

# The Management of Productive Zakat in Indonesia: The Case of Baznas' Economic Empowerment Program

Muhammad Nadratuzzaman Hosen<sup>1\*</sup>, Rahmat Hidayat<sup>2</sup>,  
Nur Hidayah<sup>3</sup>, Fitriyani Lathifah<sup>4</sup>

<sup>1,2,3</sup>Universitas Islam Negeri Syarif Hidayatullah, Indonesia

<sup>4</sup>Institut Ilmu Al-Quran, Indonesia

E-mail: <sup>1</sup>[nadratuzzaman@uinjkt.ac.id](mailto:nadratuzzaman@uinjkt.ac.id), <sup>2</sup>[rahmathidayat@uinjkt.ac.id](mailto:rahmathidayat@uinjkt.ac.id),

<sup>3</sup>[nurhidayah@uinjkt.ac.id](mailto:nurhidayah@uinjkt.ac.id), <sup>4</sup>[fitriyani@iiq.ac.id](mailto:fitriyani@iiq.ac.id)

\*Corresponding author

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## ABSTRACT

**Research Originality:** This study contributes to the gap in the literature on the empowerment process in measuring the success history of zakat management.

**Research Objectives:** This research aims to measure the factors influencing the improvement of *Mustahik's welfare through a* mediating variable, namely, the empowerment process.

**Research Methods:** This research uses mixed-method analysis through quantitative and qualitative approaches. Quantitative approach using SEM-PLS.

**Empirical Results:** The study's findings show that the empowerment process is a mediating variable capable of providing more substantial value and a favorable influence on Mustahik welfare, depending on input factors such as zakat funds and mentorship at the individual, organizational, and community levels. Meanwhile, the Z-Chicken initiative had no substantial positive influence on Mustahik's welfare.

**Implications:** The study's findings indicate the necessity of assessing Baznas' management of distribution programs to improve the empowerment process, primarily via the community empowerment method.

## Keywords:

empowerment; mustahik welfare; maqashid shariah; productive zakat; sustainable

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## INTRODUCTION

Currently, the rate of poverty in Indonesia stands at 9.36 percent. In other words, 25.90 million members of Indonesian society still fall into the poverty category (BPS, 2023). The number of individuals living in poverty remains relatively high. According to BPS, poverty includes individuals with an income of approximately IDR 550,458 per month. In response to the poverty rate, Baznas, a zakat amil institution with a vision for enhancing the welfare of the people, plays a crucial role in reducing the poverty rate in Indonesia.

Furthermore, given the complexity of today's societal problems, several opinions suggest that zakat could be managed productively. The productive zakat program is a result of contemporary studies aimed at addressing the issue of poverty. Therefore, the zakat management prioritizes sustainability, transforming *mustahik* into *muzaki* through productive zakat. Baznas decided on ten income categories (10 deciles). The step of moving out of *mustahik* to *muzaki* started in society in the poverty category (IDR. 0-1.5 million/first decile), society in the low-and non-fixed income rate category (IDR 1.5-3.4 million/2nd-4th decile), society in the low and fixed-income rate category (IDR 3.4-8.1 million/5-8th decile), and society in the high-income rate category (IDR 8.1- >12.7 million/9-10th decile) for a family/a month.

Numerous research studies have assessed the effectiveness of managing productive zakat, emphasizing optimizing the transition from *mustahik* to *muzaki*. The productive zakat program has significantly influenced monetization (Restuningsih & Wibowo, 2019; Hosen et al., 2023; Hidayat, 2023) and spirituality (Beik & Arsyanti, 2015; Hosen et al., 2023; Hidayat, 2023) for its *mustahik* both prior to and following the program, yet it has not effectively transformed *mustahik* into *muzaki*. The execution of the productive Zakat program has not resulted in substantial improvements in *Mustahik* welfare due to the misalignment between the program and market demands (Restuningsih & Wibowo, 2019), and the empowerment process remains suboptimal (Restuningsih & Wibowo, 2019; Hosen et al., 2023).

Consequently, both external and internal factors hindered the effective management of productive zakat, including climatic conditions, business location, entrepreneurial motivation, individual moral hazard in the administration of productive zakat funds, and the inclination for immediate results (Nazara et al., 2022). Moreover, the underlying problems of zakat institutions encompass an underdeveloped program planning process, insufficient supporting human resources, and the lack of a suitable program success measuring method, all of which impede the efficient usage of zakat funds.

Several studies have also measured the effectiveness of productive zakat programs and their impact using the CIBEST model construction, which has been developed by Beik and Arsyanti since 2014 (Beik & Arsyanti, 2015; Beik & Arsyanti, 2016; Beik & Pratama, 2017; Hidayat, 2023; Widana & Hakim, 2023) and the National Zakat Index which developed by Baznas in 2016 (Puskas, 2016; Bastiar & Bahri, 2019). However, the performance index of the amil institution will show good performance if the

performance of the empowerment process is carried out optimally. If the empowerment process is carried out optimally, the performance of zakat distribution will automatically be good because it can reduce significant poverty levels. So, the important key to getting maximum distribution performance for the Zakat productive program is the empowerment process.

In terms of empowerment in the context of BAZNAS, economic utilization usually provides business capital to certain businesses with *Mustahik* so that they can manage their businesses and be independent. Article 27 of Law No. 23 of 2011 states that zakat can be used for productive businesses to handle people with low incomes and improve the quality of life of the people. Zakat empowerment is an effort to change the status of *mustahik* into *muzaki*. The effectiveness of zakat distribution can be reached by integrating the role of empowerment and optimal social capital to build an economic community.

According to Pailis et al. (2016) and Setyudin (2023), expanding the economic independence program with empowerment is necessary to achieve the goals of the Moving Out Mustahik (MoM). This hypothesis suggests that the welfare of Mustahik will significantly improve if the zakat empowerment and business assistance programs positively influence their business growth (Widiastuti, 2021; Mawardi et al., 2022). The results of an effective mentoring process and careful planning will be seen in the long term, which can be seen in one of the factors, namely through an increase in *mustahik* business income, *mustahik* fixed income, and significant *mustahik* business development (Anwar, 2018; Widiastuti, 2021).

Zimmerman (2000) asserted that we can view empowerment theory through multi-level analysis. The management process divides the empowerment mechanism into people, organizations, and communities. Habib (2021) proposes dividing the empowerment theory into two focuses: the empowerment process and the results. People carry out the empowerment process to gain control, obtain necessary resources, and critically understand their social environment. Generally, community empowerment targets vulnerable and weak community groups, empowering them to meet their basic needs. Beyond meeting basic needs, the community should also be able to access productive sources that can boost their income and procure essential goods and services of high quality.

In the empowerment process, *altruistic value* is built from social capital. This social capital serves as the foundation for enhancing the economic strength and independence of the community. Social capital is associated with a group of individuals, group cultures, and institutions governed by policies, procedures, and precedents. In social capital, there is also cognitive capital, which consists of shared norms, values, habits, and beliefs as a reciprocal process between individuals (Jahar et al., 2024).

The productive zakat program implements zakat, segmenting it into eight beneficiary groups (*mustahik*). The application of the values contained in zakat social capital is empowered through productive programs through the empowerment process and

accompanied by a companion as an individual who controls the policy of implementing social capital. Vulnerable groups typically manage social capital, necessitating the application of cognitive aspects during the empowerment process to build the zakat economy effectively.

Furthermore, the effectiveness of MoM, *maqashid sharia* bridges the spiritual dimension in all aspects of the economy. Zakat can corrode the rich's greed and avarice for their own money. Zakat can purify the soul of the individual who does it of stinginess. Zakat can provide goodness and multiply the wealth issued by the muzaki (blessings/barakah). Zakat can benefit people in need on a social and economic level; it inhibits the accumulation of riches in a few persons, resulting in wealth inequality. Zakat includes two fundamental elements from an economic standpoint, namely, fair growth and a sharing mechanism.

Beik and Arsyanti (2015b) have given the view that *mustahik* welfare must be included in economic and spiritual welfare. Conceptually, Rozalinda (2018) argues that zakat has three main dimensions, namely the personal spiritual dimension, the social dimension, and the economic dimension. Furthermore, Zakaria (2014), Zakaria and Mohammad (2019), and Widiastuti et al. (2021) show that the concept of zakat in transforming *mustahik* welfare is in line with the concept of *maqashid sharia* of Imam As-Syatibi. The five elements of *maqashid sharia* positively impact the effectiveness of distributing zakat funds from the perspective of religiosity/spiritual understanding, soul, intellect, lineage, and property. The study of Zakaria (2014) is still relevant, showing that the management of productive zakat should not be seen only in a partial economic way but holistically through the aspect of *maqashid sharia*, namely, preservation of religion, preservation of soul, preservation of intellect, preservation of lineage and preservation of property. The emphasis on the five elements of human needs is expected to contribute to reducing poverty at the regional and national levels due to *maslahah* or guide to sound and benefit (Zakaria, 2014; Widiastuti, 2021).

The object of this research is Z-Chicken. Z-Chicken is one of the innovative zakat productive programs for *mustahik* in urban areas that has been running since 2018 and has become a flagship program initiated by the Central Baznas to enhance *mustahik* welfare, especially in urban areas. The previous study analyzed the Z-Chicken program, namely, Setyudin (2023) in South Tangerang focused on analyzing the welfare of the community and recommended the strength of the empowerment program. Fatchurrohman and Asifa (2023) focused on analyzing the economic empowerment program for *mustahik* due to development program of Z-Chicken. Putri and Hanifah (2024) focused on analyzing the welfare of *mustahik* in Central Java Province and Bojonegoro. Ahmad et al. (2024) focused on strategies for empowering *Mustahik* Z-Chicken. Maulina et al. (2023) focused on empowering *Mustahik* in Semarang City. These studies employed a qualitative approach to analyze the Z-Chicken program and discovered that its execution is highly beneficial in boosting *Mustahik's* economic change. *Mustahik* receives zakat funds and economic development help through this program.

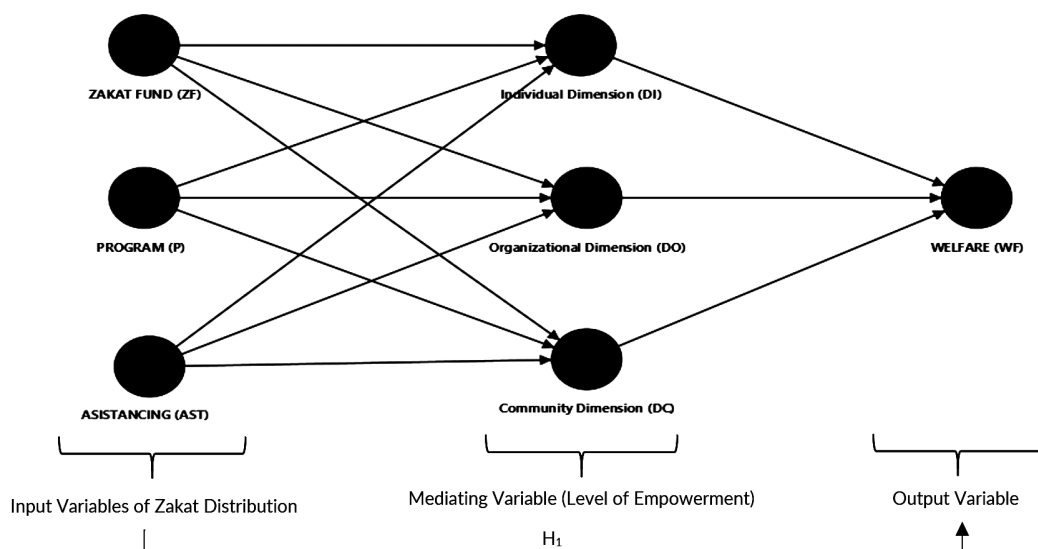
According to management system theory, utilizing productive zakat is expected to have an effective impact if it has good planning and implementation. The concept of productive zakat begins by examining the causes of poverty, lack of working capital, and lack of employment. So, planning is needed according to the cause so that the implementation will be more effective and, in the long term, will provide a steady income. There is *mustahik* through increasing and developing the business. Finally, this research suspected the un-effectiveness of the distribution of productive zakat programs because the empowerment program is still running partially (Pailis et al., 2016; Setyudin, 2023; Hosen et al., 2023).

This study will complement previous research, which has shown that empowerment is key to the effectiveness of the productive zakat program (Pailis et al., 2016; Setyudin, 2023; Hosen et al., 2023; Setyudin, 2023). This research will study the gap between the method and the empowerment model. So, this research aims to measure the impact of input variables of the Zakat productive program in enhancing *mustahik* welfare through empowerment as a mediating variable to improve MoM effectiveness.

## METHODS

The object of this research is the Z-Chicken program, which the Central Baznas manage in the Greater Jakarta area. Data of Z-Chicken beneficiaries were collected through purposive sampling techniques. The respondents' criteria are as follows: 1) the respondent is a *mustahik* of the Z Chicken Baznas program, and 2) the business has been running for at least 3 months. This research collected 79 data of Z-Chicken beneficiaries. The measurement of *mustahik* welfare as a result of the Z-Chicken program utilizes three layers of management system approaches: input variables, process variables, and program outputs. Figure 1 depicts the research framework.

Figure 1. Framework of the Research



**Table 1. Research Variables and Indicators**

Variable	Indicator	Code
Dana Zakat (ZF)	Amount of funds	ZF1
	Adequacy of funds	ZF2
	Allocation of funds	ZF3
Program (P)	Z-Chicken	P1
Assistance (AST)	Religiosity	AST1
	Business development community	AST2
	Training of business skills	AST3
	Reach to market access	AST4
	Reach to the other capital access	AST5
	Mentoring of business development	AST6
Individual Empowerment (DI)	Commitment to learning the Qur'an	DI1
	Commitment to perform the 5 times daily prayers	DI2
	Fasting behavior	DI3
	ZIS behavior	DI4
	Covering the intimate part of body	DI5
	Health allocations	DI6
	Health insurance	DI7
	Business development information	DI8
	Business training	DI9
	Business diversification	DI10
	Fulfillment of primary needs	DI11
	Spirit of helping each other	DI12
	Sharing experiences	DI13
Organizational Empowerment (DO)	Understanding of sharia business practices	DO1
	Applied of sharia contracts	DO2
	Access to other capital	DO3
	Market channel information network	DO4
	Supply chain system development	DO5
	Commitment to business continuity and quality	DO6
	Business savings ownership	DO7
	Employee health insurance	DO8
	Issuing zakat on business results	DO9
	Business development training	DO10
	Business license management (PIRT, etc.)	DO11
	Sharing ability	DO12

Variable	Indicator	Code
Community Empowerment (DC)	Ability to network with the business community	DC1
	Joint decision-making	DC2
	Ability to influence good attitude	DC3
	Participation in community activities	DC4
	The spirit of mutual bearing	DC5
	Leadership	DC6
	Active in community activities	DC7
	Other halal capital relations	DC8
	Informal business training relations between communities	DC9
Welfare (WF)	Quality of Worship (preservation of religion)	WF1
	Health (preservation of soul)	WF2
	Education (preservation of intellect)	WF3
	Social Humanities ((preservation of lineage)	WF4
	Assets/Income (preservation of property)	WF5

Source: Previous research (2022)

The input variable consists of three variables: zakat funding, zakat program, and mentoring. The process variable consists of three variables: the empowerment process for individuals, the organizational empowerment process, and the community empowerment process. The study's output variable is the *mustahik* welfare of the Z-Chicken program. Furthermore, the variables arranged are derived from measurement indicators (Table 1). The research employed a triangulation mixed-method design incorporating qualitative and quantitative components. Using a descriptive analysis approach, we conducted a qualitative analysis based on the results of open interviews. In the meantime, we analyzed quantitative data using processing techniques and the Structural Equation Modelling Partial Least Square (SEM-PLS) method.

The SEM-PLS method estimates partial model structures using ordinary least square regression and principal components analysis (Hair et al., 2018). The power of SEM PLS is quite helpful for explanatory research that examines less-developed or still-developing theories (Hair et al., 2018). Furthermore, we extract an average value to assess convergent validity in each construct measure. Moreover, the last test is the *heterotrait-monotrait* (HTMT) test. The HTMT assesses the primary correlations between items in different constructs, comparing them to the average correlations for the items measured in the same construct (Henseller et al., 2015).

## RESULTS AND DISCUSSION

The survey results indicate that 58.2% of Z-Chicken beneficiaries are male, and 41.8% are women. *Mustahik* in this program is dominated by high school graduates/equivalent with a percentage of 54.4% and in the age category of 36-45 years old. After

participating in this program, Mustahik's income falls into the decile category of 6 or 4.1 - 5 million rupiah/month (gross), accounting for 21.52% of the total. 51.90% of the mustahik in the Z-Chicken program are those who have never managed a small business. Most mustahik have an occupation in managed small enterprise Z-Chicken as the main *mustahik* business after participating in the productive zakat program. The map reveals that the majority of mustahik reside in North Jakarta (31.60 percent), West Jakarta (30.40 percent), Tangerang Regency (22.80 percent), East Jakarta (10.10 percent), and South Tangerang City (5.10 percent).

Table 2 explains that the Z Chicken program is indeed a flagship empowerment program for poor society segmented in urban areas. The program's objective is to empower Mustahik and enhance their welfare level. The characteristics of Mustahik, whom Baznas can assist and finance in productive business programs, align with the poverty alleviation calculation standard (Z-Chicken Impact Assessment). Amil's strategy for raising Mustahik's living standards is a mentoring process. Mentoring is the key to MoM's success. Saini (2016) argued that the mustahik category in productive zakat requires unique criteria, including the mustahik's ability and potential to develop a business and their energy to work. With the demands of urban living costs, a person's income must be at least in the fourth decile to support a nuclear family, indicating that they have adequate living conditions economically.

Baznas implements the productive zakat program by providing three input factors: zakat funds, programs, and mustahik assistance. These input factors include capital goods, training, and cash. Additionally, Z Chicken maintains its supply chain flow to ensure the quality of its products from producers to consumers. The suppliers deliver chicken to stock points following Mustahik's orders. The Stock Point is a standardized distribution center that manages chicken orders from Z-Chicken partners. Each partner gets a supply of chicken from stock points. Additionally, partners purchase chicken from stock points, reprocess it into crispy chicken, and then sell it to their customers. The selling price of crispy chicken ranges from IDR 7,000 to 23,000, adjusted for packaged and non-packaged menus.

Mustahik has not been fully effective in the implementation of Z-Chicken business management. As Mustahik's business capital for managing Z-Chicken, Baznas distributed money and assets in IDR of 9 million. Productive zakat recipients must fulfill at least three conditions, namely (1) have a productive business, (2) be willing to accept assistance, and (3) be willing to submit periodic business reports every six months (Anwar, 2018). The criteria for determining mustahik do not follow the standards for mustahik recipients mentioned by Anwar (2018). So 69.62% of mustahik depend on their daily needs from the proceeds from managing the Z-Chicken business. Achieving MoM goals will not be easy if maximum assistance is not provided. Many mustahik are still confused about stock and display, sales quantity targets, and limited market access. Furthermore, some *mustahik* complained about the distance between partners and stock points, which caused high costs. However, there are also *Mustahik* who have managed their business very well and have even been able to transform into muzaki. The sales strategies carried out by *Mustahik* include supporting technology and information networks, namely, WhatsApp, Instagram, and the online market in Gojek/Grab Food/Shopee Food Apps.



Table 2. Demographics of Respondents

	Criterion	Frequency	Percentage
Gender	Male	46	58.2
	Female	33	41.8
Education	Elementary School/Equivalent	4	5.10
	Junior High School/Equivalent	9	11.40
	High School/Equivalent	43	54.4
	Diploma	12	15.2
	Undergraduate or Postgraduate	11	13.9
Age	18-35	15	19.0
	36-45	37	46.8
	46-55	19	24.1
	56-65	7	8.90
	> 65	1	1.3
Revenue/month	0 - 1.5 million -D1	2	2.53
	1.5 - 2.2 million -D2	16	20.25
	2.2-2.8 million - D3	6	7.59
	2.8 - 3.4 million - D4	4	5.06
	3.4 - 4.1 million - D5	9	11.39
	4.1 - 5.0 million - D6	17	21.52
	5.0-6.2 million - D7	8	10.13
	6.2 -8.1 million - D8	10	12.66
	8.1 - 12.7 million - D9	3	3.0
	>12.7 million - D10	4	5.06
Business Experience (years)	Never	41	51.90
	1-3	18	22.78
	4-7	12	15.19
	9-12	3	3.80
	>12	5	6.33
Occupation	Teacher	4	5.06
	Freelance	5	6.33
	Small Enterprise	55	69.62
	Private officer	4	5.06
	Driver	2	2.53
	Online services	2	2.53
	Housewife	1	1.27
	Other	6	7.59
Location	East Jakarta	8	10.10
	West Jakarta	24	30.40
	North Jakarta	25	31.60
	Tangerang Regency	18	22.80
	South Tangerang City	4	5.10

Source: Primary Data, processed (2024)

Table 3 shows the identification of *mustahik* in accessing financial institutions. The results showed that 29.1 percent of *mustahik* already had a previous relationship with a financial institution, of which 5.1 percent of the total *mustahik* respondents had access to institutional finance for additional capital. The remaining 94.90 percent are *mustahik* who only have savings accounts. Some of the financial institutions used are Bank Rakyat Indonesia (BRI), Bank Central Asia (BCA), Bank Mandiri, Bank DKI, Bank Negara Indonesia (BNI), Bank Syariah Indonesia (BSI), Bank Artha Graha, CIMB Niaga, and Bank Mekar.

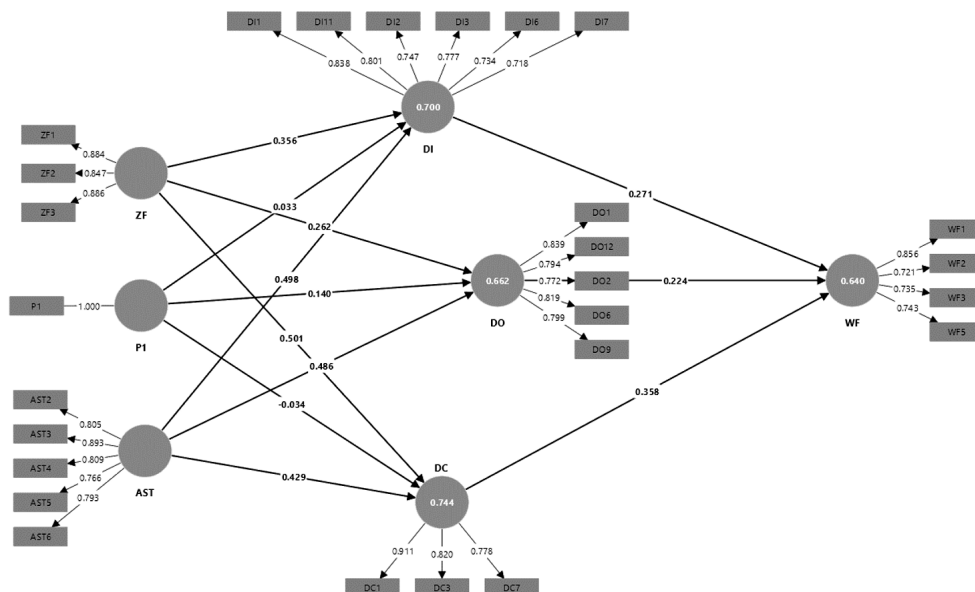
Table 3. Access Financial Institutions

Criterion	Frequency	Percentage
<b>Relationship with Financial Institutions</b>		
Already	23	29.10
No	56	70.90
<b>Access to Financing at Financial Institutions</b>		
Already	4	5.10
No	75	94.90

Source: Primary Data, processed (2024)

This research excluded 22 indicators because the outer loading value showed a number below 0.6 (Hair et al. 2019), namely AST1, DI4, DI5, DI8, DI9, DI10, DI12, DI13, DO3, DO4, DO5, DO7, DO8, DO10, DO11, DC2, DC4, DC5, DC6, DC8, DC9, and WF4. Those indicators still not been able to reflect the implementation of Z-Chicken, right now. In general, the indicators that can be reflected in supporting the welfare of *mustahik* currently still focus on material changes (*hifdz maal*). Furthermore, awareness of maintaining aspects of spirituality has become the foundation built by the *mustahik* in this research.

Figure 3. Outer Model Process Input and Program Output Z-Chicken Baznas



The input variable (Table 4) shows that the zakat fund variable can be reflected by the indicator of the amount of funds allocated for the program, the value of fund adequacy, and the use of funds for business programs. The Z-Chicken program's variables are reflected, and Mustahik utilizes them. Indicators of business community mentoring, training, market access reach, access to other capital, and business monitoring can reflect the mentoring variable (AST).

Table 4. Instrument Validity and Reliability Test

Variable	Code	Convergence of Validity		Internal Consistency		Discriminant Validity	
		Loading Factor	AVE	Cronbach Alfa	CR	Cross Loading	HTM
		> 0.6	> 0.5	0.6-0.90	0.6-0.90	CL > Other Constructs	< 1.0
Dana Zakat (ZF)	ZF1	0.884				Yes	
	ZF2	0.847	0.762	0.844	0.849	Yes	Yes
	ZF3	0.886				Yes	
Program (P)	P1	1.000	NaN	NaN	NaN	NaN	NaN
Assistance (AST)	AST2	0.805				Yes	
	AST3	0.893				Yes	
	AST4	0.809	0.663	0.872	0.874	Yes	Yes
	AST5	0.766				Yes	
	AST6	0.793				Yes	
Individual Level of Empowerment (DI)	DI1	0.838				Yes	
	DI2	0.747				Yes	
	DI3	0.777	0.593	0.862	0.863	Yes	Yes
	DI6	0.734				Yes	
	DI7	0.718				Yes	
Organizational Level of Empowerment (DO)	DI11	0.801				Yes	
	DO1	0.839				Yes	
	DO2	0.772				Yes	
	DO6	0.819	0.648	0.864	0.870	Yes	No support
	DO9	0.799				Yes	
Community-level of empowerment (DC)	DO12	0.794				Yes	
	DC1	0.911				Yes	
	DC3	0.820	0.703	0.788	0.822	Yes	Yes
	DC7	0.778				Yes	
Welfare (WF)	WF1	0.856				Yes	
	WF2	0.721				Yes	
	WF3	0.735	0.568	0.765	0.788	Yes	Yes
	WF5	0.743				Yes	

Source: Primary Data, processed (2024)

The mediating variable reflects individual empowerment through *mustahik* indicators such as learning the Qur'an, adhering to five daily prayers, fasting, allocating personal health funds, owning fitness insurance (BPJS or similar), and meeting primary, secondary, and tertiary needs. The organization's differentiation can be reflected by the *mustahik* understanding of business practices following sharia, the implementation of sharia contracts, the commitment to maintain business continuity and quality, the implementation of ZIS for businesses, and the ability to share for their businesses. Indicators of inter-community networking skills, the ability to influence good behavior, and *Mustahik's* active participation in community activities reflect community-level empowerment.

The "Baznas" label effectively raises *Mustahik's* awareness of the social impact of their programs. Even though the *mustahik* do not fully understand the goals of the MoM of the Z-Chiken program, awareness of the commitment to the preservation of religion or spiritual change and the preservation of the soul. In particular, can reflect the empowerment effect on the individual level so that it has an impact on improving the welfare of the *mustahik*. Beik and Arsyianti's (2015) also found that spiritual transformation plays a crucial role in assessing the effectiveness of the zakat distribution program on a micro level.

Furthermore, empowerment at the organizational level better reflects the combination of Maqashid Sharia's achievements in terms of economic and spiritual preservation. Meanwhile, at the community level, they can reflect on social preservation as social capital in achieving other welfare aspects. This study reinforces study by Zakaria (2014), Zakaria and Mohammad (2019), and Widiastuti et al. (2021), which suggest that maqashid sharia can serve as a bridge to achieve *mustahik* welfare. This research provides novelty by emphasizing the mawashi sharia aspect of the empowerment process, which does not just focus on the program's results. Finally, combining the empowerment process, the maqashid sharia approach, and social capital has a bigger effect on the well-being of *Mustahik* in terms of keeping the quality of their worship high, keeping them healthy, keeping them smart and educated, and protecting their assets by making the business they run more profitable. Validity and reliability tests measure reflections that accurately explain each indicator variable.

Input variables influence the empowerment process at the individual level by 68.8%, the empowerment process at the organizational level by 64.9%, and the empowerment process at the community level by 73.4%. Furthermore, the empowerment process influenced *Mustahik's* welfare by 62.6%. These findings show that the contribution of variable inputs through the zakat empowerment program can significantly increase *mustahik* welfare.

Assistance to the three categories of *mustahik* empowerment had a moderate size effect. The impact of empowerment on welfare is relatively moderate. Programs on empowerment have a weak side effect. Finally, the impact of zakat funds on empowerment is weak in the organizational empowerment dimension but moderate in the individual and community empowerment dimensions. These findings indicate that the first input factor, assistance through empowerment, plays a significant role in achieving *mustahik*

welfare. In contrast, the second input factor is the amount of funds managed through the empowerment process.

Table 5. Coefficients of Determination

Variable	R-square	R-square adjusted	f-square				Q2
			DI	DO	DC	WF	
DI	0.700	0.688				0.069	
DO	0.662	0.649				0.032	
DC	0.744	0.734				0.072	
WF	0.640	0.626					0.914
AST			0.276	0.234	0.241		
P			0.002	0.031	0.003		
ZF			0.121	0.058	0.28		

Source: Primary data. processed (2024)

This finding shows that Mustahik also does not fully understand the aims of the productive zakat program, especially Z-Chicken. This result can be seen from the effect size, which shows the average numbers in the low to moderate category. More significant assistance is needed so that a significant level of increase in Mustahik's welfare is truly established. These results are also reinforced by research from 2016-2023 showing that the MoM program has not demonstrated effective management despite its positive impact from mustahik changes (Widiastuti, 2021; Mawardi et al., 2022).

The input variable, in the form of a program, has not significantly influenced this research. This finding suggests that the program can only function as a moderating variable. This finding implies that any program has the potential to mediate and improve Mustahik's welfare. However, a program without an empowerment process will not produce optimal results, and it is not easy to measure its success. Hosen et al. (2023) demonstrates that partial implementation of the empowerment process does not yield significant results for the welfare of Mustahik. Furthermore, the Q predictive relevance (Q2) results show that this model can predict the size of input, process, and output factors to evaluate the performance of productive zakat programs. This result implies that each input variable can predict the degree of increase in mustahik welfare through empowerment factors.

Furthermore, the Z-Chicken Program has not shown a significant influence on Mustahik welfare. The allocation of assistance and zakat funds through empowerment significantly influences Mustahik's welfare. The Z-Chicken program significantly contributes to Mustahik's welfare by mediating individual, organizational, and community empowerment variables. The maqashid sharia approach, which emphasizes religion, soul, intellect maintenance, lineage, and property, is the basis for measuring welfare. This result means that the empowerment process in the Z-Chicken program has not been managed optimally.

However, the empowerment process is the key to the effectiveness of the Zakat productive program. The finding shows that zakat funding affects the improvement of

mustahik welfare. The productive zakat program is managed through a business program, where the Mustahik segmentation represents a group that has emerged from poverty and is capable of managing a business. The aim is for Mustahik to not only remain Mustahik for an extended period but also gradually improve the welfare of himself, his family, and even his community.

Tabel 6. *Bootstrapping Inner Model*

	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
<b>Path Coefficient</b>					
ZF --> OF	0.356	0.358	0.155	2.305	0.011*
ZF --> DO	0.262	0.276	0.139	1.894	0.029*
ZF --> DC	0.501	0.486	0.123	4.065	0.000*
P --> OF	0.033	0.038	0.108	0.307	0.379
P --> DO	0.140	0.131	0.128	1.089	0.138
P --> DC	-0.034	-0.023	0.074	0.486	0.320
AST --> DI	0.498	0.5	0.124	4.03	0.000*
AST --> DO	0.486	0.485	0.119	4.068	0.000*
AST --> DC	0.429	0.435	0.131	3.269	0.001*
DI--> WF	0.271	0.265	0.123	2.208	0.014*
DO--> WF	0.224	0.248	0.152	1.474	0.070**
DC--> WF	0.358	0.346	0.167	2.144	0.016*
<b>Total Indirect Effect</b>					
ZF -->WF	0.335	0.343	0.098	3.424	0.000*
P1 --> WF	0.028	0.028	0.062	0.447	0.327
AST -->WF	0.397	0.398	0.091	4.37	0.000*
<b>Specific Indirect Effect</b>					
ZF--> DI--> WF	0.096	0.100	0.071	1.367	0.086**
ZF --> DO--> WF	0.059	0.072	0.067	0.874	0.191
ZF --> DC--> WF	0.179	0.171	0.098	1.834	0.033*
P--> DI--> WF	0.009	0.008	0.030	0.299	0.383
P --> DO--> WF	0.031	0.029	0.041	0.771	0.220
P --> DC--> WF	-0.012	-0.009	0.027	0.455	0.325
AST --> DI--> WF	0.135	0.129	0.066	2.058	0.020*
AST--> DO--> WF	0.109	0.120	0.082	1.326	0.092
AST --> DC--> WF	0.154	0.148	0.085	1.801	0.036*
<b>Total Effect</b>					
ZF --> OF	0.356	0.358	0.155	2.305	0.011*
ZF --> DO	0.262	0.276	0.139	1.894	0.029*
ZF --> DC	0.501	0.486	0.123	4.065	0.000*
ZF--> WF	0.335	0.343	0.098	3.424	0.000*
P --> OF	0.033	0.038	0.108	0.307	0.379
P --> DO	0.140	0.131	0.128	1.089	0.138

	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
P --> DC	-0.034	-0.023	0.074	0.468	0.320
P --> WF	0.028	0.028	0.062	0.447	0.327
AST --> DI	0.498	0.5	0.124	4.030	0.000*
AST --> DO	0.486	0.485	0.119	4.068	0.000*
AST --> DC	0.429	0.435	0.131	3.269	0.001*
AST-->WF	0.397	0.398	0.091	4.370	0.000*
DI--> WF	0.271	0.265	0.123	2.208	0.014*
DO--> WF	0.224	0.248	0.152	1.474	0.070**
DC--> WF	0.358	0.346	0.167	2.144	0.016*

Source: Primary Data, processed (2024), (\*sig at 5%; \*\*sig at 10%)

The results of bootstrapping the inner model in Table 9, indicate that zakat funds are the second input factor in this research, following mentoring. The initial value of the total sample for the effect indicated a positive direction. Furthermore, this discovery clarifies that zakat funds indirectly enhance mustahik welfare through an efficiently managed empowerment process. Specifically, all levels of the community, including individuals and all three organizations, demonstrate the indirect impact of empowerment on the empowerment process. However, empowerment through funding factor inputs is only significant at the community level. Z-Chicken Program Effect to Improve Mustahik Welfare. The Z-Chicken program is an innovation of the flagship zakat program for Mustahik in urban areas. Baznas finances Z-Chicken, a productive Mustahik business, with cash and non-cash inputs. Based on the results of the open interviews, Baznas distributed a total of IDR 9,000,000 to Mustahik. This amount included 6 million rupiah in cash capital and 3 million rupiah in non-cash capital, which was used for business support tools and soft skills training related to the Z-Chicken business.

Most mustahik expressed their desire to join the Z-Chicken program for various reasons, including improving their family's economic structure, accessing business assistance, obtaining both cash and non-cash capital to start a business, enhancing relationships with relatives, and increasing family income. Z-Chicken manages the productive zakat distribution scheme in an integrated manner, involving partners (mustahik) and customers, pintra and stock points, suppliers (RPA/chicken slaughterhouses), and product quality standardization. After the Z Chicken program runs, Mustahik transforms into decile six and shows upward welfare; Z Chicken has become Mustahik's main work in the neighborhood where he lives.

The most excellent monetization value comes from increasing income/mustahik profits. Based on the results of calculations before and after participating in the Z-Chicken program, the average increase in *mustahik* income is 50.14%. The average increase in revenue amounts to approximately 2.73 million rupiah. According to the December 2022 survey, Mustahik's Z-Chicken business remains at the birth level, indicating a positive

contribution from the Z-Chicken Program to his overall well-being. Before participating in the program, the income range fell into the Decile 2 category, but after participating in the program, it moved into the Decile 6 category. However, despite the average income reaching a kifayah limit after the program, it has not yet moved to the muzaki level (see Table 7 and Figure 5).

Table 7. Changes in the average income of *Mustahik* Z-Chicken in Greater Jakarta (in IDR, 2022)

Before	After	Change	Percentage of Change
2,136,522	4,982,429	2,727,215	50.14

Source: Primary Data, *processed* (2024)

The results of this study indicate that the Z-Chicken program has not significantly impacted *Mustahik's* welfare, either directly or indirectly. The program primarily contributes to the empowerment process of the organization or Z-Chicken's business itself. According to the interview results with *Mustahik*, the Z-Chicken business under *Mustahik's* management has only been operational for 1 to 24 months. If analyzed based on *the life cycle of the business*, this may happen because the age factor of Z-Chicken *Mustahik's* business is still at the introductory level. Therefore, it is highly likely that *Mustahik* will not experience the full impact of the Z-Chicken program at once.

Assistance is the process of monitoring Baznas's development of *mustahik*. The mentoring variable significantly and positively influenced *Mustahik's* welfare, yielding a score of 0.397. Assistance that contributes significantly to the welfare of *Mustahik* is provided through the empowerment process at the individual level, followed by empowerment at the organizational and community levels. Specifically, the assistance provided by the organizational empowerment process or the *mustahik* business itself has not significantly impacted the welfare of the organizational level. This result means that the *mustahik* business model is still running very simply; such things as the implementation of Sharia contracts, Sharia business practices, business continuity and quality, commitment to issuing ZIS, and the ability to share have not directly contributed to the welfare of *mustahik* indirectly.

The success of financing through microfinance access for the weak or vulnerable has been proven by Grameen Bank's "Banking for the Poor" in Bangladesh with the Nobel Prize in 2006. Muhammad Yunus' concept at Grameen Bank is to develop the concept of sustainable development as a synthesis of a capitalist economy for poor people with a door-to-door system and door-to-door *system* empowerment (Rizky, 2015). This study confirms that implementing empowerment is key to the effectiveness of the Zakat productive program. Its supporting previous studies, namely Pailis et al. (2016); Widiastuti et al. (2021); Mawardi et al. (2022); Setyudin (2023); Nazara et al. (2022). Empowerment in distribution and zakat management should function as a mediating variable, not an intervening one. The community's role in fostering empowerment has emerged as the most significant factor contributing to *Mustahik's* well-being.



When Mustahik joined, the “Baznas” label made Mustahik aware of the social impact of the programs they received. The label can make Mustahik aware of the social impact due to the programs they receive. Mustahik does not fully understand the MoM of the Z-Chicken program, but being aware of the commitment to religion, spiritual change, and soul preservation can empower an individual level, which is beneficial for Mustahik’s welfare. This study agrees with Beik and Arsyianti’s (2015) study, which said that spiritual change is an important part of figuring out how well the zakat distribution program works at the micro level.

Also, giving people more power at the organizational level better shows how Maqashid Sharia protects money and spirituality. Meanwhile, at the community level, there is a more remarkable ability to reflect on aspects of social preservation, such as social capital. This study strengthens previous research by Zakaria (2014), Zakaria and Mohammad (2019), and Widiastuti et al. (2021), showing that maqasid sharia can be a bridge to achieving mustahik well. This research provides novelty by emphasizing the maqashid sharia aspect of the empowerment process, which does not just focus on the results. Lastly, the empowerment process, along with the maqashid sharia approach and social capital, has a more significant effect on the level of welfare of Mustahik in terms of keeping the quality of their worship high, keeping them healthy, keeping them bright and educated, and protecting their assets by making the business they run more profitable.

Lastly, the combination of empowerment, maqashid, and sharia determines the income of their business. The strong role of empowerment mirrors the productive zakat program that can be managed optimally and can give birth to new muzaki. The results of this study reinforce the importance of the role of empowerment in the management of productive zakat to build a just economic community. More than that, the concept of zakat in Baznas empowerment combines economic, social, and spiritual concepts simultaneously (Rozalinda, 2018) and the concept of maqashid syariah (Zakaria, 2014).

Implementing social capital plays a crucial role in enhancing the community’s welfare through empowerment. The community’s role in both the path and indirect effects demonstrates the empowerment process’s significant value. The World of Giving Index Report (2024) shows that Indonesia has ranked first for the last 7 years with the highest level of donations and volunteers. This data means that the social sensitivity of Indonesian people, in general, has high social capital. Thus, giving zakat money to the productive sector through the utilization system can be managed very well with the help of the best empowerment mechanism.

This finding implies that the empowerment role of any program is crucial and essential for achieving maximum welfare. These findings show that any program without a beneficial empowerment process will not maximize the community’s welfare. However, any program with consistent funds and assistance will result in a significant level of *Mustahik* welfare. The idea of health is geared toward a higher goal. According to Imam As-Syatibi’s proposed sharia maqashid, the first concept of maqasid is about money, the second concept is about reaching goals, and the third concept is about what the future holds (Hashem, 2023). So, Imam As-Syatibi explains something important about the

purpose of religious life according to the Qur'an and Sunnah: to protect religion, protect the soul, protect children, protect property, and keep minds sharp.

In the context of empowerment in the productive zakat program, this study refers to the welfare of *mustahik* life, which is not only measured based on economic value. However, sharia maqashid also serves as a measure of welfare. The results of this study show that increasing the level of welfare is the first goal. Next comes improving the quality of mustahik observance (WF1), which is an example of preserving religion; next comes improving mustahik health (WF2), which is an example of preserving the soul; and finally, improving welfare in education (WF3), which is an example of preserving intellect ensures the achievement of maqasserve property. The order of achievement and the level of welfare are followed by increasing the quality of *mustahik* observan*mustahik*.

## CONCLUSION

The study's results indicate that the empowerment process, combined with the input variables of zakat fund and mentoring at the individual, organizational, and community levels, can significantly enhance mustahik welfare. Meanwhile, the Z-Chicken program did not show a significant positive effect on *Mustahik's* welfare. Huda's research (2019) complements the Ministry of Religion's study by suggesting we can implement zakat distribution with creative productivity. This study's results suggest that we can manage productive zakat in a productive, creative, and collaborative manner. This study suggests that empowering productive zakat should be managed and accompanied sustainably and better-controlled. Baznas, with the opening of zakat laboratory management, can collaborate with the campus so that students can assist their *mustahik*.

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