable energy sources, such as solar or wind power, was another green practice implemented, though not universally adopted across all MSMEs in the program. Renewable energy reduces dependence on fossil fuels, thus contributing to lower greenhouse gas emissions. While one MSME has fully integrated renewable energy, others have yet to adopt this practice, potentially due to financial or infrastructural constraints. This suggests that while the YBM Brilian program is moving in the right direction, further investment and education in renewable energy could enhance the environmental sustainability of MSME operations.

The integration of green economic principles into MSMEs supported by zakat funds, as seen in the YBM Brilian program, reflects a growing recognition of the need for environmentally sustainable business practices. While some enterprises have fully embraced these principles, others are still in the process of integrating more comprehensive green solutions. The program's efforts in encouraging organic fertilizer use,

waste-to-energy initiatives, sustainable grazing, and renewable energy adoption signal a positive shift toward a more sustainable economic model.

3.3. Accountability Mechanisms

The program includes strict accountability mechanisms to ensure proper use of zakat funds. Recipients are required to adhere to environmental and business standards, and failure to do so results in penalties. Table 3 outlines the compliance rate of MSMEs with accountability standards.

Table 3. Accountability Compliance

Table 3: Accountability Compliance	Number of MSMEs	Percentage Compliance
Full compliance with business standards	12	92%
Full compliance with environmental standards	10	83%

Source: Observation and Research YBM Brilian 2024, processed

The table indicates that a high percentage of MSMEs complied with the business and environmental standards set by YBM Brilian. Full compliance with business standards reached 92%, while environmental compliance stood at 83%, demonstrating that the program effectively enforces responsible business practices.

The implementation of accountability mechanisms is a crucial aspect of the YBM Brilian program, ensuring that the zakat funds provided to MSMEs are used effectively and responsibly. These mechanisms are designed not only to promote transparency but also to enforce the adherence of MSMEs to both environmental and business standards. This dual focus ensures that zakat-funded enterprises operate in a way that aligns with the broader goals of sustainable economic development and ethical business conduct. The accountability mechanisms require MSMEs to comply with specific guidelines and standards in their operations. These standards encompass both business performance and environmental responsibility. MSMEs are expected to demonstrate sound financial practices, efficient resource management, and ethical labor practices, among other criteria. On the environmental side, the program demands adherence to practices that reduce ecological impact, such as the use of organic fertilizers, proper waste management, and sustainable energy use. Failure to meet these standards results in penalties, which can include reductions in funding, temporary suspension from the program, or in extreme cases, removal from the program.

As shown in Table 3, the program has achieved a high rate of compliance among MSMEs. Of the MSMEs participating in the program, 92% fully complied with the business standards. This indicates a strong commitment from the enterprises to operate within the framework of ethical and efficient business practices. Such high compliance levels may be attributed to the program's thorough monitoring and clear communication of expectations, as well as the potential consequences of failing to meet these standards. The strict enforcement of business standards ensures that the zakat funds are being used to build enterprises that are not only financially sustainable but also ethically responsible.

On the environmental front, 83% of MSMEs achieved full compliance with the required standards. While slightly lower than the business compliance rate, this still represents a significant level of adherence to environmental guidelines. It reflects the program's success in encouraging MSMEs to adopt greener practices, despite the challenges that some enterprises may face in fully integrating these practices into their operations. Factors such as access to resources, technical knowledge, and the scale of operations could affect the ability of certain MSMEs to comply fully with environmental standards. Nonetheless, the 83% compliance rate underscores the program's effectiveness in promoting environmental accountability alongside business accountability.

These accountability mechanisms are central to the program's overall success, ensuring that zakat funds contribute to the development of MSMEs that operate responsibly and sustainably. By enforcing strict compliance with both business and environmental standards, the YBM Brilian program not only helps improve the financial viability of the MSMEs but also promotes broader social and environmental benefits. The focus on accountability ensures that the enterprises supported by zakat funds make a meaningful and positive impact in their communities, contributing to economic development while minimizing environmental harm.

The YBM Brilian program's accountability mechanisms play a vital role in maintaining the integrity and effectiveness of zakat funding. High rates of compliance with business and environmental standards highlight the program's ability to foster responsible business practices among MSMEs, ensuring that they operate in a manner that aligns with the goals of sustainability and ethical entrepreneurship.

Discussion

The results clearly demonstrate the success of YBM Brilian's productive zakat model in promoting both economic growth and sustainability. The significant income growth across MSMEs shows that providing zakat as capital investment rather than consumptive aid leads to long-term economic empowerment. Furthermore, the adoption of green economic practices aligns with broader environmental goals and Islamic teachings on sustainability.

The accountability mechanisms in place, which require recipients to adhere to both business and environmental standards, also contribute to the success of the program. The high compliance rates reflect that zakat recipients are motivated to manage their businesses responsibly, knowing that continued support and supervision are tied to their performance. This case study of YBM Brilian illustrates the potential for zakat institutions to play a pivotal role in both economic and environmental development, making it a model for future zakat initiatives aimed at sustainable MSME development.

4. CONCLUSIONS AND SUGGESTIONS / RECOMMENDATIONS

4.1 Conclusions

This study has explored the optimization of productive zakat for MSME development through the integration of green economic principles, using YBM Brilian's program in Medan as a case study. The findings demonstrate that productive zakat is an effective tool for promoting sustainable economic empowerment among MSMEs, particularly in sectors like livestock farming. By providing capital in the form of livestock and continuous training, YBM Brilian has enabled MSMEs to increase their income and achieve business growth. The integration of green economic principles, such as the use of organic fertilizers and waste management, ensures that this economic empowerment aligns with environmental sustainability.

The research also highlights the importance of accountability mechanisms in ensuring the effective use of zakat funds. YBM Brilian's approach, which requires recipients to adhere to business and environmental standards, has resulted in high compliance rates and responsible entrepreneurship. This demonstrates that zakat, when used productively and managed with strict oversight, can have a long-lasting impact on poverty alleviation and sustainable development.

4.2 Recommendations

To further enhance the effectiveness of productive zakat programs, it is recommended that zakat institutions, such as YBM Brilian, expand their focus to other sectors beyond livestock, including agriculture, fisheries, and small-scale manufacturing. Diversifying the sectors targeted by zakat funding can create more opportunities for MSMEs in various industries, fostering broader economic empowerment. Additionally, zakat institutions should provide more in-depth training on sustainable business practices, emphasizing green technologies such as renewable energy, efficient waste management, and organic farming methods. By equipping MSMEs with knowledge on environmental sustainability, zakat recipients can optimize their businesses in a way that aligns with both economic and ecological goals.

Moreover, strengthening collaboration between zakat institutions, government agencies, and the private sector is essential for scaling up the productive zakat model. These partnerships can provide MSMEs with greater access to resources, technical expertise, and markets, ensuring their long-term success. Additionally, implementing enhanced monitoring systems, potentially using digital platforms, can improve accountability and ensure compliance with both business and environmental standards. Finally, public awareness campaigns that highlight the benefits and success stories of productive zakat programs can encourage more contributions to zakat funds, allowing for an expanded reach and impact across communities.

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