STRATEGIC MANAGEMENT OF SHARIAH BUSINESS FUNDING (PUSYAR) IN NATIONAL AGENCY OF AMIL AND ZAKAT (BAZNAS) MOJOKERTO

UNDERGRADUATE THESIS
Submitted in Partial Fulfilment of Requirement for The Degree of Sarjana Sosial (S.Sos) in Dakwah Management

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SURABAYA
2019
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ABSTRACT


Focus of the problem in this research is to know about strategic management of a programme, to be more specific, the programme is called PUSYAR. PUSYAR stands for “Pembiayaan Usaha Syariah” in Indonesian, or in English it is Shariah Business Funding. PUSYAR manages religion funds, those are infaq and shadaqah, then those funds are used to help funding small business capital, instead of just giving those funds away. The focus is on what strategy is, how to formulate the strategy, and how to implement it in PUSYAR programme. The additional output is to know that well managed strategy can bring more merit and ascend the economical rate of the people by giving empowerment in the financial capital needed.

To deliver comprehensive and holistic answer, researcher use qualitative method in order to know the fact directly from the subject and the object, and use the documents that have relationship with the focus. For the data collection, researcher uses observation, interview, and document reviewing.

The role of BAZNAS is to bring better life for the people, and particularly in this research, it is focused on the business side, which is empowerment of the financial capital of MSME.

Key Words: Strategic, strategy, management, formulation, PUSYAR.

Fokus masalah pada penelitian ini adalah untuk mengetahui tentang manajemen strategis dari sebuah program, yang mana untuk lebih jelasnya, program tersebut bernama PUSYAR. PUSYAR merupakan singkatan dari Pembiayaan Usaha Syariah. PUSYAR mengelola dana yang bersifat keagamaan, seperti; infaq, dan sedekah, yang kemudian dana-dana tersebut digunakan untuk membantu memberikan dana pada pelaku bisnis skala kecil dengan modal terbatas, hal ini dianggap lebih baik dari hanya sekadar memberikan dana-dana tersebut secara bebas dan tidak teratur. Fokus terletak pada apa strategi, bagaimana cara merumuskan strategi, dan bagaimana cara menerapkannya pada program PUSYAR tersebut. Hasil tambahannya adalah berupa informasi mengenai bahwa betapa strategi yang dikelola dengan baik bisa membawa manfaat lebih dan menaikkan taraf ekonomi masyarakat melalui pemberian modal pada usaha yang membutuhkannya.

Untuk memberikan jawaban yang menyeluruh dan lengkap, peneliti menggunakan metode penelitian kualitatif agar supaya fakta dapat diketahui secara langsung subjek dan objek yang diteliti dan menggunakan dokumen-dokumen yang memiliki keterkaitan dengan fokus penelitian. Untuk pengumpulan data, peneliti menggunakan metode observasi, wawancara, dan penelaahan dokumen.

Peran dari BAZNAS adalah untuk membantu memberikan kehidupan yang lebih baik kepada masyarakat, terlebih dalam penelitian ini yang berfokus dari segi bisnis, dimana hal itu adalah penguatan modal atau pemberian modal untuk pelaku usaha kecil dan mikro.

Kata Kunci: Strategis, strategi, manajemen, perumusan, PUSYAR.
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CHAPTER I

INTRODUCTION

Introduction is used by the writer to give the issue appointed as main focus. This chapter provides about the background of the study, research questions, scope and limit of the research, and definitions of the key terms.

A. Research Background

Management is a process or framework involving guidance or direction for an organization of citizen to their objectives or their real purposes. Management is an activity, the implementation is managing, whereas the implementer is called manager or someone who manage.\(^1\) In addition, management science can be applied in every organization, like enterprise, government, education, social, religious activity, and so on.\(^2\)

Management is one of the sciences we absolutely need to control and to manage things. Every organization needs management system to run and to manage their organizational activity. Management as science has branches, one of which is functions of management. All managers in daily events must have the capabilities to recognize performance problems and opportunities, make good decisions, and take appropriate action. They do this through the process of management, those are planning, organizing, leading, and controlling the use of resources to accomplish performance goals.\(^3\)

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\(^{1}\) George R. Terry and Leslie W. Rue, 1982, *Dasar-dasar Manajemen*, Bumi Angkasa, Jakarta, page 1


Those are applied to every organization, whether it is profit-aiming or social. Studying of which, in this research it will be deepened about planning part. Stoner and Wankel state that there are two plan types, those are strategic plan and operational plan.\textsuperscript{4} There is one branch of management called strategic management. Strategic management is comprehensive outline of plan to run organization.\textsuperscript{5}

This research takes place in National Agency of \textit{Amil} and \textit{Zakah} (BAZNAS) Mojokerto. As commonly known, \textit{amil} is somebody who manage the \textit{zakah} from the collecting until its distribution. \textit{Zakah} means setting aside some of one’s particular wealth, according to particular characteristic and giving it to specific group.\textsuperscript{6} According to commonwealth number 23 2011, BAZNAS is a non-structural governmental agency which is independent and responsible to the President through Minister.\textsuperscript{7} Not only do BAZNAS collects, distributes, and manages \textit{zakah}, but also \textit{infaq} and \textit{shadaqah}.

It is as mentioned in commonwealth of BAZNAS number 23 that besides collecting \textit{zakah}, BAZNAS or LAZ is also allowed to accept, distribute, and manage \textit{infaq}, \textit{shadaqah}, and other religion fund.\textsuperscript{8} BAZNAS Mojokerto has many programmes, one of which is a programme called PUSYAR. This programme concentrates on empowering financial capital of a business by managing \textit{infaq} and \textit{shadaqah}.

\textsuperscript{4} Ais Zakiyudin, 2013, \textit{Teori dan Praktek Manajemen}, Mitra Wacana Media, Bogor, page 26
\textsuperscript{5} Pearce, 1997, \textit{Manajemen Strategik}. Binarupa Aksara, Jakarta, page 18
\textsuperscript{6} Brochure of Panduan \textit{Zakah}, BAZNAS Mojokerto
\textsuperscript{7} Perundang-undangan BAZNAS
\textsuperscript{8} Perundang-undangan BAZNAS
BAZNAS cooperates with some other organizations to run PUSYAR. Those organizations are Sharia Citizen Credit Bank (SCCB), Koperasi Department of Mojokerto, and Shariah Economic Society (SES). PUSYAR aims to help citizen’s business from the financial capital part. This has been made possible by managing the money from *infaq* and *shadaqah*, BAZNAS Mojokerto gives the *infaq* and *shadaqah* to SCCB as payment for citizens who want to borrow money from SCCB to empower their financial capital so they can expand their business.

This program actually is run by BAZNAS from other regionals, but researcher chooses to take the research place in BAZNAS Mojokerto. There are reasons as to why it is decided so, one is that because BAZNAS Mojokerto is the pioneer of this program, and two is that because of the award in 2015 that BAZNAS Mojokerto won concerning this program as well.

This research will analyze and explain only about the strategic management of PUSYAR in BAZNAS Mojokerto. Inevitably, this research will discuss about *infaq* and *shadaqah* too, because PUSYAR funding is gained from *infaq* and *shadaqah*.

*Infaq* and *shadaqah*, as it is known, are good deeds that strongly suggested in Islam. Customarily, *Infaq* is money or treasure that is given to others in the way of Allah. As it is known, citizen just give *infaq* and *shadaqah* without further consideration or professional handling. However, in BAZNAS Mojokerto, money gotten from *infaq* and *shadaqah* is managed well to give more merits for citizen’s sake.
From researcher point of view, this is the most interesting part. Commonly, *infaq* and *shadaqah* are just given without being managed, this is due to Indonesian citizen custom that when giving something, it is better not to think any further about that kindness. But by managing it well and put it into the right objective, it can give many more benefits, even continuing or long last benefit. It is by putting them in bank to help citizen credit. It can strengthen citizen economic life and also can make other citizens to be the one giving *infaq* and *shadaqah*.

To be more specific, BAZNAS gives money from *infaq* and *shadaqah* to Citizen Credit Sharia Bank (SCCB), so the client can borrow money to empower their business financial capital without administration money and without interest. In other words, BAZNAS helps them to expand their business by paying their administration money and interest to SCCB, so the money from *infaq* and *shadaqah* can lighten their burden. This is the description of PUSYAR at glance.

Another addition is that the client is only for micro, small, medium enterprise (MSME) in Mojokerto. By lightening the burden for MSME, BAZNAS Mojokerto tries to help citizen expanding their business. The act is giving them financial dispensation taken from *infaq* and *shadaqah*. Sabirin (2001) stated
that to empower citizen with weak economic background or small enterprise sector is by giving reachable source for financial capital.⁹

Overall, BAZNAS Mojokerto, by managing money that has been collected through *infaq* and *shadaqah*, help citizen to empower their business from the financial capital side. Citizen who have micro, small, and medium enterprise (MSME) as their living can borrow money from Sharia Citizen Credit Bank (SCCB) without paying administration fee and also more prominently without paying the interest, so they can expand their business better.

**B. Research Question**

Based on the study background above, this research focuses to answer the following question.

How is strategic management of PUSYAR in BAZNAS Mojokerto?

**C. Research Objectives**

Based on the study background above, this research has the objectives of the following.

1. To understand how strategic management of PUSYAR in BAZNAS Mojokerto is.

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2. To study how a well-managed monetary fund with punctual strategic management can give more influence than the not-managed one as commonly known.

3. To know how social agencies, in this case they are BAZNAS, SCCB, Department of Koperasi, and SES, can work together and give more benefits.

4. To know how to formulate a strategy for a programme, in this case it is for PUSYAR.

5. To know what can be improved from PUSYAR in order to give more benefits, and also fix things that can be fixed and make the program more efficient.

D. The Research Significances

The researcher expects that this study can bring benefit for students, lecturers, and further researchers. This research has enormous urgency for management study, specifically about managing citizen’s fund. The uniqueness of this study is in how PUSYAR is managed by BAZNAS Mojokerto.

Although, in this study, it is not about the management as the main focus, but strategic management of PUSYAR which contains infaq and shadaqah as the main element.

As commonly done, citizen just give infaq and shadaqah. BAZNAS Mojokerto, however, innovated something new, they make strategy about
managing *infaq* and *shadaqah* in professional way. BAZNAS Mojokerto distributes fund gained from *infaq* and *shadaqah* to different objective.

They put it to SCCB Mojokerto. To be more precise, citizen can borrow money for business production (MSME) they already have, so they can empower their financial capital, while BAZNAS covers the administration charge and interest through PUSYAR programme. From this point, it can be concluded that BAZNAS helps them lighten their burden through *infaq* and *shadaqah*.

1. Theoretic Significance
   
   a. This research is expected to give more contribution and inform additional knowledge and science for further development which is connected with the general topic of strategic management and the effect.
   
   b. This research can be used for improving additional science and knowledge in completing another research which is needed by other person or party that has similar subject or object in their study. Others can use this research as reference for further research that is yet to be included beforehand.

2. Practical Significance
   
   a. To inspire everyone to think creative and to make innovation wherever the field they are in, as it is shown that by strategically managing fund from *infaq* and *shadaqah*. BAZNAS Mojokerto can
occur other potential of *infaq* and *shadaqah* to bring more benefits for other, despite of just giving it away to random citizen.

b. To give BAZNAS information about the research result that can bring better improvement and development for future act, whether it is from the management or from the objective part to improve their program better.

c. As a scientific suggestion and reference to all universities whether those are state or private and also to all researches whether those are independent or dependent.

To prove that applying strategic management for *infaq* and *shadaqah* (PUSYAR) is a brilliant idea and it actually works well, so that more citizen grows more interest in expanding their businesses from the impact of well-managed religion fund, therefore improving the citizen economic rate to bring more prosperity for all.

E. Definitions of Key Terms

To avoid ambiguity and misunderstanding of the readers of this study, and to make the readers to have the same concept, researcher gives the key terms of this study. The terms are described below.

1. Strategic management is originally a noun phrase consist of two syllables, those are strategic and management. Strategic is adjective form of strategy. A strategy is a comprehensive action plan that identifies long-term direction for an organization and guides resource utilization to accomplish goals with
sustainable competitive advantage.\textsuperscript{10} Therefore, strategic is everything that concerns with strategy. The next is management. Management is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals.\textsuperscript{11} In conclusion, strategic management is the process of planning the formulation and implementation for strategies to accomplish long-term goals and sustain competitive advantage.\textsuperscript{12}

2. PUSYAR is a shariah business funding programme that works together with Mojokero SCCB, Department of Koperasi, and SES Mojokerto to empower MSME in Mojokerto the source of the fund is gained from \textit{infaq} and \textit{shadaqah}.\textsuperscript{13}

3. BAZNAS Mojokerto is a governmental agency that carries duty to collect, distribute, use \textit{zakah}, \textit{infaq} and \textit{shadaqah} (ZIS) in accordance of religion, and other tasks concerned with ZIS as written in commonwealth.

F. Study Systematics

Study systematics contain the outline about the main topic in every chapter. It is structured from the start to the end, from introduction to the conclusion, hence it is designed as following:

\textbf{CHAPTER I: INTRODUCTION}

In this first chapter of the thesis, it is included to answer about what the researcher is studying, what for, and why this research is taking place. Therefore,
the contains of the introduction are; research background, research questions, objectives of the research, significances of the research, definition of the key terms, and study systematics.

CHAPTER II: THEORITICAL STUDY

In this second chapter of the thesis, it is focused on collaboration from related researches, scope of the research, research view and hypothesis which are the base of this research. The base of the research that test the dependent and independent variables.

CHAPTER III: RESEARCH METHOD

This chapter contains research method that explain about approaches and types of the research, location where it takes place, source of the data, research steps, data collecting techniques, research instrument, and also data analysis technique.

CHAPTER IV: RESEARCH RESULT

In this chapter, researcher explains about the outline of research location, data serving, hypothesis testing, and data analysis.

CHAPTER V: CLOSING

This chapter provides conclusion, recommendation, and also research limitation.
CHAPTER II

DISCUSSION

Review of related literature presents the theoretical framework and previous studies.

A. Review of Related Studies

In the unravelling process of scientific researches similar to this research, hence the researcher investigation some scientific researches to look for some outline from some researches, those are as the following:

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Title</th>
<th>Year</th>
<th>Similarity</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hilmi Agus Candra</td>
<td><strong>Manajemen Pengelolaan Zakah, Infaq, dan Shadaqah (ZIS) Baitul Maal</strong> Hidayatullah Surabaya dalam Upaya Pengentasan Kemiskinan.</td>
<td>2003</td>
<td>The similarity between this research and the research which is carried on is in the management of infaq, and shadaqah.</td>
<td>The differences are at the focus, the purpose, and the place where it took place. It is more focused on zakah, but it is still relatable with infaq and shadaqah.</td>
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</table>
The purpose of the *infaq* and *shadaqah* management in the research is to overcome poor crisis and the place is Baitul Maal Hidayatullah Surabaya. The main research is on how they manage ZIS to solve poorness problem.

<p>| 2 | Moch. Hawwin Khotibi | <em>Manajemen Keuangan</em> Baziskaf PT. <em>Telkom Divre V Surabaya dalam</em> | 2005 | The similarity between this research and the outgoing research is the differences are the process it is in and the place where it took place. |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>“Proses Dakwah Sosial.”</th>
<th>The process which is being run is social da’wa, and the place is in PT. Telkom Divre V Surabaya. It studies about how they manage the money in Baziskaf they have to bring into line of social proselytize.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Dini Firmansyah</td>
<td>“Peranan Pembiayaan Mudharabah Dalam Pengembangan Usaha Mikro Dan Kecil Pada 2014”</td>
<td>The similarity of the thesis is that the payment is Islamic, although there is a slightest difference is in the place where both researches takes place. In this thesis,</td>
</tr>
<tr>
<td>Koperasi Jasa Keuangan Syri’ah (KJKS) Manfaat</td>
<td>difference, if BAZNAS helps empowering MSME financial capital through Citizen Credit Islamic Bank, then this thesis explained that economic enterprise help directly</td>
<td>researcher takes place in BAZNAS Mojokerto, and the thesis by Dini Firmansyah takes place in Economic Enterprise of Islamic Monetary Service.</td>
<td></td>
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<td>---</td>
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</tr>
<tr>
<td>Rika Puspita Sari</td>
<td>2011</td>
<td>The similarity is on the empowerment of financial capital empowerment done by institution. The difference is in the location where the study takes place. The thesis by Rika Puspita Sari focuses only</td>
<td></td>
</tr>
<tr>
<td>Kelompok</td>
<td>Wanita Tani (KWT) Maju Bersama di Kecamatan Tanjung Baru Kabupaten Tanah Datar</td>
<td>on Group of Woman Farmer “Maju Bersama”, while this research focuses on MSME generally. the source of the money is also different, BAZNAS Mojokerto accepts it from managing <em>infaq</em> and <em>shadaqah</em>, while Maju Bersama Group gain it from member.</td>
<td></td>
</tr>
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<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>5 Syahrul</td>
<td><em>Peran BMT</em> 2016 The similarity The</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Ramadhan Muda (Baitul Maal Wat Tanwil Mandiri Ukhuwah Persada) Dalam Pengembangan Kewirausahaan Terhadap Peningkatan Kesejahteraan Anggota.</td>
<td>is on the purpose this thesis is focused on purpose to make the member prosperity. The way is that the money for additional capital is from religion fund. And another addition, their tools for the wealth is by entrepreneur ship or as it is the researcher may call it as MSME.</td>
<td>differences are on the subject, where the research takes place, and also the religion fund here is not categorized only as infaq and shadaqah.</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.1 Review of Related Research
B. Theoretic Study

1. General Perspective of Strategic Management

According to Hunger and Wheelen, strategic management is a series of managerial decisions and actions that determine long-term performance of a company.\(^\text{14}\) As for Pearce and Robinson, they define strategic management as a group of decisions and actions that earn formulation and implementation of plans that are designed to reach company objectives.\(^\text{15}\) A slight difference is shown by the third statement said by Schermerhorn:

“Strategic management is the process of formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage. The essence of strategic management is looking ahead, understanding the environment and the organization, and effectively positioning the organization for competitive advantage in changing times.”\(^\text{16}\)

Having been explained above, there are nine vital tasks of strategic management according to Pearce and Robinson, those are:

a. Formulating company mission, includes general purpose, philosophy, and goal.

b. Developing company profile that resembles internal condition and capability.

c. Evaluating company external environment, includes competitor and general factors.

d. Analyzing company option by fitting resources and external environment.

e. Identifying the most suitable option by evaluating option based on company mission.

f. Choosing some long-term objectives and grand strategy that suit the best.

g. Developing annual objective and short-term strategy that fit long-term strategy and chosen grand strategy.

h. Implementing strategic decision by allocating fund that focuses on compatibility among human resource, structure, technology, and reward system.

i. Evaluating strategic process achievement as suggestion for incoming decision-making.\(^1^7\)

As it is shown above, management includes planning, organizing, leading, and controlling of company decisions and actions concerning strategy. Strategy represents company awareness about how, when, and where it should compete; against who; and on what purpose.\(^1^8\)

Pearce and Robinson write that in decision-making there is a hierarchy. Hierarchy of decision-making of a company consists of three levels. On the top is corporate, the main part contains board of directors and chief executive and also administrative officers. They are in charge of company financial performance and non-financial aiming achievement, like strengthening company image and fulfill company social responsibility.\(^1^9\)


In the middle of decision-making hierarchy is on business level, the main point consists of business and corporate managers. Those managers must interpret formulation flow and output that corporate expect into concrete strategy and objective for each division or unit.\textsuperscript{20}

And the last part of decision-making hierarchy is on functional level, this consists of product managers, regional managers, and functional managers. They arrange annual objective and short-term strategy for production, operation, research and development, financial and accounting, marketing, and employee relation.\textsuperscript{21}

Not only does decision-making have level, but it also has characteristic. Characteristic of strategic management decisions vary according to the level of strategic activities. Decisions at the corporate level tend to be more value oriented, more conceptual, and less concrete than decision at the business or functional level.\textsuperscript{22}

Functional-level decisions implement the overall strategy formulated at the corporate and business levels. They involve action-oriented operational issues and are relatively short rang and low risk. This needs moderate cost of budget, because usually it depends on possessed resource. It can be adjusted with the running activity, and this also can be implemented with minimal cooperation.\textsuperscript{23}

\textsuperscript{23} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 27
The last is that business-level decisions, these role as bridge between corporate-level decision and functional-level decision. In general, business-level decisions include factory location, market segmentation, geographic coverage, and also distribution line.24

Levels represent the responsibility of each part of the task had by division, this makes formality existed in the system. System formalities of strategic management vary in different corporate. Formality depends on how detail the level of responsibility, authority, and discretion that people who involve in formulation of decision-making have. Formality usually has correlation with budget, comprehensiveness, precision, and planning successfulness.25

Some factors influence how urgent the formality needed in strategic management. How big the organization, dominant style of leading, environment complexity, production process, problem, planning system goal, those have role to know the standard of suitable formality.26

Small sized company usually follows formality with entrepreneurship pattern. It is controlled by one individual, and usually produce goods and services in limited amount. In other hand, big company uses comprehensive formal planning system which is called planning mode. The last is for medium corporates that usually have more steady environment, it is called

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adaptive mode. The adaptive mode has characteristic that the identification and alternative strategy evaluation are so depended on used strategy.\textsuperscript{27}

Regardless speaking of strategy, it is also speaking of the strategy maker. Ideal team for making strategy consists of member from each level of decisions (corporate, business, and functional). Planning department is often led by chief of corporate planning, this is normal for big corporate. For medium one, it usually has at least one free staff to lead collecting of strategic data. And in small corporate, it is often led by a group of functionaries as planning commission. However, above all is CEO, the main responsibility of CEO is to give long-term guidance and is responsible for overall success of a corporate and also its strategy.\textsuperscript{28}

Inevitably, when speaking of strategic management, there are some benefits that it can give for organization, those are as following:

a. Formulating strategy strengthen the corporate capability to prevent problem.

b. Strategic management process earns better decisions, this is due to interactions between group. Forecasting is done based by various speciality of the groups, and it will give various decisions.

c. Employees involvement in formulating strategy increases their understanding about productivity-reward relation in every strategic planning, therefore, motivate them better.

\textsuperscript{27} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 28 - 29

d. The gap and confusion between individual and group can be decreased, because of participation in formulating strategy that clarifies each role diversification.

e. Rejection to change can decline. This is due to the employee awareness.

Not only does strategic management have benefits, it also has risks, those are:

a. Time consumed to formulate strategy can give negative impact to the operational responsibility of the strategy makers.

b. If the strategy makers do not involve themselves deeply in strategy implementation, it is possible for them to throw away the individual responsibility of decisions that have been taken.

c. Strategic managers must be able to anticipate and overcome underlings disappointment who have contributed to the unfulfilled objective.

Having known about strategic management benefits and risks, it is better to know components that form strategic management model, those are:

a. Company Mission

b. Company Profile

c. External Environment

d. Strategic analysis and decision

e. Long-term Objectives

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29 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 30 - 31

30 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 31
f. Grand Strategy  
g. Annual Objectives  
h. Functional Strategies  
i. Policies  
j. Institutionalizing Strategy  
k. Control and Evaluation

Those twelve components above will then be processed. Process is information flow that have been analyzed, connected one another to reach goal. The purpose of this process are formulation and implementation of strategies that work to reach corporate long-term and short-term mission.

Process of strategic management is always evaluated and renewed periodically. This depends on corporate environment.

2. Strategy Formulation  
a. Determining Corporate Mission

Mission or purpose of an organization can be described as its reason for existence in society. Fundamental purpose of a corporate that distinguishes corporate one another and which explains operation range as product and market can be defined as company mission.

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“The strategic management process begins with a careful assessment and clarification of organizational mission, values, and objectives. A clear sense of mission and objectives sets the stage for critically assessing the organization’s resources and capabilities as well as competitive opportunities and threats in the external environment.”

From the characteristics, mission is just statement about behavior, point of view, and general orientation, not measurable objective, according to King and Cleland, aims of corporate mission are:

1) Making sure the purpose of the organization is the same.
2) Becoming the basis to motivate organization resource use.
3) Improving basis, or standard to allocate organization resource.
4) Settling the grand color of the organization; as like, coding businesslike operation.
5) Functioning as main focus for those who agree with organization purpose, and block those who disagree to never get in with organization any more.
6) Facilitating objective and purpose interpretation into working structure including determining task for those who is concerned.
7) Asserting organization purpose and general objectives embodiment to be more specific up to the point where

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perimeter of cost, time, and performance can be controlled.\textsuperscript{37}

Mission usually based on beliefs as following:

1) Product or service created can give benefits, at least worth the same as its cost.

2) Product or service created can satisfy consumer need in particular segmentation.

3) Technology used will create product or service which has competitive cost and quality.

4) With hard work and support from other parties, not only will business survive, but also develop and give profits.

5) Philosophy of management from the business will earn good image in people's eyes and will give good finance and psychology for those who invented to the business to succeed.

6) Self-concept of entrepreneurship from the business can be implemented, and communicated by employees and stakeholders.\textsuperscript{38}

There are three basic components concerning mission formulation, those are basic product or service; main market specification; and main technology for production or to deliver

\textsuperscript{37} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 56

\textsuperscript{38} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 57 - 58
product or service.\textsuperscript{39} Also, there are three economical purposes, but this is for profit-aiming corporate, those are survival, growth, and profitability, these are to reflect what corporate wants.\textsuperscript{40}

Concerning about mission formulating, a corporate has philosophy that often noted in mission formulation. The statement is about clarifying basic philosophic belief, value, aspiration, and priority that later will be commitment to manage corporate.\textsuperscript{41} Mission formulation must also reflect people’s hope, because of the better possibility to reach corporate goal.\textsuperscript{42}

To make all those succeed, the main influencing factor is how far corporate can involve itself functionally with the external environment. To have suitable place within competition, corporate must realistically evaluate its strength and weakness, in other words, corporate must know itself, it is the point of corporate self-concept.\textsuperscript{43}

Lately, there are issues in strategic planning and both are connected part in developing and revision for mission formulation, those are; consumer desires sensibility, and sensibility of quality.\textsuperscript{44}

Both of those issues are important for strategic management.

\textsuperscript{39} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 58
\textsuperscript{40} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 60
\textsuperscript{41} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 62
\textsuperscript{42} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 63
\textsuperscript{43} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 64
\textsuperscript{44} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 68
b. External Environment

There are many factors that influence decision and action of corporate, organization structure and also internal process. These factors are called external environment:

1) Economy Factor

Economy factor concerns about characteristic and flow of economy system where corporate takes place. Because consumption pattern is affected by relative wealth from various market segment, in its strategic planning, every corporate must consider economic preference in segments that concern about the corporate action.  

2) Social Factor

Social factors that affect a corporate are belief, value, attitude, opinion, life style of the people outside of corporate that develop through effect of culture, ecology, demography, religion, education, and ethnic. If the social behaviour changes, then all those factors will change too.

3) Politic Factor

Politic factors determine legal perimeter and regulation that limit corporate operation. Direction and

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stability of politic factors are important considerations for manager to formulate strategy. 47

4) Technology Factor

To avoid being obsolete and to innovate, corporate must be aware of technology development. Creative technology adaptation can open new opportunity, update product or service, or can update technique of production and marketing. 48

5) Ecology Factor

Ecology term comes from relation between human and other living beings with air, earth, and water that support their life. Threat to ecology is mainly caused by human activity, it is called pollution. The most affecting factor when managers made forecasting in 1990 was mutual relation between business and ecology. 49

c. Environment Forecasting

It is the responsibility of manager to make sure that the corporate can survive. This can possibly done by anticipating and adapting to environment changes in order to get better opportunity. 50

Strategic manager needs to improve skill to forecast important

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environment changes. To help forecasting the overcoming issues, managers are suggested to:

1) Choosing important variables for corporate.

List of important variables that determine corporate future must be made. Some of them can be from past, and some others are predicted to have great impact in the future. It can be started by listing all variables including the ones that have small probability to happen. Disaster can be considered not happening. Placing variables according to group is the next step, and the last is dividing dependent and independent variables.  

2) Choosing important environment information resource.

Strategic information collection usually comes through article, interaction, contact, these are done by executive and usually influenced by subjective view, therefore it need alternative view from others.

3) Evaluating forecasting technique.

Choosing technique depends on environment factors, consideration of the forecast decision characteristic, amount and accuracy of the information, accuracy need, time, urgency of forecasting, cost, and also competence and intra-personal relation between manager and

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There are some technique and related to the explanation before:

a) Economy Forecasting

This forecast concerns about general economy condition, disposable personal income, consumer price index, wages, and productivity. Later on, these factors are related to economy phenomenon that has concern with corporate activity. 54

b) Social Forecasting

Social forecasting includes analysis in demography, housing, insurance and social wealth, health and nutrient, education and training, income, assets and expending. The analysis will later be integrated with corporate activity, so strategic manager can make planning.

c) Politic Forecasting

Some strategic planner believe that corporate succeed is influenced by politic factors, how big the government budget allocation is, cost, tax, expending, addition in agencies that make

53 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 194
54 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 194 - 198
55 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 199
regulations, and how big the role of business leader in government planning.  

**d) Technology Forecasting**

Suggestion-giving helps a group to create new ideas and forecasting. By this technique, creative ideas will occur, because there will be no interruption, and the member can state their ideas and use other members innovative ideas.  

4) Integrating forecasting output into strategic management process.

Having chosen forecasting technique, the output must be integrated in strategic management process. Facing uncertainty in the future is strategic manager task. Forecasting demands information collecting systematically. The ability to look far away in the future is needed as well to integrate risk and opportunity in formulating strategy.  

5) Monitoring important aspects in managing prediction.

First aspect is identifying environment factors that need to be forecasted. The second one is choosing forecasting resources which must be reliable, low-cost, and can expand data base forecast of corporate. The last is

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the tasks choosing that can be executed within the corporate itself.  

d. Internal Analysis

SWOT analysis takes part in internal analysis. SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the environmental Opportunities and Threats facing that organization. SWOT analysis is a historical popular technique through which managers create a quick overview of company’s strategic situation.

SWOT analysis begins with a systematic evaluation of the organization’s resources and capabilities. The major goal is to identify core competencies in the form of special strengths that organization has exceptionally well in comparison with competitors.

First explanation is about strength. It is a resource or capability controlled by or available to a firm that gives it an advantage relative to its competitors in meeting the needs of the customers it serves. Strengths arise from the resources and competencies available to the firm.

The counterpart of strength is weakness, it is a limitation or deficiency in one or more firm’s resources or capabilities relatives to

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its competitors that create disadvantage in effectively meeting people needs. 63

A SWOT analysis is not complete until opportunities and threats in the external environment are also analysed. 64 Opportunity, as one of main elements of SWOT, is a major favourable situation in a firm’s environment. Key trends are one source of opportunity. 65

The last part to explain is threat. Threat is a major unfavourable situation in a firm’s environment. Once a manager agrees on key opportunities and threats facing the firm, they have a frame of reference or context from which to evaluate the firm’s ability to take advantage of opportunities and minimize the effect of key threats. 66

The most common use of SWOT analysis is a logical framework guiding discussion and reflection about a firm’s situation and basic alternatives. This often takes place as a series of managerial group discussion. 67 Below is the table of SWOT.

Figure 2.3 SWOT Analysis diagram

In cell 1, an organization faces impressive market opportunity but is constrained by weak internal resources. The focus of strategy for such organization is eliminating the internal weaknesses so as to more effectively pursue opportunity.  

Cell 2 is the most favourable situation; the organization faces several environmental opportunities and has numerous strengths that encourage pursuit of those opportunities. This situation suggests growth-oriented strategies to exploit the favourable match. In other hand, cell 3 is the least favourable situation, with the organization facing environmental threats from a weak resource position. This situation clearly calls for strategies that reduce or redirect involvement in the products or markets examined by means of SWOT analysis.  

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The last is cell 4, an organization that has identified several strengths faces an unfavourable environment. In this situation, strategies would seek to redeploy those strong resources and competencies to build long-term opportunities in more opportunistic product markets. In addition for SWOT, its framework provides an organized basis for insightful discussion and information sharing, which may improve the quality of choices and decisions managers subsequently make.

e. Formulating Long-term Objectives and General Strategy

Long-term objective is formulation about the output that the organization want to reach at a particular time period. There are seven standards that should be used in preparing long-term objectives, those are: acceptable, flexible, measurable, motivating, suitable, understandable, and achievable. Acceptable means the objectives can be accepted by both internal and external of the organization.

Flexible means that objective must be adaptive to extraordinary changes. The next is measurable, this means that objective must be concrete and clear, stating what and when a objective needs to be achieved. The following is motivating, it means that the objectives need to be set high enough on level where they will motivate

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corporate but not too high in order to prevent frustration, and in other hand, not too low so the objectives are achievable.  

But before knowing its acceptability, it is better to make sure that the objectives are suitable and understandable. Suitable means objectives must be suitable with corporate mission, while understandable means that strategic managers need to understand what they want to achieve and know the criteria to evaluate their achievement. At last, achievable means that the objectives must be possible to be achieved.  

Having known about long-term objectives and the standards, it is a must to use them all in taking strategic decision. Strategic decision is simultaneous determining of long-term objectives and grand strategy. Grand strategy gives general design holistically to guide main steps that are designed to reach long-term objectives.  

Choosing long-term objectives and grand strategy involve simultaneous, and unsequential decisions. Objectives are targets that managers want to reach but do not explain how to reach them. In other hand, strategies show various acts which are about to be reached but do not mention the targets or what standard is used to measure constrain in arranging strategic planning. Strategic decision is designed to fullfil minimum demand from groups in the corporate and

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to create benefits within the constraints. Constraint itself is basically objective.  

f. Strategic Decision

Strategy choosing is decision. This is a decision to implement a strategy. If the analysis earns one strategy that clearly punctual or already enough to fulfill objectives, then the decision is an easy act. But it is rarely met in the field. It means decision is hard and judgemental, there are some factors that influence strategy choosing:

1) The Past Strategy

Oftenly, the strategy maker is the strategy maker of past strategy. So, the newest strategy will still be influenced by the old one, moreover if the old strategy is effective and is confirmed successful.  

2) Organization Dependant toward Others

A comprehensive strategy is meant to guide performance of a corporate effectively in its external environment. If an organization is really depended to one or some elements of environment, strategic alternative and strategy decision must consider this dependant. The bigger the dependant is smaller the variety and flexibility to choose strategy.  

3) Attitude toward Risk

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Risk has really big impact in strategy choosing, it depends on the organization profile and the manager. If the manager is a risk-taker type, the strategy will be aggressive, and so otherwise the strategy will be defensive.

4) Political Consideration in Internal

Politic factors influence strategy choosing. Authority using the power to lift up their group is a common thing. This too will impact the strategy choosing, who has the stronger politic effect will determine the strategy used.

5) Timing

Most managers prefer watching negative issues rather than the positive ones. This will cause misperception, because a good strategy executed in bad timing can be dangerous for organization.

6) Competitor Reaction

In considering strategy choosing, the top manager usually inputs perception about competitor possible reaction of this choice. If the strategy is aggressive, the competitor will use an aggressive strategy as well. If the organization is not market leader, it will face problem

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81 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 370
82 Pearce and Robinson, 1997, Manajemen Strategik, Bina Rupa Aksara, Jakarta, page 371
because the competitor as market leader will be untouched.  

3. Strategy Implementation

a. Implementing Strategy through Structure, Leadership, Culture, and Reward

Successful strategy implementation mostly depends on primary organization structure of a corporation. Fitting the structure with the strategy is fundamental job for strategy maker. To understand how this task is handled, it is important to know five primary structures. Those five structures are:

1) Functional Organization Structure

Functional structure is commonly found in organizations that only have single product or service. This kind of corporation needs clear skill and specialty in order to build competitive advantages in serving their service. Dividing task into functional specialties makes possible for the employees to focus only to one aspect from their job, this also helps to improve better efficiency rate.

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2) Geographic Organization Structure

Corporations often grow by developing their products or services to new areas. In these areas, they usually find differences that demand different ways of handling to produce, serve, or sell their service. Geographic-based structure usually is needed to accommodate these differences.\textsuperscript{87}

3) Divisional Organization Structure

When a corporation diverses its product or service, using different market, or starting to serve heterogenous market, functional structure will be useless. This is because corporation will make different products, serve different customers, distribute their products or services through different ways. This makes corporation faces wide coordination demands, thus allocating products or services based on divisions is the best option.\textsuperscript{88}

4) Strategic Working Unit

Some corporations meet hardship in evaluating and controlling divisions when diversity, size, and unit amount keep on increasing. In this case, corporation may add more management to upgrade strategy implementation, push synergy, and get better control of corporation works. This

\textsuperscript{87} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 431

\textsuperscript{88} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 433
is undergone by creating teams that combine divisions based on the same strategic element.\textsuperscript{89}

Structure of organization gives holistic picture for strategy implementation, but it is not enough to make sure the implementation success. In organization structure, individual, group, and unit are mechanism of organization acts. And the effectivity of those acts is the main factor of implementation success. There are three factors influencing effectivity – leadership, culture, and reward.\textsuperscript{90}

Leader is the main catalyst in strategic management. Leader roles in implementing strategy is symbolic and substantive. Leader is symbol of a new strategy, purpose and personal values affect mission, strategy, and corporate long-term targets. Massive change of strategy usually is followed or begun by leader change. The commitment toward the new strategy influences much the commitment of manager below to implement, thus also influences success of strategy.\textsuperscript{91}

Every organization has culture, culture is a bunch of important assumptions that are rarely spoken which are followed by all members of organization. Culture is an intangible theme, but gives purpose, way, and base of act. Culture resembles someone personality, values

\textsuperscript{91} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 445
and believes of members in an organization influence opinion, and act within the organization.\textsuperscript{92}

There are three sources of culture in an organization, first is environment effect where organization is doing the activity, this will be one of the main factors of the shared assumption. Second is that founder, leader, and employees have their own assumptions when they join the organization, this usually depends on oneself experiences. The last is that shared assumption is formed by actual experience which is found within the organization when solving problem.\textsuperscript{93}

Manager realizes that organization main components-structure, staff, system, human, style-affect the way of tasks executing and how management connection is formed. Implementation of a strategy mostly involves those components to accommodate the needs of strategy. Thus, managing strategy-culture connection demands sensitivity toward interactions of change needed to implement new strategy and suitability of the strategy with organization culture.\textsuperscript{94}

Having known the best strategy with the organization culture, the next step is settling reward to push the success probability. This is because strategy implementation depends on the organization members and reward can be used as a tool to motivate and as

\textsuperscript{92} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 450
\textsuperscript{93} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 452-453
\textsuperscript{94} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 454
appreciation toward one’s achievement. It can take form as compensation, salary rising, bonus, and so on.  

There is guide to build effective reward system, it has to connect tightly between reward and strategic plan, this is done by adjusting the target, once a member achieves the target, a reward must be given. Reward must concern with member job and also be in the member control. Reward must be given according to achievement, not hierarchy. Manager must also have sensitivity of upper and under part of organization and give reward to each one of them fairly, the reward system must also fair, accurate, and informative. Manager must also consider royal reward when the employee fulfils the target, and at least minimum reward when employee does not fulfil the target consideration about happy and motivating environment value is also important, and the last is manager must be opened to re-make reward system.

b. Strategic Control

Strategic control is a control of the strategy which is being implemented, detect problem or change that happens to its core, and make necessary adjustment. There are four bases of strategic control, these are as following:

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1) Premise/Assumption Control

Every strategy is based on premise of particular planning-assumption or prediction. Premise control is designed to check systematically and continually if the premise/assumption is still up to date. If it is valid no more, then the strategy must be refined. To be more specific, main assumption is of environmental and field work factors.98

Fundamental assumptions must be identified and noted while making plan. These assumptions need to be updated in accordance with the latest informations, and new prediction must be formulated as well.99

2) Implementation Control

Implementation control is form of strategic control that must be carried out when something is happening. It is designed to rate if the strategy needs to be changed by screening outputs from the achievements of implementing strategy totally.100

3) Strategic Surveillance

Strategic surveillance is created to watch various things in and out of the corporate that quite possibly affect strategy being used. Important but unexpected

informations may be found by doing strategy surveillance. It must be done by doing environment scanning as spare as possible.\textsuperscript{101}

4) Special Alert Control

Special alert control is a deep reconsideration of a strategy, and also fast, this is due to unexpected phenomenon that shows up suddenly. This can trigger the reason of strategy reevaluation and strategic situation quickly and massively.\textsuperscript{102}

Operation of a strategy is part of strategy itself, this also has control system. Operational control system guides, watches, evaluates programmes to reach annual targets. If strategic control tries to steer organization within long time period, operational control evaluates in short-term period, it can be in one month or semester.\textsuperscript{103}

To make it effective, operational control system has four steps to control all post-actions, those are determining working standard, estimating actual performance, identifying deviation from standard, and correction or refixing.\textsuperscript{104} One of the ways to do operational control is to focus on main factors of success, these factors identify the most important part of work, so these factors need more attention.

\textsuperscript{101} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 485
\textsuperscript{102} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 485
\textsuperscript{103} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 489
\textsuperscript{104} Pearce and Robinson, 1997, \textit{Manajemen Strategik}, Bina Rupa Aksara, Jakarta, page 489
from management. After doing all these control and evaluation, manager can make feedback about what should be done to the strategy, manager can change it, fix it, add more, or do any kind of policies to make the organization survive and exist, so it can give more works for the people.

CHAPTER III

RESEARCH METHOD

This chapter provides the methodology used in doing the research. It presents research approach and type, research location, data type and resource, research steps, data collection technique, data validation technique, and data analysis technique.

A. Research Approach and Type

Research method is basically the way to get data with particular aim and use.\textsuperscript{106} The method itself is needed by researcher in order to complete the study. This research shows how a good strategic management can bring more merits for everyone, or in specific it is for MSME. How BAZNAS strategic management is the money gained from \textit{infaq} and \textit{shadaqah} that then allocated to PUSYAR programme so citizen can enjoy long last benefits of it is the main topic.

This research uses qualitative method. Qualitative method is a research method used to study the factual object condition, in which the researcher as the main instrument, data collection technique is run with triangulation, and the result is inductive.\textsuperscript{107} Type of this research is using grounded theory, the research shows general explanation (theory) of process, action, or interaction that is made by participants point of view. Grounded theory must be based on the field.

\textsuperscript{107} Sugiyono, 2014, \textit{Memahami Penelitian Kualitatif}, Alfabeta; Bandung, page 1
Information category is based from participants data. Therefore, researcher explains specifically about PUSYAR strategic management by BAZNAS Mojokerto that can empower financial capital of MSME.

The background of the research and the research question are found in the field of research, hypothesis goes up and down as always updated by data. Data is the source of the theory. Theory is based on the data, so it also occurs and improve in the field of research.

B. Research Location

The research takes place in BAZNAS Mojokerto Jl. Gajah Mada Number 115 A, Mojokerto, East Java.

C. Data Type and Resource

Data is a component collected by researcher from field or directly from the observed object, those components can be specific fact that is used as the base of the analysis. While the source of the data in research is the subject where the data can be collected. Based on the source, data is divided into two groups, which are primary and secondary.

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1. Primary data

Primary data is the source of data that directly gives the data to researcher. Data collected by researcher is to solve the problem that is faced. Data collected by researcher is directly gotten from the first source or the place where the object of research is processed. \(^{111}\) Data can be gained from every component of BAZNAS Mojokerto. In this study, the data is interview of the strategic management of PUSYAR which is gained from Administration Head in BAZNAS Mojokerto.

2. Secondary data

Secondary data is the source of data that do not give data directly to the researcher from data resources. It can be document, pictures, and papers.\(^{112}\) It is as like Perundang-undangan BAZNAS, or annual report of BAZNAS, et cetera.

D. Research Steps

The steps of this research under the title “Strategic Management of Shariah Business Funding (PUSYAR) for Micro, Small, Medium Enterprise (MSME) Financial Capital Empowerment in National Agency of Amil and Zakah (BAZNAS) Mojokerto” are given as the following:


1. Pre-Observation

There are six activities that have to be undergone by researcher in this step and added with one consideration, it is the ethic of field research. Those will be given as following.113

a. Research Outline-making

A qualitative research outline contains at least: research background, literature study, research field selection, research schedule, research tool, data collection, analysis procedure, arrangement, and data validation.114

Researcher discuss the problems and facts with the advisor. Having had suggestion and recommendation, researcher does deeper study about the data. Then, it can be formulated about the background, problems, objectives, and also significance. Once the research proposal is finished, researcher discuss it with advisor again to get more suggestion and fix form of proposal.

This research, however, has met the least minimum standard as given above. Moreover, it contains more than the standard, and researcher thinks that it is already adequate to give comprehensive explanation.

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b. Research Field Selection

The best way to undergo in selecting research field is by considering substantive theory; go and observe the field to see whether matches can be found and factual. Researcher takes research place in BAZNAS Mojokerto and focuses on the strategic management in one of its programme called PUSYAR.

This is because BAZNAS Mojokerto is the pioneer in managing *infaq* and *shadaqah* not to be given randomly, but through its programme, BAZNAS gives the money to empower people who have MSME as their living. In addition, BAZNAS Mojokerto got an award because of this innovation in 2015 from Minister of Religion Affair of Indonesia.

c. Permission

First of all, researcher needs to know person in charge giving permission for doing research. In this case, researcher takes care of the license to staffs in Da’wa and Communication Faculty of State Islamic University of Sunan Ampel Surabaya. This is done to get the permission from BAZNAS Mojokerto to do research about strategic management of PUSYAR there.

d. Field Observation

This step does not explain how researcher gets into the field by the meaning to start collecting factual data. The aim of this step is to

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recognize social, physical, and conditional elements as explained before. If researcher knew it before, the aim would be to make researcher prepared mentally and physically, and also prepare tools in research.\footnote{Moleong. 2007. \textit{Metode Penelitian Kualitatif}. Bandung: Remaja Rosdakarya, page 88}

In this step, researcher makes agreement with respondent personally. This is done so researcher will not disturb the organization working time. This step is held in BAZNAS Mojokerto office.

e. Informant Selection

Informant is a person used to give information about situation and condition of the research object. So, the one must have lots of experience concerning the research.\footnote{Moleong. 2007. \textit{Metode Penelitian Kualitatif}. Bandung: Remaja Rosdakarya, page 90} In this step, researcher only has one informant, but a credible one. The informant is the Head of Administration in BAZNAS Mojokerto, Mr. Wulyono S.E. It is because he is one of the men who runs PUSYAR.

f. Preparing Research Equipment

Researcher needs to prepare not only physic, but also tools and devices needed during research. All equipment that possibly needed must be prepared, like; pen, recorder, books, camera, and so on.\footnote{Moleong. 2007. \textit{Metode Penelitian Kualitatif}. Bandung: Remaja Rosdakarya, page 91}

2. Research Field Working

Research field working explanation is divided into three parts, those are as the following:
a. Understanding Research Field and Self Preparation

Before going in depth, researcher needs to understand the field research earlier. Researcher is suggested to recognize opened field or closed field. In closed field, researcher must have good relationship beforehand, because this kind of field has subjects that need to be observed and interviewed particularly. In this research, that is what researcher is about to apply, because the interview need quiet place. In this case, it is the office of BAZNAS Mojokerto.

The following to do is about appearance. Researcher is suggested to suit the appearance with the culture, custom, and research environment. The advantage is that researcher will be seen as someone at the same level. It is not about looks but also behaviour that is need to be prepared well. Researcher dresses as neat as possible, and wears formal suit, trouser, and a pair of shoes every time going to BAZNAS Mojokerto office.

The last but not the least to do is making good relationship with the surroundings. This is to make possible for researcher and subject to work together and exchange information.

b. Entering Field

Rapport is a relationship between researcher and subject that has been collided that somehow there is no limit in between. Thus, subject

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will answer and give information willingly for researcher. In this case, researcher did three months internship in BAZNAS Mojokerto, and nowadays, it feels like talking to a family. Researcher is somehow invited to go to BAZNAS for small talks and meals. This proves that intimacy between researcher and the subject intimacy is already bonded.

This too makes researcher knows the characteristic of people in BAZNAS Mojokerto, as it is suggested that researcher needs to learn about language and non-verbal symbol that are shown by the people as subject. The involvement of researcher is unquestionably active, because within three months during internship, researcher had been doing almost all tasks given in BAZNAS Mojokerto.

c. Getting Involved and Collecting Data

In this part, researcher did three months of internship, of course the involvement of researcher is inevitable. While doing tasks given, usually researcher tries to get more information and knowledge both about the tasks or questions in mind. Automatically, researcher makes notes to the answer, and then select it according to the needs of research. It is in accordance with the statement that field notes are notes made during observing, interviewing, and witnessing some events.

E. Data Collection Technique

Data is something which is gained through data collection method that will be processed and analysed by using particular method to earn conclusion that describes or identifies something. Therefore, the existence and the comprehensiveness of the data that about to be used in analysing research are significant needs.

In qualitative research, the form of the data can be sentence, narration from the subject or research respondent obtained through data collection technique that later will be analysed, and processed by using qualitative data analysis and will earn a finding or result to answer the questions in the research.

These are the technique to collect data:

1. Interview

Interview can mean a lot of things with variant setting, so interview has many definitions depends on the context. According to Moleong, interview is conversation with particular purpose. Conversation can be done by two sides, they are interviewer who asks questions and interviewee who gives the answers of the questions asked.

There are many forms of interview; those are structured interview, semi-structured interview, and unstructured interview. In this research, researcher uses unstructured interview due to efficiency and need of data that is descriptive type of explanation. The subject or interviewee is the

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Head of Administration in BAZNAS Mojokerto, his name is Mr. Wulyono S.E. It is because the interviewee has the experience and PUSYAR is still within the range job. The interviewee is only one, because the data needed is descriptive type.

As explained before, this research uses one of the type of the interviews, which is unstructured interview. It has some characteristics. The first is that the question is widely opened, the answer and the question are wide and variative. The interviewer ask questions to interviewee with question that are opened, it means that the answers depend on the interviewee point of view, experiences, and also opinion, those all are free. Things that need to be underlined is the answers have to be still in the circle of the theme and purpose of the research, not out of the topic.

Second is that the interview time is hard to predict. Although the interviewee can answer freely, interviewer must still be in the timeframe of the interview. It is to make everything focused in the theme of the research. This is due to the data type which is description about strategic management for PUSYAR in BAZNAS Mojokerto.

The third is that the guide of interview to be used is wide and almost free, this also works on the sequence, and word use. Overall, it is needed to predict time of interview and to make the question and also control the answer so those would not be out of the topic that is about to be researched.

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The last is that researcher must determine the purpose of the research, it is to understand phenomenon. The result of the interview is more likely to be unstructured and descriptive.\textsuperscript{133} Unstructured interview is pretty suitable for qualitative research, because it is not so straight yet it is still on the correct line.

2. Observation

Observation is the oldest method that has been used in history to collect data. Observation itself is an activity to look for data which is useful to conclude or to diagnose. The point of observation is the existence of behaviour that occurs and the aim that needed to be reach.\textsuperscript{134} In this research, researcher categorizes observation method as a complementary method, but it is of course still not out of the rules of the method itself.

In observation, there are some methods. Researcher uses anecdotal record observation in this research. This method uses only blank paper to note specific behaviour, unique, and important which is done by the research subject.\textsuperscript{135} This process was done during the internship, but still continued every time researcher asks data to BAZNAS Mojokerto or when researches discuss something.

3. Documentation

Documentation method is one of the method to collect qualitative data by reviewing or analysing documents made by the subject or by others.

Documentation is a way that can be used by qualitative researcher to get

\textsuperscript{133} Haris Herdiansyah, 2010, \textit{Metode Penelitian Kualitatif}. Jakarta: Salemba Humanika, page 125
\textsuperscript{134} Haris Herdiansyah, 2010, \textit{Metode Penelitian Kualitatif}. Jakarta: Salemba Humanika, page 131
\textsuperscript{135} Haris Herdiansyah, 2010, \textit{Metode Penelitian Kualitatif}. Jakarta: Salemba Humanika, page 133
the image of a problem from the subject point of view through written media and other documents that is directly made by the subject who is concerned with the matter.\footnote{Haris Herdiansyah, 2010, Metode……, page 143} Documents that are used by researcher are like; BAZNAS MOU, Annual report, brochures, et cetera.

F. Data Validation Technique

In this section of the paper, it will be focused on the validity and also interpretation of the data. The ability to describe the truth of the finding. It can be unpunctual if researcher just accept the situation and fact without critical thought. Approximately, the validity about to be assessed within well described condition and of course, objectively. In the validity term, it is presented about analysis, and then the explanation needed as the following:

1. Involvement Extension

As explained, in qualitative research, researcher itself is the instrument. Researcher involvement does have great influence in data collecting. Researcher involvement extension will make sure the credibility of the collected data.\footnote{Moleong. 2007. Metode Penelitian Kualitatif. Bandung: Remaja Rosdakarya, page 175}

This allows researcher to understand the behaviour of the field study better and also to examine the mistake within information which is shown by distortion. This is to assure that researcher study the field in adequate time to detect and calculate the distortion in the data.
Due to this need, researcher has been in touch with the informer and the field for about a year since researcher had internship. This is considered sufficient time to do research, although not as intense as when researcher had internship.

2. Observation Perseverance

Observation perseverance aims to find characteristics and elements within the relevant situation with the issue which is being researched, and then focus on the main topic in detail.¹³⁸ This means that researcher is suggested to observe carefully and continually to the main factors.

3. Triangulation

Triangulation is a data validity checking technique that uses terms out from the data to check or to compare data.¹³⁹ There are four types of triangulation, those are by using source, method, researcher, and theory. In this research, researcher uses triangulation by researcher.

This triangulation is run by using other observers to re-check the validity of data, this is to reduce mistake in data. There is a slight difference used by researcher, which is in the other observer, research was done only by single person, so researcher asked assistance to BAZNAS Mojokerto officers.

4. Checking through Discussion

This technique is done by exposing temporary or final result gained from analytical discussion with partners. Once again, researcher asked assistance of BAZNAS Mojokerto officers.

5. Reference Sufficiency

Researcher is allowed to use device, or notes, the point is to collect data that later will be used as standard to analyse and interpret data.

6. Component Checking

Check all the components which are involved during the process of collecting data is vital in validity checking. Checking with components includes data, analytical category, understanding, and conclusion. Partners or assistant officer can give opinion and point of view. This step can be done either formally or informally, and in every chance.

7. Detailed Description

This technique demands researcher to report the result in order to give as detailed and precise as information about the description of the field research. The description must give specific explanation about all information to make the reader understand the research findings.

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G. Data Analysis Technique

There are three main topics in data analysis technique, those are; basic concept, finding the theme and formulating hypothesis, and working with hypothesis:

1. Basic Concept

Basic concept is about the explanation, execution, objective, purpose, and data analysis. Data analysis, according to Patton (1980:268), is process to arrange data, organize it to be in particular pattern, category, and basic description.\textsuperscript{144}

The point of the statement about data analysis is to arrange and organize data. The amount of data is a lot, it can consist of opinions, pictures, documents, articles, photos, and any other forms of data. All the steps before aim to find hypothesis and theme of the topic.

2. Finding Theme and Formulating Hypothesis

Since analyzing data in the field, researcher has to find the theme and hypothesis already. In analysis, researcher have to go intensively, the theme and hypothesis need to be enriched, deepened, and researched again by combining data from other sources.\textsuperscript{145}

There are some tips to make the data analysis easier, researcher needs to read the notes carefully several times, and give notes to some topics to make the recognition easier. Researcher can also arrange data by group based on similarity and the category of data. Researcher needs to

\textsuperscript{144} Moleong. 2007. \textit{Metode Penelitian Kualitatif}. Bandung: Remaja Rosdakarya, page 103
\textsuperscript{145} Moleong. 2007. \textit{Metode Penelitian Kualitatif}. Bandung: Remaja Rosdakarya, page 105
enrich the knowledge that is related to the topic by reading articles. The last, researcher formulate hypothesis based on the data.  

3. Analysing Based on Hypothesis

After formulating hypothesis, researcher focuses the research analysis by searching and finding whether the hypothesis is supported by data and whether it is correct. In this part, researcher needs to brainstorm oneself research in order to find the correct conclusion.

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CHAPTER IV

RESEARCH RESULT

This chapter provides the results of the research having had researched by the researcher. It contains the history of BAZNAS Mojokerto as the object of the research, the data about the research, and analysis from the researcher to answer the research questions.

A. Research Object Description

1. History of BAZNAS Mojokerto

Since the law of BAZNAS Number 38 1999 about zakah management had been settled, then minister of religion affair come up with the Order Number 581 about the execution of the Law Number 38 1999. The next is the president instruction number 8 2001 about BAZNAS, Mojokerto government follow-up by settling Regional Regulation of Mojokerto Number 1 2003 about zakah, infaq, and shadaqah.

Having had the Regional Regulation settled, the Government of Mojokerto established BAZNAS based on Department of Religion Affair of Mojokerto. In the first move, BAZNAS only served the employee of Department of Religion Affair. In doing the duty, the board management was yet to be able to carry out the best result. This could be seen from the religion fund collection that reached no more than IDR 75.000.000 annually.
The fund collection is only from *infaq*, and *shadaqah*, while from the sector of *zakah* was yet to be done. In 2009, the Government of Mojokerto evaluated the effectivity of the Regional Regulation Number 1 2003 by releasing Major of Mojokerto Regulation Number 54 2008 about Technical Manual of *Zakah* Earning, *Infaq* and *Shadaqah* Collection for Government Employee “PNS”, State Corporation “BUMN” employee, Indonesian Legislative Regional Assembly “DPRD”, and also the Citizen of Mojokerto.

Besides, the Government of Mojokerto also released Major of Mojokerto Mandatory Number 188.45/518/417.104/2009 about the revision of Major of Mojokerto Mandatory Number 188.45/666/417.104/2007 about the board management of BAZ for the period of 2007-2010. To advance the work effectivity of BAZ board management in period of 2007-2010 that had been made, the functionary made a socialization, education, and publication programmes to the citizen of Mojokerto in particular.

Those programmes were proven to be very effective, this could be seen from the rising of *zakah*, *infaq*, and *shadaqah*, collection of BAZ Mojokerto in 2010 that reached IDR 352,458,500 by the detail of IDR 222,424,625 gained from *zakah* and IDR 130,033,875 from *infaq*, and *shadaqah*. This meant that there were 496% inclining from the collection the year before.
In 2010, the Government of Mojokerto had changed the Regional Regulation Number 1 2003 about Zakah, Infaq, and Shadaqah, to Regional Regulation Number 3 2010 about management of Zakah, Infaq, and Shadaqah. One of the indicator that this regulation change was effective was that the standard amount of infaq for government employee was readjusted following their level, and this was valid for everyone in the department. This also was meant for legislative, they had to readjust it according to their salary from 2003 to 2010.

Based on the regulation, BAZNAS Mojokerto in 2011 got a significant inclining in infaq, and shadaqah, collection that reached IDR 776,482,484 or 220 in ascending percentage from 2010. In the effort to advance the public service of citizen zakah, infaq, and shadaqah, BAZNAS Mojokerto re-evaluated their system in order to give strategic and representative service.

Since 2003 to 2009, the office of BAZNAS Mojokerto was being one within the office of Department of Religion Affair of Mojokerto. It was all changed in 2010 to 2011, the office of BAZNAS moved to an office in Jl. Majapahit number 436 Mojokerto under the status of contract for a year. Once again, in 2011, the office of BAZNAS Mojokerto moved to the current place up to today. This time, the status of the office is the Government of Mojokerto asset, the location is strategic, suitable, and reachable, it is at Jl. Gajah Mada Number 115 A Mojokerto.

2. Profile of BAZNAS Mojokerto
Institution Name: National Agency of Amil Zakah (BAZNAS) Mojokerto

Adress: Jl. Gajah Mada Number 115A Mojokerto

Post Code: 61314

Email: baznaskota.mojokerto@baznas.go.id

Phone Number: 0321-399424

Website: kotamojokerto.baznas.go.id

3. The Law Basis of BAZNAS
   a. The Qur’an, At Taubah verse 60, 103, et cetera
   b. Prophet Muhammad PBUH Hadith
   c. Law of Indonesia Republic Number 23 2011 Zakah management
   d. Government Law Number 14 2014 about the execution of the Law Number 23 2011
   e. President Instruction Number 3 2014 about optimizing zakah collection
   f. Circular Letter of the Minister of Internal Affair Number 450.12/330/SJ about optimizing zakah collection

4. The Vision and Mission of BAZNAS Mojokerto

Vision

Make the mustahiq (citizen who receive zakah) to be muzakki (citizen who give zakah)
Mission

To be a trustworthy, professional, and responsible agency that manages

\textit{zakah, infaq, and shadaqah}

5. Kind of Institution and Range of Work

BAZNAS Mojokerto is an islamic institution that runs by the Government of Mojokerto. BAZNAS Mojokerto takes role of managing \textit{zakah, infaq, and shadaqah} within the area of Mojokerto City. 

\textit{Muzakki} that must list their name in BAZNAS Mojokerto is the ones who make income in Mojokerto. But if the ones willingly put their \textit{zakah} in BAZNAS Mojokerto, it will be better.

It is different from \textit{infaq, and shadaqah}, both are freely to be done. BAZNAS Mojokerto has an important role in managing fund of \textit{zakah}. BAZNAS Mojokerto absorbs fund as much as possible and distribute it fairly according to ones’ need in the area of Mojokerto.
6. Structure of Organization

Figure 3. Structure of Organization of BAZNAS Mojokerto

Section I: Board of Collecting Section
Section II: Board of Distribution and Usability Section
Section III: Board of Planning, Monetary, and Audit Section
Section IV: Board of Administration, Human Resource, and General Section

Job Description:

a. Board of Trustee

Board of Trustee here is the Mayor of Mojokerto, mayor tasks are to give guidance, and coordinate with the Head of BAZNAS Mojokerto.
b. Head of BAZNAS Mojokerto

Head of BAZNAS Mojokerto has both duty and authority as the concept maker, and determine choices that will be executed by the executives below. The Head must be responsible to the Mayor of Mojokerto.

c. Executive Board of Collection

1) Executing strategy programme of collecting zakah, infaq, and shadaqah that has been arranged and approved by The Head of BAZNAS and Vice I of Collecting Section;

2) Doing the duty to collect zakah, infaq, and shadaqah whether it is through another agency of zakah collecting or by personal;

3) Performing the duty to manage and improve data and data that have potential to be muzakki, munfiq, and mushodiq;

4) Campaigning about zakah;

5) Arranging report of zakah, infaq, and shadaqah collecting in particular period, whether by day, week, month, semester, and year;

6) Serving muzakki, munfiq, and mushodiq;

7) Printing Zakah Obligatory Number Card;

8) Exploring the potential of muzakki, munfiq, and mushodiq;

9) Guiding, socializing, and educating of agency of zakah collecting, muzakki, munfiq, and mushodiq;
10) Entrying data of zakah, infaq, and shadaqah collecting through SIMBA Programme;

11) Reporting the result of zakah, infaq, and shadaqah collecting to muzakki, munfiq, and mushodiq periodically;


d. Board of Distribution and Usability Section

1) Executing the duty of arranging strategy to distribute zakah, infaq, and shadaqah;

2) Managing and advancing data of muzakki, munfiq, and mushodiq;

3) Doing distribution and usability of zakah, infaq, and shadaqah;

4) Surveying the data validity of mustahiq applicant;

5) Giving consideration over the survey of the data validity of mustahiq applicant;

6) Submitting agreement from the mustahiq applicant survey result to the Vice II of Distribution and Usability Section and also to the Head of BAZNAS Mojokerto;

7) Giving summary of Head of BAZNAS disposition or agreement;

8) Printing distribution bills through SIMBA Programme for the agreed submission by the Head of BAZNAS Mojokerto;

9) Making, and delivering letter of understanding to the applicant who submit request of help but rejected by the Head of BAZNAS Mojokerto;
10) Recapitulating the distribution according to BAZNAS Mojokerto Programmes;

11) Arranging report of distribution periodically, by day, month, semester, and year;


e. Board of Planning, Monetary, and Audit Section

1) Executing the duty of arranging strategy to manage zakah, infaq, and shadaqah;

2) Arranging annual plan of BAZNAS Mojokerto;

3) Arranging evaluation programme of the Annual Working Programme of BAZNAS Mojokerto;

4) Managing monetary of zakah, infaq, and shadaqah;

5) Arranging monetary accounting system of zakah, infaq, and shadaqah;

6) Arranging monetary report periodically, by day, month, semester, and year;

7) Arranging performance accountability report of BAZNAS Mojokerto;

8) Creating BAZNAS Mojokerto report for the Mayor of Mojokerto, Central BAZNAS through BAZNAS of East Java;

9) Making entry for monetary report data through SIMBA Programme;

10) Documenting file for monetary report;
11) Arranging General Monetary Book for the granted fund of Regional Budget from the Government of Mojokerto to be used for BAZNAS Mojokerto needs;

12) Arranging responsibility report document for the granted fund of Regional Budget from the Government of Mojokerto;


f. Board of Administration, Human Resource, and General Section

1) Arranging programme of Amil management strategy of BAZNAS Mojokerto;

2) Arranging programme of Amil planning strategy of BAZNAS Mojokerto;

3) Helping Amil recruitment Process of BAZNAS Mojokerto;

4) Implementing Amil developing programme of BAZNAS Mojokerto;

5) Doing office administration of BAZNAS Mojokerto;

6) Arranging communication strategy plan programme and public relation;

7) Doing the duty as the public relating officer of BAZNAS Mojokerto;

8) Doing the duty as Asset Supplying, noting, maintenance, controlling, and reporting of BAZNAS Mojokerto;

9) Documenting Activity and Filing Document of BAZNAS Mojokerto;

g. Assistant Administrator

The job of Assistant administrator is to help everyone from every section the one is needed to assist.

7. BAZNAS Programmes

BAZNAS Mojokerto has some programmes, those are as the following:

a. Healthy Mojokerto

Healthy Mojokerto is meant to help everyone who needs, this programme helps by giving the needs money to cover their medical costs.

b. Smart Mojokerto

This programme gives scholarship and covers any educational costs for the needs.

c. Caring Mojokerto

This programme gives help to the poor and the ones who get damaged by disaster.

d. Wealthy Mojokerto

This programme gives help about economic utilizing for the poor.

e. Mojokerto Taqwa

This programme is like giving facilities for mosque, da’wa activity, and social religion activity.
f. Emergency Needs and Routine Scholarship

The form of this programme is giving help to the poor students, from elementary school to university, whether it is for emergency or for routine scholarship. The purpose of the programme is to give educational fund, while hoping that the poor students will have likely more chance to continue their study.

It is objectiveed that the poor students can reach at least Senior High School, by having standard education degree the poor students can make their human resource quality to be better. If the quality of the human resource is better, then they have better chance of having better future.

g. House Renovation

This programme is meant for the family of the poor who do not live in proper building of the house, and they do not have money to fix it.

h. Direct Granted Fund

It is the help given in the form of money for the needs who is about to start a business or to expand their business.

i. Shariah Business Credit (PUSYAR)

It is a programme in which BAZNAS Mojokerto made a collaboration with some other institutions, they collect money from *infaq* and *shadaqah*, from the citizen all over Mojokerto who put their fund in BAZNAS Mojokerto. The source is usually from
Government employee. Having had collected the money will later be transferred to Shariah Citizen Credit Bank or in Indonesia it is called BPRS.

The fund from *infaq*, and *shadaqah* will be later given to cover the costs of administration and margin from the citizen who borrow money from BPRS to expand their MSME businesses. BAZNAS hopes that this program can give good influence and persuade for all the citizen to run their business better and then can help others by the same way, and of course, give their *zakah*, *infaq*, and *shadaqah* to BAZNAS Mojokerto to be managed professionally.

**B. Data Display**

The data that will be served here by the researcher is from observation, interview, and also documentation. All data are related with the research questions and theoretic study from financial capital, the management, *infaq*, and *shadaqah*.

1. Management of *Infaq*, and *Shadaqah* in BAZNAS Mojokerto

As commonly known and as it is explained before, there are four functions in management, and those are planning, organizing, leading, and controlling. Those four functions are also applicable to manage religion fund such as *infaq*, and *shadaqah* in BAZNAS Mojokerto.

   a. Planning of *Infaq* and *Shadaqah* in BAZNAS Mojokerto

   Since the first establishment of BAZNAS Mojokerto, the purpose is never changed, it is to give merits to citizen out there.
The planning of *Infaq* and *Shadaqah* in BAZNAS is special, the main plan is only for long-term condition. BAZNAS wants to get rid of the usurer who kill citizen slowly by debt.

Not only that, but BAZNAS want to spread the sharia economic system to the citizen, and to introduce that bank is actually not scary. The first idea was to manage *Infaq* and *Shadaqah*. Usually, *Infaq* and *Shadaqah* are just given without any further consideration. Citizen of BAZNAS saw this as an opportunity to manage it professionally in order to give more merits.

The original idea was to fund MSME owned by citizen who commonly have the same problem, that is about financial capital. Money from *Infaq* and *Shadaqah* is actually pretty big annually. But BAZNAS will not be able to manage all by themselves, they need to do collaboration with others institution.

BAZNAS Mojokerto coordinates with Shariah Economic Society, Department of Koperasi, and the last is with Syaria Citizen Credit Bank (SCCB) in order to make the plan continuous and better.

The role of BAZNAS Mojokerto is actually pretty crucial, that is to collect as much as fund for citizen. Then the role of Department of Koperasi, is as the legitimation of the Government of Mojokerto, the next is SCCB role, that is to distribute and to survey the citizen who have MSME. The last is Syaria Economic Society, their role is to guide the MSME to expand as expected.
First, BAZNAS Mojokerto’s plan is to make list of the institution which are possible to be penetrated as new donators, those are like Police Department, Big Companies, and et cetera. Then BAZNAS Mojokerto gives socialization and education.

The socialization and education given are about ZIS, so citizen will have better understanding and will be interested to entrust their religion fund to BAZNAS Mojokerto. As example last time when researcher had an internship in BAZNAS Mojokerto, they do socialization about ZIS in Police Department of Mojokerto.

The most interesting part is that in the last section, BAZNAS Mojokerto persuades with half forcing the Police Department, because BAZNAS is the Mayor of Mojoketo responsibility. And this happens repeatedly, but not for no reason, the only reason is to gain bigger religion fund all over Mojokerto.

BAZNAS Mojokerto does not distribute the *Infaq* and *Shadaqah* directly, they collect it as much as possible. This is because the objective of BAZNAS Mojokerto can only be reached periodically. BAZNAS Mojokerto will sign a contract of giving the money gained from *Infaq* and *Shadaqah*.

The money will be used to cover the administration fee for the citizen who want to borrow money from the SCCB. Not only do the money cover the administration fee, but also cover the margin or
interest. So it can be assured that credit in SCCB Mojokerto is purely shariah, and that thanks to BAZNAS Mojokerto.

BAZNAS Mojokerto hopes that citizen will not hesitate to borrow money from SCCB Mojokerto and leave the usurer that clearly is making the life of the citizen more sorrowful. This is the long-term planning of BAZNAS Mojokerto.

So, overall, it can be said that the plan is to collect religion fund as much as possible, renew the contract with SCCB Mojokerto once the money is all spent up, BAZNAS will be able to give more money from Infaq and Shadaqah for the sake of the citizen.

b. Organizing of Infaq and Shadaqah in BAZNAS Mojokerto

On the organizing part, BAZNAS Mojokerto does not do much, because the plan is to collect as much as religion fund possible. However, this does not mean that the money from Infaq and shadaqah that has been collected will not be used at all.

According to the observation researcher done during the internship programme, the money of Infaq and shadaqah is still expendable. One of the reason is that money from Infaq and shadaqah is quiet oftenly used for accidental use only.

Such as, the operational of BAZNAS Mojokerto itself, or when the money from zakah is not sufficient yet, BAZNAS Mojokerto will more likely use the money of Infaq and shadaqah, but of course still used under the sharia law.
But the point of organizing *Infaq* and *shadaqah* in BAZNAS Mojokerto is that to use as minimum as possible the money from *Infaq* and *shadaqah*. So far, the best record is that 99% of the money from *Infaq* and *shadaqah* was still maintained well to be distributed to SCCB.

c. Leading of *Infaq* and *Shadaqah* in BAZNAS Mojokerto

The leading process of *Infaq* and *shadaqah* in BAZNAS Mojokerto is actually easy and simple. Because BAZNAS Mojokerto always sticks to the plan, they do not need much more thinking for this.

Leading itself is the process to persuade citizen to follow what is expected by the subject, the leading process is just following the planning of BAZNAS Mojokerto, which is to persuade citizen to entrust their religion fund to BAZNAS Mojokerto.

The act can be done as usual, coming to institutions, agencies, departments that have never been visited before to give them education and socialization about ZIS. The instruction of the Mayor of Mojokerto make things even easier.

BAZNAS Mojokerto usually asks permission, come to the office, doing education and socialization, and then closed by the sentence of Mayor of Mojokerto. That way, the chance of getting new donators is opened widely, and this is proven to be true that almost every visit will make new donators.
d. Controlling of *Infaq* and *Shadaqah* in BAZNAS Mojokerto

The most complicated part of managing *Infaq* and *Shadaqah* in BAZNAS Mojokerto is the controlling part, it is easy in the beginning because BAZNAS Mojokerto only need control the expenses, but it is different now that the money from *Infaq* and *Shadaqah* is in hand of another party.

As it was explained, the duty of BAZNAS Mojokerto is to collect *Infaq* and *Shadaqah* as much as possible, use it as minimum as possible, while keep looking for the potential party to expand the donator of BAZNAS Mojokerto.

Once the new contract made with the SCCB and BAZNAS Mojokerto, it will involve the role of Economic Shariah Society, and Department of Koperasi Mojokerto, while BAZNAS Mojokerto is still on its own field, the money from *Infaq* and *Shadaqah* is handed to SCCB.

In SCCB, there will be more detailed process, first is that the citizen who want to apply for the loan need to bring and complete several documents, like ID card, et cetera. One of the requirement is that the applicant must have business within the category of MSME.

The business itself must be run for more than at least one year, once the documents and requirements are completed, the applicant may leave the place and wait until the surveyor of SCCB come to their business location.
The surveyor will value and ask several questions about the business, noting some important information to be reported to the office. Then if the business is suitable and meets all the standard, and meet all the necessity, soon they will get notification about whether they get the loan or not. This whole process needs several months.

The hardest part is the coordination between the institutions. While the money is already by the hands of the MSME owners, all four institutions need to control it. This is to make sure that the mandatory of the donator do not go on a wasted.

Actually, the process of guiding and controlling are the authority of Economic Shariah Society, but BAZNAS and others institutions cannot just close their eyes as if nothing happens. So the solution for BAZNAS to control them is that to ask data to SCCB.

The data contains everything about the owner of MSME who get the loan, this way, BAZNAS can observe every month about their development, making report about the money, and sometimes the surveyor of BAZNAS Mojokerto itself is ordered to the exact place.

This does not mean that BAZNAS Mojokerto does not trust other institution, it is just to make sure that the money is well used, and responsible, because it is not personal money, but it is the money from *infaq* and *shadaqah*.
From those data above, it can be concluded that BAZNAS Mojokerto has done their best to fulfill their mission that is to be trustworthy, professional, responsible, and accountable agency to manage the religion fund of the citizen all around Mojokerto. The following, researcher will provide tables of development about *zakah*, *infaq*, and *shadaqah* (ZIS).

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Zakah</em></td>
<td>665,544,808</td>
<td>916,478,795</td>
<td>1,081,134,578</td>
<td>2,663,158,181</td>
</tr>
<tr>
<td><em>Infaq and Shadaqah</em></td>
<td>304,588,614</td>
<td>328,020,739</td>
<td>375,632,065</td>
<td>1,008,241,418</td>
</tr>
<tr>
<td><strong>Total per Year</strong></td>
<td>970,133,422</td>
<td>1,244,499,534</td>
<td>1,456,766,643</td>
<td>3,671,399,599</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>976,000,000</td>
<td>1,200,000,000</td>
<td>1,350,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.1. Growth of BAZNAS Mojokerto Collection

The table above shows that the growth of BAZNAS collection increases annually, this makes possible for BAZNAS programmes to develop as well.

<table>
<thead>
<tr>
<th>No.</th>
<th>Month</th>
<th>2015 Achievement in IDR</th>
<th>2016 Achievement in IDR</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>January</td>
<td>76,520,145</td>
<td>122,852,350</td>
<td>37.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>---</td>
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<td>-------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>February</td>
<td>72,599,381</td>
<td>97,227,101</td>
<td>25.3%</td>
</tr>
<tr>
<td>3.</td>
<td>March</td>
<td>75,592,181</td>
<td>106,888,983</td>
<td>29.3%</td>
</tr>
<tr>
<td>4.</td>
<td>April</td>
<td>100,743,308</td>
<td>103,505,986</td>
<td>2.7%</td>
</tr>
<tr>
<td>5.</td>
<td>May</td>
<td>75,699,331</td>
<td>105,700,872</td>
<td>28.4%</td>
</tr>
<tr>
<td>6.</td>
<td>June</td>
<td>82,031,620</td>
<td>197,487,627</td>
<td>58.4%</td>
</tr>
<tr>
<td>7.</td>
<td>July</td>
<td>242,808,077</td>
<td>165,224,131</td>
<td>-47.0%</td>
</tr>
<tr>
<td>8.</td>
<td>August</td>
<td>101,239,546</td>
<td>104,763,634</td>
<td>3.4%</td>
</tr>
<tr>
<td>9.</td>
<td>September</td>
<td>103,092,105</td>
<td>103,723,972</td>
<td>0.6%</td>
</tr>
<tr>
<td>10.</td>
<td>October</td>
<td>103,897,456</td>
<td>107,775,545</td>
<td>3.6%</td>
</tr>
<tr>
<td>11.</td>
<td>November</td>
<td>106,363,160</td>
<td>115,286,880</td>
<td>7.7%</td>
</tr>
<tr>
<td>12.</td>
<td>December</td>
<td>103,913,224</td>
<td>126,329,562</td>
<td>17.7%</td>
</tr>
<tr>
<td>Total</td>
<td>1,244,499,534</td>
<td>1,456,766,643</td>
<td>14.6%</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.2. Zakah, Infaq and Shadaqah Growth in 2015 - 2016

The table above provides data about ZIS in BAZNAS, the table give more detailed growth and amount per month. That table too proves that BAZNAS always makes improvement.

C. Data Analysis

It has been explained in the data serving section about BAZNAS Mojokerto management of *infaq* and *shadaqah*, that BAZNAS Mojokerto does the management professionally. The first, they have planning for the accepted
infaq and shadaqah, they keep it as efficient as possible and only use the fund for urgent only.

This is done to reach the objective that BAZNAS Mojokerto has, that is to collect as much money as possible. BAZNAS Mojokerto then will organize the money minimally, they will wait until the next agreement with SCCB. While waiting for the next contract, BAZNAS Mojokerto keeps doing the religion fund collecting activity.

It is to make sure that the following contract will have bigger value of money. This is done by persuading more institutions and firms to entrust their infaq and shadaqah. This is where the leading function of BAZNAS Mojokerto works.

To raise the amount of infaq and shadaqah, BAZNAS will go from firm to firm in order to offer this programme. This is proven to be effective, because this programme is also supported by the Mayor of Mojokerto.

From that effort, it can be assured that the money gained from infaq and shadaqah shall have raising in the amount. The other source is from the donator of BAZNAS Mojokerto, usually they will set aside some of their salary to be given as infaq and shadaqah in BAZNAS Mojokerto. This too will add the amount of infaq and shadaqah.

The last is the controlling part of the given infaq and shadaqah. As it is explained before, BAZNAS Mojokerto will sign new contract with SCCB, it is a contract to mandate the infaq and shadaqah that have been entrusted by citizen and been collected in period of time.
Bounded with the contract, BAZNAS job is not directly controlling on the field. BAZNAS Mojokerto will only audit and check the monetary report given by SCCB periodically. This is to observe whether the *infaq* and *shadaqah* that have been mandated are used as expected.

BAZNAS will then use the report to be their annual report of BAZNAS Mojokerto. The report will be given to the Mayor of Mojokerto, and of course to all the citizen who have entrusted their *infaq* and *shadaqah* to BAZNAS Mojokerto.

This is quite interesting, because the transparency that BAZNAS gives is for everybody, this is proof that BAZNAS Mojokerto has a good management control. Unfortunately, BAZNAS Mojokerto can not control the money directly from the field.

In the agreement, BAZNAS main job is to supply the money for SCCB. The money is from citizen’s *infaq* and *shadaqah*. The task to control on the field and to each businessmen is the task of Sharia Economic Society. They go down to the field and guide the MSME owner when they have problem.

The other job of Sharia Economic Society is to ensure that the money of *infaq* and *shadaqah* is spend in the hand of the right citizen. This makes BAZNAS Mojokerto job easier actually, but BAZNAS Mojokerto itself can not be sure about the persons.

Overall, the *infaq* and *shadaqah* management in BAZNAS Mojokerto is already professional. This is due to the system they have, the discipline they
implemented in their programme, the transparency they provide and the last is the proof of giving more merits to MSME.

According to BAZNAS, the number of citizen who get loan from PUSYAR programme vary every year. In 2012, there were 124 MSME owner who got help, in 2013 there are 121, and it kept changing over years. This change depends on how big the amount of infaq and shadaqah accepted by BAZNAS per period. As explained before, BAZNAS helps through SCCB as told by the interviewee;

Interviewer: “This is a confirmation Mam, is it true that Sharia Citizen Credit Bank (SCCB) lend you money?”

Interviewee: “yes” 148

This proves that citizen know that the loan is from SCCB, and the same tone of answer is given by other five interviewees. The next point about the question is about the loan that is free of margin or interest.

Interviewer: “Is it true that the loan is free administration and free margin?”

Interviewee: “Exactly!”

Interviewer: “so you only have to pay the main loan, right?”

Interviewee: “Yes, only the main loan” 149

As described, citizen only have to pay the main loan, and this will lighten the payment burden for citizen and also make the transaction to be shariah. This will be proven by the next part of the interview.

148 Interview with Mrs. Tri Septiarini as the Owner of MSME in 7th of January 2017

149 Interview with Mr. Totok as the Owner of MSME in 7th of January 2017
Interviewer: “So far, by the loan that free administration fee and free margin, do you feel helped already?”

Interviewee: “So much”

Interviewer: “what kind of help do you get?”

Interviewee: “helping to add the financial capital, and not burdening with interest, no administration fee, it makes us glad” 150

From the interview above, it can be drawn a conclusion that citizen have already felt helped by the cut of margin and interest. This is proof that BAZNAS helps is useful, and it proves the hypothesis of the researcher is correct. The last is about BAZNAS mission to influence the amount of muzakki by telling citizen who get the loan cut that they get help from infaq and shadaqah as cited in interview below.

Interviewer: “the last, do you know that the money to cover the administration fee and margin is taken from BAZNAS by the programme of infaq and shadaqah?”

Interviewee: “No, I only know that I get an additional financial capital and I’m glad for that” 151

From one out of five, citizen dont know that they get help from BAZNAS by using money from infaq and shadaqah. This will be the next assignment for BAZNAS Mojokerto to solve. But researcher thinks that four citizen from five knowing that BAZNAS helps the loan is already good.

150 Interview with Mrs. Suminti as the wife of the Owner of MSME, Mr. Agus, in 7th of January 2017

151 Interview with Mr. Imron as the Owner of MSME in 7th of January 2017
To be more comprehensive, the second analysis summary about whether the MSME owners feel helped already or not will be given. According to the concept of study and interview, it has been said that there are some factors that will more likely give effect to financial capital of an organization. By organization here is MSME.

One of the factors is the cash inflow, cash inflow influence capital of MSME. As it is shown above, SCCB give loan without margin, interest, and even without administration fee. Here is an abstraction of if BAZNAS Mojokerto does not give the money from *infaq* and *shadaqah*.

From the theory, it is noted that cash inflow and debt influence the financial capital of MSME, the bigger the debt is the smaller the cash inflow. Hereby, the cut of administration fee and interest means that the cut of the debt as well, so automatically it will give bigger cash inflow for the MSME.

The *infaq* and *shadaqah* in BAZNAS Mojokerto is given with contract and agreement of some other institutions, then the money will be given to SCCB afterward. The money covers all the administration fees, and of course most importantly cover the margin and interest. This make the loan free administration fee and free margin as a possible programme to do.

This cut in margin and administration fee can be interpreted as additional capital for the MSME owner who get the loan. Imagine, the conventional bank nowadays usually gives 5%-10% of interest rate to the citizen who want to get loan in their bank.
If the borrower gets IDR 10,000,000 loan from the bank and the interest rate is 10%, then it means IDR 1,000,000 is additional burden that has to bear by the citizen. This burden can actually be lightened by cutting the interest, or interest free.

The cash flow will be more liquid by the erasing of the burden, and the MSME owner can use that money for the additional working capital for their business. Beside, another reason is the debt. Debt can influence the liquidity of a business too. The money from the debt can actually be used as working capital to increase productivity of a business.

When there is no debt, the burden of a firm is already lightened. The smaller the debt is the lighter the burden. In BAZNAS programmes, the debt is already enlightened by covering the margin money with infaq and shadaqah gained from the citizen around Mojokerto.

Another point of view is from the interview with some of the MSME owner who get the loan from SCCB that is free administration and free of margin or interest. All of them agreed that this programme is really helpful. From the interview, it can be seen that all of them are already feeling helped.

They feel helped because they do not need to pay the administration fee, they do not have to think about the margin or interest anymore as like when they get loan from usurer. This will be report that BAZNAS Mojokerto has done a great job by giving merits to others. And all of this is done by managing infaq and shadaqah professionally.
CHAPTER V

CLOSING

A. Conclusion

BAZNAS Mojokerto has managed money from *infaq* and *shadaqah* well. This can be seen from the professionalism that has been shown through the step they manage ZIS. This programme always develop every year, so it can be concluded that BAZNAS Mojokerto has maintained the program well.

Citizen who already get loan with free margin, free interest, and free administration fee have already felt so much helped. They do not keep any grudges toward this programme. This too, proves that the empowerment of financial capital for MSME through professionally, and well-managed money from *infaq* and *shadaqah* has succeeded.

This will Usurer give loan with high rate of interest, as they now that citizen are afraid of having relation with bank, citizen are afraid that the cannot catch with the bank requirement, even some of them think that bank give them loan with much higher rate of interest, and they dislike complicated regulation.

All of this has already been broken by BAZNAS Mojokerto, they enforce the capital of citizen by coordinating with other institutions, making movement motorized by the religion fund from *infaq* and *shadaqah*. BAZNAS Mojokerto make the paradigm of bank that has complicated administration go vanishing.

The administration is free and the loan are free margin, this is what makes citizen interested in bank, especially SCCB Mojokerto. This programme is
proven to be effective and working as expected, it is just that BAZNAS needs more *infaq* and *shadaqah* as the religion fund in order to expand their working space for even more citizen.

The last aim of BAZNAS to manage the religion fund professionally is also working, they have planning to do with the religion fund, not just give it without further consideration, the organizing process is too running well. The leading process is still on-going every day to ascend the number of the citizen who want to entrust their religion fund.

The last is that the controlling process, BAZNAS cannot handle it directly one by one, they can only check it by auditing the monetary data given by SCCB Mojokerto. Besides, to controlling task is field task, and this is nowhere the field of BAZNAS Mojokerto.

According to agreement, the executive to do this is from SCCB and Shariah Economic Society. So, overall, all the activity of BAZNAS managing religion fun, especially *infaq* and *shadaqah*, is quiet a success.

The next is about whether the help is already felt by the citizen who own business. According to the explanation before, all the citizen who have been interviewed feel that they are helped a lot. This is due to the loan that is free of margin, so they think it is enlightening their burden. As it is known that others loan giver will give interest, or margin.

Moreover, when citizen apply for the loan, they will be charged with no administration fee at all, this too helps them a lot, although not as significant as the help for the covering of the margin. Overall, it can be concluded that citizen
have felt the benefit of well-managed religion fund which absolutely give MSME better future, and of course incline the economic rate of the citizen.

B. Suggestion and Recommendation

From researcher’s point of view, it is that BAZNAS Mojokerto needs to make an agreement with the third party or freelancer. This is to promote more about BAZNAS Mojokerto programmes and to inform citizen about the urgent needs of their help. As it is known, infaq and shadaqah are so dependant of the citizen who entrust their religion fund.

The infaq and shadaqah that has been received will then be kept until great amount of money are collected. This money will be mandated to SCCB. So far, the main source is only from the firm that has been socialized, and the government institution.

The next is about the information for the citizen who get helped, some of them are not well-informed about the cut of interest, and margin that they get. They only knew they are free of margin, interest, and administration fee. This will not make them realize that they are helped through money from infaq and shadaqah.

This will not give them consciousness about being the donator, so researcher suggests that BAZNAS Mojokerto needs to do more campaign and socialization to make more citizen as donator, moreover the citizen who get succeed from BAZNAS help.
There are a lot more potential sources that are yet to be explored. To get this done, BAZNAS Mojokerto needs to have more human resources to do door-to-door act in order to map the citizen and of course to offer citizen in personal if they want to entrust their religion fund.

C. Research Limitedness

The limitedness of this research are actually tons, the most is that researcher cannot reach all the system fully. The focuses are only to BAZNAS Mojokerto and to the citizen who run business that get help from SCCB. Meanwhile in the field, there are SCCB, Shariah Economic Society, and Department of Koperasi Mojokerto that are yet to be researched. Second is that the knowledge and ability of the researcher is so limited to make this research getting near of perfect.
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