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Interconnection of Productive Zakat Management in the Development of the Mustahik Halal Industry in Indonesia

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ABSTRACT

The halal industry is always synonymous with food, fashion, tourism, and pharmaceuticals. The halal industry also includes sharia financial aspects such as zakat, infaq, alms, and waqf. This research analyzes the essential interconnection between productive zakat management and the development of the halal Mustahik industry in Indonesia. This research explains how productive zakat can be an effective instrument in empowering Mustahik involved in the halal industrial sector. This research uses a descriptive qualitative method. Primary data sources were obtained from observations and interviews with Mustahik who were involved in the halal industry, such as Mustahik who received economic programs in the form of the ZMart, Z-Coffee, Santripreneur, and Animal Center programs. Secondary data sources were obtained from the Bank Indonesia Halal Industrial Ecosystem Book, the National Strategy Book for the Development of the Indonesian Halal Industry - National Committee for Sharia Economics and Finance (KNEKS), and several articles, brochures, documents, and others related to productive zakat research. This research shows that good interconnection between productive zakat management and the development of the halal Mustahik industry is very important to achieve inclusive and sustainable economic growth in Indonesia. Therefore, there is a need for development in productive zakat investment in halal products owned by Mustahik to carry out optimal and sustainable empowerment. Productive zakat interconnection is also carried out between government institutions, halal industry players, sharia financial institutions, zakat amil institutions, and other stakeholders in creating a halal industrial ecosystem by utilizing productive zakat for Mustahik involved in the halal industry in Indonesia.

Keywords: *interconnection, zakat, productive, industrial, halal*

INTRODUCTION

Indonesia is a country with the largest Muslim population in the world. Indonesia has the potential for a Sharia economy that continues to grow and has great opportunities to develop the halal industry. One of the Islamic financial instruments that can be used to encourage the development of the halal industry is productive zakat. Productive zakat is zakat that is managed and invested to improve Mustahik's welfare through the development of productive businesses.

Based on a study conducted by Puskas BAZNAS, the potential for zakat in Indonesia in 2020 is IDR. 327.6 trillion (*https://www.puskasbaznas.com/*).

Meanwhile, the potential income from zakat funds reaches Rp. 5.8 trillion.

This potential zakat can be obtained from several sources of zakat that can be ascertained, such as zakat on the income of BUMN employees, zakat on national company employees, zakat on ASN income, zakat on BI and OJK employees, zakat on ASN State Institutions, zakat on ASN from Non-Ministerial Government Institutions. This zakat potential does not include zakat given by muzaki from entrepreneurs and the community. The potential zakat is income zakat whose value can be predicted. The amount of zakat income achieved compared to the zakat potential is generally still very low. This means that the potential for zakat in Indonesia to be obtained is very large but the actual achievement is relatively low.

Table 1. BAZNAS Zakat Income Potential

Institution Name	Amount
Zakat on State-Owned Company Employee Income	**2,57 trilion**
National Company Employee Zakat	**2,301 billion**
Ministry's ASN Income Zakat	**726 billion**
Zakat on ASN Income from Non-Ministerial Government Institutions	**102 billion**
Zakat on State Institution ASN Income	**71 billion**
Zakat on TNI and Polri Income	**46 billion**
Zakat on BI and OJK Employee Income	**16 billion**

Source: https://puskas.baznas.go.id/

The realization of low zakat fund acquisition with very large zakat potential is still a current issue. Abdul Rachman and Ma'adul Yaqien Makkarateng's research illustrates that in reality the many zakat management institutions, both BAZNAS and LAZ, in Indonesia have a positive impact on zakat management. However, the enormous potential of zakat is not absorbed properly. Several factors that cause problems in obtaining zakat funds are due to institutional egoism, weak coordination and communication between zakat management organizations, which makes the information data system weak in determining zakat targets, the tendency to compete between zakat fund management institutions (Rachman & Makkarateng, 2021). Likewise, research by Rizaldi Yusfiarto et al in the article Literacy and Intention to Pay Zakat: A Theory Planned Behavior View Evidence from Indonesian Muzakki states that the potential for zakat in Indonesia cannot be maximized even though zakat is an important instrument in Indonesia's economic growth. This is because The level of zakat literacy is still low so every person who has high zakat literacy will have implications for compliance with paying zakat (Yusfiarto et al., 2020).

Based on Law No. 23 of 2011 concerning Zakat Management states that BAZNAS is a non-structural government institution that is given the mandate to manage Zakat in Indonesia. As a non-structural government institution, BAZNAS has representatives in every region from provincial to district/city level. Thus, BAZNAS is a government institution whose duties include collecting, distributing, and utilizing zakat funds for residents who become zakat Mustahik. This shows that in terms of organizational structure, BAZNAS is more complete, effective, and efficient in being able to collect, manage, and distribute zakat in Indonesia. Even though institutionally, BAZNAS has been able to deliver up to the district/city level, it is still not optimal in terms of realizing the acquisition of zakat funds compared to the planned zakat potential. This means that there is a very large gap between the potential for zakat and its realization. Another problem is the lack of appropriate human resources in planning and distributing zakat funds in various programs. Existing programs tend to fluctuate, making the program unsustainable. Research conducted by Widya Francisca Fitriani and Anita Priantina confirmed the problems above, namely program planning that has not been maximized, human resources whose competence and expertise need to be improved because they are not yet optimal,

there is no measuring tool for program success so that existing programs seem to be only for utilization without thinking about the sustainability of existing programs.

Many programs are planned and implemented by BAZNAS. There are five categories of programs given to Mustahik Zakat, namely health programs, humanitarian programs, education and da'wah programs, disaster programs, and economic programs. The economic program consists of a rural economic program, an urban economic program, and a product optimization and marketing program. The rural economic program consists of a Livestock Center, Food Barn, Zakat Community Development, and Empowerment of MSMEs. Meanwhile, urban economic programs include ZMart, ZChicken, ZAuto, Santripreneur, Microfinance, Micro Zakat Bank, and so on. Meanwhile, the product optimization and marketing program is only in the form of Z-Coffee. All programs planned and implemented are empowerment programs for Mustahik Zakat. This economic program certainly has advantages and disadvantages in its realization so evaluation and revision are needed regarding the program that has been planned both in substance and Mustahik targets because it is based on the results of research conducted by Abdul Rachman with the title *Utilization of Productive Zakat Funds in the ZMart Program to Improve Mustahik Welfare* illustrates that the utilization of zakat funds through the ZMart program for Mustahik who have small stalls is still not able to improve the welfare of Mustahik towards muzaki because of the limited capital provided to manage their business so they are only able to survive in managing small stalls (Rachman, 2022). However, the ZMart application has been very helpful in managing small stalls even though stall owners are still relatively low in utilizing the latest technology.



Figure 1, BAZNAS Economic Program

BAZNAS distributes zakat productively in two ways, namely, by providing zakat funds directly to Mustahik to develop (Friantoro & Zaki, 2018). Zakat funds belong to all Mustahik. This form of distribution is also commonly called non-investment productive zakat distribution. Distribution in this form consists of two models; (1) Zakat is given in the form of money to be used as business capital, and (2) Zakat is given in the form of goods that can be developed or used as business tools (Afrilda, 2018). The second form of productive distribution of zakat is by making it an investment. This form aims to rotate business capital, which is not only owned by one Mustahik but becomes joint property (Lubis & Azizah, 2018). Another way is to build a workplace or increase Mustahik's entrepreneurial competence. One form of productive distribution of zakat in the BAZNAS program is the ZMart program (Priatmoko & Putri, 2021), ZChicken, ZCoffee, and the Livestock Center program. Management of productive zakat funds through the Livestock Center, Food Barn, Santripreneur, Micro Zakat Bank, ZMart, ZChicken, and ZCoffee programs can develop the Mustahik economy.

The BAZNAS economic program has innovative and creative value in empowering Mustahik. However, this program needs development and adjustment to the development of the halal industry in Indonesia. Rural economic, urban economic, and product optimization and marketing programs fall into the halal industry category such as ZMart, ZChichken, ZCoffee, and the Livestock Center program. The development of the

halal industry is not only about ensuring halal products but also about creating added economic value for Mustahik's halal products. Productive zakat can be a catalyst in job creation, assistance with halal certification for Mustahik's halal products, skills training, and development of micro and small businesses that focus on Mustahik's halal production. The interconnection between productive zakat and the halal industry can also strengthen the halal business ecosystem as a whole. By allocating productive zakat to certain sectors in the halal industry while remaining within its main duties, BAZNAS and other institutions can synergize and collaborate to accelerate the growth and competitiveness of the halal industry in Indonesia.

Productive zakat investment in the halal industry can help identify new opportunities, overcome technical challenges, and improve product quality and production processes in Mustahik's halal industry. Therefore, there needs to be interconnection between zakat management institutions, in this case, BAZNAS and other institutions to be able to develop productive zakat not only in rural economic programs, urban economics, and product optimization and marketing but also investment in other halal industries, such as the halal fashion industry. , halal food and beverage products, halal medicines, halal tourism, halal creative economy, halal creations, halal films, and so on. Interconnecting productive zakat with the development of the halal industry will involve many stakeholders to be able to create policies that support productive zakat investment, develop innovative Islamic financial instruments, and promote public awareness of the potential of productive zakat in developing the halal industry.

Shirley Santoso, President Director of Global Management at Kearney Indonesia, said that most of Southeast Asia's halal industry is contributed by Indonesia *(https://finansial.bisnis.com/, 2021)*. However, the huge potential of the domestic halal industry cannot make Indonesia a halal producer but rather the largest halal consumer in the world even though the majority of Indonesia's population is Muslim. Even according to KH. Ma'ruf Amin, who is also the Vice President of the Republic of Indonesia, said that Indonesia, as a country with the largest Muslim population in the world, reaching 229,000,000 people, makes Indonesia a large market for Muslim products. This confirms that Indonesia has a very large market share in the halal industry because it is supported by demographic bonuses and human resources. Therefore, the existence of productive zakat can be an alternative instrument in developing the Mustahik halal industry so that it can make Indonesia the mecca of the world's halal industry by 2024 as planned by President Joko Widodo. The State of Global Islamic Economic 2020-2021 report predicts that global halal market growth will reach US$2.4 trillion in 2024 with a five-year cumulative annual growth rate (CAGR) of 3.1 percent. (https://ekonomi.bisnis.com/, 2021).

Therefore, it is important to carry out this research because it can examine the potential interconnection between productive zakat and the development of the halal industry in Indonesia. The large potential of zakat can be connected with the potential for developing the halal industry in Indonesia so that productive zakat can be utilized for the benefit of the Mustahik halal industry. Through an in-depth analysis of the contribution of productive zakat to increasing Mustahik's capacity to contribute to the halal industry, it is hoped that it can provide valuable insights for policymakers, Islamic financial institutions, and industry players to create a sustainable and inclusive ecosystem in developing the halal industry in Indonesia by utilizing productive zakat funds. This research also analyzes the good interconnection between productive zakat

management and the development of the Mustahik halal industry which is very important to achieve inclusive and sustainable economic growth in Indonesia.

LITERATURE REVIEW

The Concept of Productive Zakat According to an Islamic Perspective

Zakat has meaning in etymology and terminology. Etymologically, zakat means clean and growing. Zakat has a terminological definition as issuing a certain amount of property to be given to people who are entitled to receive it by the conditions determined by Islamic law (Avazbek Ganiyev & Sherzodjon Umaraliev, 2020). According to Al-Mawardi, zakat is interpreted as the name of certain withdrawals from certain assets, according to certain characteristics and to be given to certain groups. Meanwhile, the definition of zakat is based on Minister of Religion Regulation No. 52 of 2014 is an asset that must be released by a Muslim or a business entity owned by a Muslim to be given to those entitled to receive it by Islamic law. This understanding provides the conclusion that zakat is an obligation of Muslims that is issued by the provisions applicable in Islam and distributed to certain and entitled people, namely eight asnaf (groups), namely the Poor, Poor, Amil, Mualaf, Riqab, Gharimin, Fisabilillah and Ibn Sabil. The eight groups are named Mustahik (zakat recipients).

According to Didin Hafidhuddin, zakat is a Maliyah Iztimaiyyah worship that has a social function that can provide economic improvement and welfare for the Mustahik. Zakat is also part of the Mahdah worship of Allah SWT (Hafidhuddin, 2019). Empirically, during the time of Umar bin Abdul Azis, zakat was managed by a trustworthy and professional zakat amil under fair and responsible leadership which was able to improve the welfare of the people and reduce poverty in the not-too-distant future. This illustrates that zakat can help the government reduce poverty, create jobs, and improve welfare (Hafidhuddin, 2019). Even Dian Masyita's research on Lessons Learned of Zakat Management from Different Eras and Countries states that Zakat funds are not the only source of funds to alleviate poverty in a country. Poverty is a complex problem that must also be handled comprehensively and integrated with other financial instruments and the active role of various parties in the country. The government is also responsible for increasing poverty rates in a country (Masyita, 2018).

Zakat is one of the pillars that reflects Islam's great concern for human welfare (Zainal Alim Adiwijaya & Zainal Alim Adiwijaya, 2020). Zakat not only acts as a ritual worship that Muslims must carry out but also as an effort to free Muslims from the shackles of poverty and social injustice (Priatmoko & Putri, 2021). Zakat has two benefits, namely as an effort to worship Allah SWT and as an effort to socialize with fellow humans. Zakat will reduce social inequality, and minimize the gap between the rich and the poor, and with Zakat, the values of family and brotherhood will grow (Utami et al., 2020). Zakat is worship in the field of wealth that contains great and noble wisdom and benefits, both related to muzaki, mustahik, the assets for which zakat is issued, and society as a whole (Zainal Alim Adiwijaya & Zainal Alim Adiwijaya, 2020).

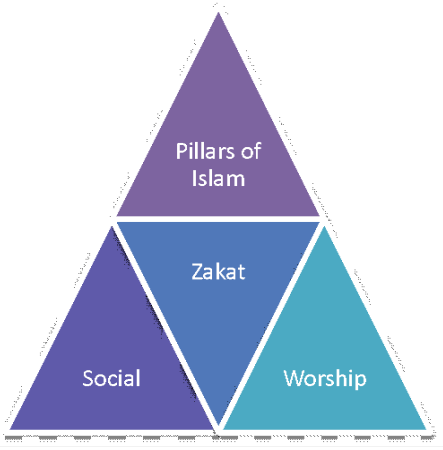


Figure 2. Zakat from Shari'a Perspective

Zakat is an obligation of Muslims because it is part of the pillars of Islam (Utami et al., 2020). Zakat is one of the Islamic economic instruments that can help alleviate poverty and reduce unemployment because, with zakat, the assets of Muslims can be distributed fairly and evenly to the Mustahik of zakat consisting of the poor, poor, amil, converts, servants, gharimin, fisabilillah, and Ibn Sabil (Muhammad, 2019). Zakat is also a means of purifying one's assets. Zakat can also provide spiritual benefits because by giving zakat, a person gets blessings on the wealth they own so they feel calm (Meerangani et al., 2021). Zakat is an instrument of growth, development, and purification of assets because by giving zakat a person can increase the amount of assets that have been given because they get more and more rewards and there is an increase in blessings in the assets they own. (Bara & Pradesyah, 2020).

Productive zakat is a form of utilizing zakat to Mustahik. According to Muhammad Rizal Hidayat in his article Evaluation of The Productive Zakat Program Effectiveness with CIBEST Model, the utilization of Zakat is a program to optimize the value of the benefits of Zakat without reducing its economic value (Hidayat, 2023). Productive zakat is not a type of zakat like zakat fitrah and zakat mal. In the distribution of zakat, there is consumptive zakat and productive zakat. Productive zakat is zakat given to Mustahik to increase or as business capital. Productive zakat can be interpreted as productive utilization by making it possible to produce or produce sustainably. Productive zakat is zakat given to Mustahik that is not spent or consumed directly but is developed to help the business develop it. Productive zakat is zakat that is managed productively. Thus, productive zakat is giving zakat which can make the recipient produce something continuously, with the assets he or she has received (Sovia et al., 2020).

Various Programs for Productive Zakat Fund Utilization

Based on Law Number 23 of 2011, zakat management is used to increase the effectiveness and efficiency of services in zakat management and increase the benefits of zakat to realize community welfare and reduce poverty. The management of zakat funds is aimed at eight groups of zakat Mustahik. Zakat management does not only talk about collecting zakat funds but also about planning, implementation, distribution, and utilization of zakat. Zakat management must also be based on accountability and transparency so that the reputation of the Amil Zakat Institution (LAZ) can be trusted. This is in line with the results of research conducted by Zakaria Batubara et al with the title Determinant Factors of Intention to Pay Professional Zakat Among Government Civil Servants which showed that transparency, institutional image, religiosity, and knowledge of zakat significantly influence civil servants' intention to pay professional zakat (zakat income) (Batubara et al., 2023). The institution authorized to manage zakat funds nationally is BAZNAS, assisted by the Amil Zakat Institution (LAZ) which was formed by the community. BAZNAS and LAZ manage zakat funds with various programs including health programs, education programs, disaster programs, economic programs, and others. The various programs provided to Mustahik certainly aim to improve welfare and economic independence (Srinovita et al., 2019).

The utilization of zakat funds also consists of two categories, namely productive zakat and consumptive zakat. Productive zakat funds are zakat funds given to Mustahik to help increase Mustahik's productivity in business, products, and so on. Productive Zakat is Zakat funds that are channeled to develop the capacity of Mustahik's creative businesses in terms of production and

marketing. Meanwhile, consumptive utilization of zakat funds is limited to providing funds for consumption without the sustainability of a program. Zakat does not only stop at religious issues but also social issues. Even during the COVID-19 outbreak, BAZNAS distributed its zakat funds through 3 programs, namely allocated health emergencies in the form of providing Personal Protective Equipment, socio-economic emergencies in the form of and securing existing programs based on MUI Fatwa Number 23 of 2020 concerning Utilization of Zakat, Infaq and Sadaqah Assets. for dealing with the COVID-19 outbreak. BAZNAS has a social safety net program known as *Kita Jaga Kiai (KJK), Kita Jaga Yatim (KJY), and Kita Jaga Usaha (KJU)*. BAZNAS also has a security program for existing programs focused on adapting processes and output from Mustahik. The process adaptations carried out can be within the scope of business methods, marketing patterns, coaching patterns, and so on. Meanwhile, output adaptation is carried out by changing the output of the trained Mustahik to produce COVID-19 needs, for example, tailors are directed to produce mask cloth or increase honey production for health.

The creation of a program for utilizing zakat funds carried out by BAZNAS is based on national conditions and situations without neglecting its main duties. This is utilization that is in line with national needs. Likewise, with the current conditions, Indonesia is being declared the Center for the World Halal Industry, so of course BAZNAS is taking part in realizing Indonesia as the Center for Halal Industry by connecting BAZNAS programs to the halal industry segmentation. The development of the halal industry in Indonesia is very significant because Indonesia has a market share for halal products that need to be utilized optimally. BAZNAS can take part by interconnecting productive zakat funds in the development of the halal industry. Zakat is an instrument in Sharia economics that is effective in developing Mustahik halal products. Zakat can also reduce unemployment levels and economic inequality by increasing Mustahik's economic independence by taking part in halal products. BAZNAS in managing zakat funds creates economic programs with three classifications, namely rural economic programs, urban economic programs, and product optimization and marketing. This program is of course created to be able to produce sustainable production so that it will increase Mustahik's economic income, such as Livestock Center, Food Barn, ZMart, ZAuto, Santripreneur, Micro Zakat Bank, and ZCoffee.

The Role and Contribution of Productive Zakat to the Development of the Halal Industry

The role and contribution of zakat are very large for global economic growth if the potential and realization can be fulfilled properly. In reality, the potential for zakat funds is very large, but the acquisition of zakat funds is relatively small. Zakat can also play an important role in the growth of the halal industry in Indonesia. Some of the productive roles of zakat are to empower the people's economy through the development of micro, small, and medium enterprises in the halal industrial sector. The role of productive zakat can be in the form of capital assistance, training, mentoring, and supervision to achieve economic independence. The productive role of zakat has been developed through rural economic, urban economic, and product optimization and marketing programs. Of course, the role of productive zakat is not limited to the Livestock Center, Food Barn, Micro Zakat Bank, ZMart, ZChicken, and ZCoffee programs but can be developed with a variety of other programs that can develop aspects of economic independence in the halal industry.

The halal industry is experiencing a positive trend and is growing significantly

not only in Muslim countries but also in several countries where the population is non-Muslim (Faidah, 2021). This development is due to an increase in demand for halal products throughout the world (Al-Teinaz & Al-Mazeedi, 2020). The development of the halal industry in Indonesia is experiencing growth because Indonesia is declared to be a producer of halal products and the world's halal center. Based on data from The State of the Global Islamic Economy Report 2022, Indonesia managed to occupy second place in the world's halal food and beverage industry after previously being ranked 4th in halal food producers. (https://www.dinarstandard.com, 2023) This shows the government's seriousness in working on the regional and even global halal industry market share. Based on data from the State of the Global Islamic Economy (SGIE) in 2022, Indonesia was ranked 4th in the world in the category of a healthy and strong Sharia ecosystem. Indonesia is still behind Malaysia, Saudi Arabia, and the United Arab Emirates, and even Malaysia is still ranked first in the world (https://www.dinarstandard.com/, 2023).

The halal industry is currently a trend in Indonesia and even the world. The halal industry is one of the sharia economic sectors that is growing significantly. However, there are still many potential investments in the halal industry, such as halal infrastructure in the form of halal testing centers, food safety laboratories, and halal certification facilities for MSMEs assisted by BAZNAS. According to the National Committee for Sharia Economics and Finance (KNEKS), the halal industry that can be utilized in the productive zakat program is not only food, drink, and livestock programs but can cover various sectors including fashion, cosmetics, travel, hotels, media, and recreation. Based on the Halal Product Guarantee Law, products that must be certified halal include food products, beverages, medicines, cosmetics, chemical products, biological products, genetic engineering products, and consumer goods. Many products are produced by companies that have guaranteed their halal status to fulfill regulatory obligations and occupy a market niche, such as Wardah halal cosmetics, which has become one of the halal products that are popular with consumers. PT. Sharp Electronics Indonesia provides a halal guarantee for the entire line-up of refrigerators marketed and well-known retailers such as Macy's in the United States, Marks & Spencer in the UK and H&M throughout the world, provide halal fashion. Marks & Spencer launched a line of "burkinis" or swimwear that cover the private parts.

DATA AND METHODOLOGY

This research method uses a descriptive qualitative method. This research aims to analyze the interconnection of productive zakat in the halal industry so that it can become an effective instrument in empowering Mustahik involved in the halal industrial sector. The data sources for this research consist of primary data sources and secondary data sources. Primary data was obtained from observations and interviews with Mustahik who was involved in the halal industry, such as Mustahik who received economic programs in the form of the ZMart, ZChicken, Z-Coffee, Santripreneur, and Livestock Center programs. Secondary data sources were obtained from the Bank Indonesia Halal Industry Ecosystem Book, the National Strategy Book for the Development of the Indonesian Halal Industry - National Committee for Sharia Economics and Finance (KNEKS), and several articles, brochures, documents, and others related to research on productive zakat and the halal industry in Indonesia.

RESULT AND DISCUSSION

Productive Utilization of Zakat Funds in the Halal Industry

The potential for developing the halal industry in Indonesia is supported by several factors, one of which is that the majority of Indonesia's population is Muslim. Halal is an obligation for Muslims taught in Islam. Consuming and using halal products is legally mandatory. However, halal is not only a religious teaching but a teaching that can become a commodity. In fact, halal can be applied to all people, both Muslims and non-Muslims. Many countries with non-Muslim populations apply halal products, such as Thailand, Singapore, the United States, Australia, Japan, South Korea, and so on. Of course, making the term "Halal" a commodity has added value to a product. Demand for the halal industry is increasing every year. The scope of the halal industry is very broad because everything related to halal has an attraction, not only food and drink but also halal fashion, halal pharmacy, halal medicine, halal tourism, halal logistics, halal transportation, halal lifestyle, and other economic sectors.

The halal industry can be a means of utilizing productive zakat funds by focusing on economic programs that can have a positive impact on Mustahik. The BAZNAS economic program which consists of three categories, namely rural economic programs, urban economic programs, and product optimization and marketing programs can be developed to cover more of the scope of the halal industry such as halal fashion, halal cosmetics, halal medicines, halal tourism, halal logistics. , halal transportation, halal lifestyle, and so on. Utilization of zakat funds in the halal industry refers to the use of zakat funds to support and develop businesses that comply with halal principles in Islam. Zakat itself is one of the five pillars of Islam and is an obligation for Muslims who can give part of their wealth to those in need.

Utilizing productive zakat funds in the halal industry can be done in several ways, namely the first is the development of Halal Mustahik products. So far, the products used in the BAZNAS economic program are still generally available, especially ZMart which sells various grocery products, so there is a need for innovation in making and developing Halal Mustahik products. Second, there is halal certification assistance for ZCoffee products which has become a product optimization and marketing program. If it is certified halal, ZCoffee products can have a positive impact in ensuring the halalness of a product. Apart from that, BAZNAS also needs to develop other products besides ZCoffee that can improve Mustahik's economy, such as ZSusu, ZSnack, ZTeh, ZJus, and other products that can be developed to empower Mustahik. Third is the existence of sustainable halal economic training and empowerment. In this case, the livestock center does not only stop at animal husbandry but can continue with processing, slaughtering, animal slaughterhouses (RPH), distribution, and retail businesses. This can have a positive impact on the sustainability of Mustahik's business. Fourth is the existence of education and research in the Mustahik halal industry. Education is very necessary to strengthen Mustahik's human resource competencies. Research also has an important role in analyzing opportunities and potential that can be applied to empowering the Mustahik economy. Fifth is to encourage export expansion for Mustahik halal products so that they can compete both globally and internationally.

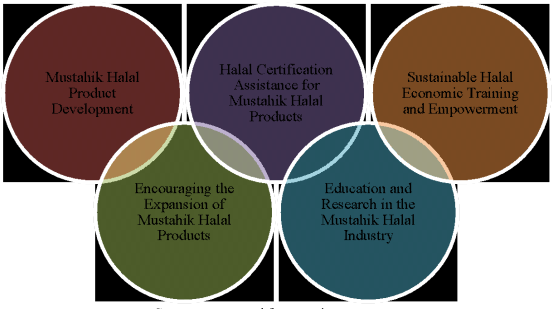


Figure 2, Productive Utilization of Zakat Funds in the Halal Industry

Utilization does not stop at existing economic programs but continues to develop and innovate in empowering productive zakat funds for Mustahik. Utilizing zakat funds can also help alleviate poverty and improve the overall welfare of Muslims. The aim of utilizing zakat funds is to encourage Mustahik to be able to have economic independence. Utilization of zakat funds can also be realized in the form of business development in the halal industry. With this utilization, understanding and awareness will be created and will shape the attitudes and behavior of individuals and groups toward independence. Thus, empowerment is an effort to strengthen the social and economic position to strengthen the abilities of the people through aid funds which generally take the form of zakat funds for productive businesses, so that mustahiq can increase their welfare and income (Shaikh & Ismail, 2017).

Halal Industrial Ecosystem in Supporting Productive Utilization of Zakat Funds

To support the increasing number of halal certifications in Indonesia, of course, there must be a halal ecosystem in Indonesia consisting of regulators, business actors, educational institutions, and the community (Utomo et al., 2020). The halal ecosystem in Indonesia started with public awareness to increase self-protection from haram products. The halal ecosystem in Indonesia is also supported by the government by making regulations in the form of laws, government regulations, ministerial regulations, ministerial decrees, decisions of the head of BPJPH, and regional government regulations in the form of Governor's regulations, and the like (Ariny, 2020). The halal ecosystem in Indonesia is also supported by the establishment of the BPJPH institution which is tasked with carrying out halal certification in Indonesia (Lynarbi et al., 2020). Abdul Rachman in his research Synergy and Collaboration Between Government and Private Institutions in Building Halal Ecosystems in Indonesia explains that the halal industrial ecosystem in Indonesia consists of regulators, business actors, educational institutions, and the community (Rachman & Sangare, 2023). The halal industrial ecosystem referred to in Abdul Rachman's research is in the institutional sector. BAZNAS in utilizing productive zakat funds can carry out institutional collaboration and synergy by entering the halal industry ecosystem. This can make BAZNAS' steps easier as a non-structural government institution that participates in creating Indonesia as the Qibla of the World Halal Industry in 2024.

This is different from the halal industrial ecosystem from the perspective of the Bank Indonesia Halal Industrial Ecosystem Book. The halal industrial ecosystem referred to in the book is more of a product and service sector that can be utilized by anyone and any institution to take part in developing halal products in the form of goods and services. According to Bank Indonesia, the definition of a halal ecosystem is a system of relationships formed by inseparable reciprocal relationships between one halal production activity and other halal production activities that form a halal environment. This ecosystem must also be able to connect all core and supporting components of the halal industry from upstream to downstream. The halal industrial ecosystem referred to by Bank Indonesia based on the Halal Industrial Ecosystem Book includes the production of goods and services and can include infrastructure, government, and people. This halal industrial ecosystem illustrates that there is a lot of potential born from the halal industry which is currently experiencing rapid development in Indonesia and internationally.



Figure 3. Indonesia's Halal Industria Ecosystem. Source: Law 33 of 2014 and PP 31 of 2019

Interconnection of Halal Industry Regulations and Policies in Indonesia with the Zakat Sector

The development of the halal industry in Indonesia is supported by government regulations and policies (Rachman & Makkarateng, 2021). One of the regulations is the Halal Product Guarantee (JPH) law number 33 of 2014 which explains that all goods and/or services related to food, drinks, medicines, cosmetics, chemical products, biological products, genetically engineered products, as well as Used goods that are worn, utilized or utilized by the public must be halal certified (Abdul & Khokhar, 2023). With this regulation, the Indonesian government provides guarantees for the Muslim community as an obligation and human right to consume halal products (Rachman, 2020). This regulation also becomes the legal basis for investors in developing the halal industry in Indonesia. This law was amended with Law Number 6 of 2023 concerning the Determination of Government Regulations instead of Law Number 2 of 2022 concerning Job Creation into Law. In the Job Creation Law, the government stipulates rules and policies that have positive implications such as accelerating halal certification services, facilitating halal certification financing for MSEs, legal certainty, and encouraging the development of the halal ecosystem in Indonesia.

Other regulations relating to the halal industry in Indonesia are Presidential Regulation Number 83 of 2015 concerning the Ministry of Religion, Government Regulation Number 31 of 2019, Minister of Religion Regulation (PMA) Number 42 of 2016 concerning the Organization and Work Procedures of the Ministry of Religion, Minister of Religion Regulation (PMA) Number 39 of 2018 concerning BPJPH Financial Management, Decree of the Minister of Finance Number 3/KMK.05/2019 concerning the Determination of BPJPH at the Ministry of Religion as a Government Agency that Implements the BLU Financial Management Pattern, Minister of Religion Regulation Number 26 of 2019 concerning Implementation of JPH and other regulations. Halal industry regulations and policies are proof of the government's seriousness in accelerating the growth of the halal industry in Indonesia. Another government policy that is still related to the halal industry is providing a free halal certification program (SEHATI) for MSMEs with the Self Declare scheme. This program is very helpful in increasing the number of MSME products that are halal-certified (Hosanna & Nugroho, 2018). Government regulations and policies provide opportunities for the community to participate in establishing a Halal Inspection Institution (LPH), preparing Halal Auditors, Halal Supervisors, LP3H, and P3H, and supervising the implementation of Halal product guarantees in Indonesia (Rachman & Sangare, 2023).

Regulations and policies for the development of the halal industry in Indonesia are an opportunity for Amil Zakat Institutions such as BAZNAS to participate in the development of the halal industry in Indonesia by their main tasks, namely empowering Mustahik. BAZNAS can innovate in economic and other programs by interconnecting productive zakat funds or other zakat funds in developing the halal industry, especially Mustahik's halal products. Even Irfan

Syauqi Beik, an observer of Sharia economics, explained that zakat funds can be used to develop halal industries in Indonesia, such as developing micro businesses for the poor, Mustahik who have businesses and can be developed through productive zakat funds. (https://khazanah.republika.co.id/, 2019). This is one of the creative and innovative ideas for how productive zakat funds can be connected to the halal industry. By interconnecting zakat funds with the halal industry, Mustahik micro businesses can become muzaki micro businesses. Interconnection can also be carried out by encouraging BAZNAS for Mustahik to access Sharia banking products and services so that it can be more optimal in empowering Mustahik.

Productive Zakat Interconnection in Supporting the Growth of the Halal Industry

The interconnection of productive zakat with the halal industry in Indonesia has a significant impact on various economic and social aspects. Through productive zakat, MSMEs in the halal industry can receive capital and financial support to develop halal products. This helps Mustahik to expand operations, improve product quality, and compete in the market better. Productive zakat can be used for investment in technological development and innovation in the halal industry, such as the internet of things (IoT), artificial intelligence (AI), robotics, big data, cloud computing, halal laboratories by involving Mustahik in the halal industry (Nambisan et al., 2019). Business opportunities in the halal industrial sector can be exploited by Mustahik because based on data from the Indonesian Internet Service Providers Association (APJII) there are 143.26 million internet users in Indonesia and 80 percent of them use the internet via smartphone. (Kurniawati et al., 2021). In this way, the empowerment of Mustahik carried out by BAZNAS can be carried out optimally and sustainably. This can improve the quality of Mustahik's halal products, meet national and international standards, and increase the competitiveness of Indonesian products in the global market while still paying attention to developments in the halal industry.

Productive zakat interconnection can help create balance in the sharia financial ecosystem in Indonesia. Providing funding sources for businesses that comply with Islamic principles, can strengthen the stability and growth of the sharia financial sector. Through productive zakat interconnection, the government can play an active role in supporting the halal industry. This creates a conducive framework for the growth of the industry, including supportive policies and incentives for industry players. With productive zakat interconnection, Indonesia has the potential to become a major player in the halal industry at the global level so that President Joko Widodo's plan of Indonesia as the Center for the World Halal Industry can be achieved.

With support from productive zakat, the growth of the halal industry in Indonesia can create new jobs. Especially in the MSME sector, this provides job opportunities for people in need. By increasing the quality and competitiveness of halal products, productive zakat interconnection can help the Indonesian halal industry to enter the global market. This has the potential to increase exports of halal products and contribute to the country's foreign exchange earnings. The productive zakat program can increase public awareness of the importance of the halal industry. This can also educate the public about productive zakat management and its positive impact on economic development. Productive zakat can be an instrument for alleviating poverty by providing capital assistance and training to community groups in need. This will create economic opportunities and improve people's living standards. Therefore, productive zakat interconnection in

supporting the growth of the halal industry is very necessary to be able to take advantage of the opportunities that exist in the halal industry while still involving zakat stakeholders and the halal industry in Indonesia.

CONCLUSION AND RECOMMENDATION

The development of the halal industry in Indonesia is very significant because it is supported by regulations, government policies, and the demographics of the Indonesian population which is dominated by Muslims. The halal industry can also be a means of utilizing productive zakat funds by focusing on economic programs that can have a positive impact on Mustahik. Productive zakat funds can be used to develop the halal industry in Indonesia, such as developing micro businesses for the poor, and Mustahik who have businesses and can be developed through productive zakat funds. Therefore, it is necessary to interconnect productive zakat with the halal industry in Indonesia which has a significant impact on various economic and social aspects. Good interconnection between productive zakat management and the development of the Mustahik halal industry is very important to achieve inclusive and sustainable economic growth in Indonesia. Development of productive zakat fund investment in halal products owned by Mustahik can be done by taking advantage of opportunities in the halal industry so that Mustahik empowerment can be carried out optimally and sustainably. Productive zakat interconnection is also carried out between government institutions, halal industry players, sharia financial institutions, zakat amil institutions, and other stakeholders in creating a halal industrial ecosystem by utilizing productive zakat for Mustahik involved in the halal industry in Indonesia.

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