

## **The Role of Productive Zakat in Improving the Welfare of Mustahik in Indonesia**

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### **ABSTRACT**

*The distribution of consumptive zakat often yields only short-term benefits, failing to provide a sustainable solution for poverty alleviation efforts, including in Indonesia. In response, the concept of productive zakat has emerged, aiming to transform mustahik (zakat recipients) into muzakki (zakat payers) through capital support or business facilitation. However, limited research has explored the role of productive zakat in enhancing the welfare of mustahik, particularly at the national level. This study aims to identify the factors affecting in increasing in income among mustahik receiving productive zakat in Indonesia. Utilizing secondary data from BAZNAS covering 1,631 mustahik, this research employs a logistic regression model to address the research question. The dependent variable is the increase in mustahik income, while the independent variables include the amount of zakat assistance, frequency of zakat distribution, regional grouping, and the provision of training and mentoring. Control variables include the number of family members, gender, age, education, and prior business ownership. The results indicate that the amount of zakat assistance, the provision of training and mentoring, being female, being of productive age, and having owned a business prior to the zakat intervention have a positive effect on income growth among mustahik. In contrast, the frequency of zakat provision, regional group, number of family members, and education level do not have a significant effect on mustahik income. Based on these findings, zakat institutions are encouraged to increase the allocation of productive zakat to support new or existing small enterprises, accompanied by training and mentoring programs tailored to the demographic characteristics of the mustahik. This approach provides insight to enhance the effectiveness of productive zakat programs in improving the welfare of recipients as well as contribute to the academic literature on the role of zakat in poverty alleviation.*

**Keywords:** *impact of zakat, income increase, Logistic regression, Productive zakat, Zakat management in Indonesia.*

### **INTRODUCTION**

Zakat is an important Islamic economic instruments that could be used to enhance welfare and alleviate poverty (Indonesia Law No. 23 of 2011). It also plays an important role in regulating wealth distribution and promoting social justice (Ayyubi et al., 2023), the optimal utilization of zakat in reducing poverty among Muslims works by minimizing income

disparities between the rich and the poor (Kailani et al., 2020 in Mawardi et al., 2023).

Conceptually, there are two main approaches to zakat distribution: consumptive programs (distribution) and productive programs (utilization) (Perbaznas Regulation No. 3 of 2018). However, in practice, zakat distribution is generally implemented more frequently through consumptive programs, as this approach is considered easier and less controversial in terms

of Islamic jurisprudence (fiqh). From the fiqh perspective, consumptive zakat is directed specifically toward individuals in urgent need of basic necessities such as food, clean water, clothing, and shelter. Meanwhile, Perbazznas Regulation No. 3 of 2018 states that consumptive zakat distribution includes humanitarian aid, education, health, da'wah (Islamic outreach), and advocacy. However, this consumptive approach often provides only short-term benefits and does not offer sustainable solutions to improve the welfare of mustahik.

Therefore, a new paradigm has emerged, emphasizing the importance of distributing zakat in productive forms. The concept of productive zakat aims to generate long-term impact by providing support in the form of business capital, equipment, training, and mentoring, tailored to

the needs of the beneficiaries. Productive zakat assistance is expected to increase the income and welfare of mustahik, enabling them to potentially transition from zakat recipients (mustahik) to zakat payers (muzakki) (Ali et al., 2016; Kashif et al., 2018 in Mawardi et al., 2023). In Indonesia, productive zakat is permissible under sharia, as affirmed by the Indonesian Ulema Council (Majelis Ulama Indonesia) in its 1982 fatwa (MUI Fatwa, 1982).

Although productive zakat holds greater potential in improving the welfare of mustahik compared to consumptive zakat, primarily due to additional support provided alongside the distribution of productive zakat, the budget allocation for productive zakat remains low (see Table 1).

Table 1. National Distribution of Zakat, Infaq, Sadaqah, and Other Religious Social Funds (ZIS and DSKL) by Program Type

No.	Program Area	Distribution Amount in 2022 (IDR)	Percentage (%)
1	Humanity, Health, Education and Da'wah	4,046,749,269,979	19,4
2	Economy	492,147,882,599	2.4
3	Amil Operations	656,292,972,195	3.1
4	ZIS-DSKL <i>off Balance Sheet</i>	15,642,630,768,553	75.1
<b>Total</b>		<b>20,837,820,893,326</b>	<b>100</b>

Source: BAZNAS, 2022

Productive zakat assistance aims to increase the income and welfare of mustahik, with the expectation that they can transform from zakat recipients (mustahik) to zakat givers (muzakki) (Ali et al., 2016; Kashif et al., 2018 in Mawardi et al., 2023). In addition, zakat plays an important role in strengthening social networks by fostering solidarity and closer relationships between muzakki and mustahik (Benthall & Bellion-Jourdan, 2003 in Ayyubi et al., 2023). Research on productive zakat is important

because it holds great potential for driving significant social change from a broader perspective (Kahf, 2003 in Ayyubi et al., 2023).

In recent years, various studies have examined the role of zakat in improving welfare. Santoso et al. (2024) investigated a productive zakat program in Gorontalo City and found that productive zakat had a significant effect on the welfare of mustahik, although it did not affect the success of their businesses. Furthermore, Rahmat & Nurzaman (2019) found that a productive

zakat program based on community development could increase the mustahik welfare index from 0.3 to 0.5 before and after receiving assistance. In contrast, a study conducted by Mahmud et al. (2014) found that the productive zakat program in Bangladesh did not have a significant impact on farmer welfare through productive agricultural assistance. This failure was attributed to limited aid funds, insufficient training facilities, and inadequate supporting infrastructure. However, the study stated that mustahik income has the potential to increase if the program is well-planned and supported. Similarly, research by Sobah & Rifai (2020) in Purworejo Regency found that zakat had a significant effect on the growth of mustahik businesses. However, its impact on mustahik welfare was not evident due to a lack of adequate business assistance.

### **LITERATURE REVIEW**

The term "community empowerment" has long been recognized and applied in both urban and rural settings. In efforts to eradicate poverty, various community empowerment programs have been launched by the government, social organizations, and professional institutions. However, not all of these programs have achieved satisfactory outcomes. Etymologically, empowerment means "strength", and it is a translation of the term "empowerment", which refers to providing strength to marginalized groups who lack the ability to live independently. The focus of this empowerment is mainly on fulfilling basic needs such as food, clothing, shelter, education, and health (Hamid, 2018).

Community empowerment emphasizes active community participation at every stage of the program. The primary targets of empowerment are vulnerable groups and those

To the best of the author's knowledge in Indonesia, there has been no study that examines the role of productive zakat on a national scale. Mawardi et al. (2023) analyzed the impact of productive zakat on the welfare of mustahik in seven Zakat Amil Institutions (Lembaga Amil Zakat/LAZ) but only using a sample of 137 mustahik. Meanwhile, while having a sample of around 700 mustahiks, Kasri (2017) only examined the impact of zakat on poverty alleviation in the Jabodetabek (Greater Jakarta) area. Therefore, further studies on productive zakat are necessary to provide more comprehensive empirical evidence regarding its impact on the income or welfare of mustahik and its potential to transform them into muzakki in the long term.

without access to productive resources, as well as communities that remain outside the reach of mainstream development. The ultimate goal of the community empowerment process is to create self-reliance, enabling communities to improve their standard of living and maximize the potential of their available resources (Widjajanti, 2011).

Meanwhile, productive zakat refers to zakat funds that are managed by zakat management organizations and distributed to beneficiaries in accordance with Islamic law. Recipients of zakat funds, known as mustahik, consist of eight (asnaf) categories. The main objective of productive zakat is to reduce poverty levels gradually and sustainably. One strategy for achieving this goal is the distribution of zakat funds through productive programs (Amsari, 2019).

The impact of productive zakat on business growth has been widely discussed in various

studies. Productive zakat has been shown to increase the income of mustahik entrepreneurs. For instance, Taufiq et al. (2018) found that the effective distribution of zakat to a group of farmers resulted in increased income. Furthermore, research by Osman et al. (2020)

and Beik & Arsyianti (2016) in Mawardi et al. (2023) shows that productive zakat can improve the standard of living of beneficiaries. This is achieved through the sustainable management of micro-businesses, which ultimately enhances product quality and business competitiveness. BAZNAS. The unit of analysis comprises 1,631 mustahik across Indonesia who received productive zakat from national, provincial, and local branches of BAZNAS, as well as from LAZ. The study includes independent, control, and dependent variables, which are analyzed statistically to produce findings that are both valid and generalizable.

**RESEARCH METHODOLOGY**

This study employs a quantitative approach to examine the relationship between variables and to make predictions based on empirical data, using STATA statistical software. The research utilizes secondary data from a 2022 poverty alleviation and mitigation survey conducted by

Table 2. Research Variables

Code	Variable Type	Variable Name	Unit
INC_GR	Dependent	Increased Income (Darwiyati, 2021)	0 = Not increased 1 = Increased
Prod_Zakat	Independent	Amount of Productive Zakat Assistance (Amir, 2019)	IDR
Frec	Independent	Frequency of Providing Assistance	Time
Region	Independent	Region Group	0 = Rural 1 = Urban
TR_MT	Independent	Training dan and Mentoring (Syaufiq & Suprayogi, 2020)	0 = No 1 = Yes
Family	Control	Household Members	Person
Gender	Control	Gender (Kasri, 2017)	0 = Female 1 = Male
Age	Control	Age (Kasri, 2017)	Year
Educ	Control	Education (Darwiyati, 2021)	0 = No Schooling 1 = Primary School 2 = Junior High School 3 = Senior High School 4 = College/University

Code	Variable Type	Variable Name	Unit
Pre_biz	Control	Business Ownership Before Zakat Assistance	0 = No Business Ownership 1 = Has Business Ownership

This study employs a logistic regression model, a statistical analysis method used to explain the relationship between a dependent variable with a binary (two-category) scale and one or more independent variables with either categorical or interval scales (Hosmer and Lemeshow, 2000). Logistic regression does not require assumptions of normality, homoscedasticity, or other classical statistical assumptions, as it focuses on estimating the probability that the dependent variable can be predicted by the independent variables (Ghozali, 2018). It is also considered a non-linear regression technique because it describes the non-linear relationship between X and Y, the non-normal distribution of Y, and the irregular, non-constant variability in responses (Agresti, 1996). While logistic regression, like Ordinary Least Squares (OLS), builds a predictive model,

the key difference lies in the dichotomous nature of the dependent variable—such as Yes (1) and No (0), or Good (1) and Not Good (0). Unlike OLS, which assumes normally distributed error terms, logistic regression does not require this assumption because it relies on the logistic distribution (Roflin et al., 2023).

Furthermore, marginal effects in logistic regression represent the expected change in the probability of an outcome when a predictor variable increases by one unit, holding all other variables constant. For continuous variables, marginal effects indicate the average change in predicted probability for a one-unit increase in the predictor. For binary variables, they represent the average difference in predicted probability between the two categories (0 and 1). So the model specifications in this study are based on the following model:

$$INC\_GR = \ln\left(\frac{\pi}{1-\pi}\right) = \beta_0 + \beta_1Prod\_Zakat + \beta_2Frec + \beta_3Region + \beta_4TR\_MT + \beta_5Family + \beta_6Gender\_ + \beta_7Age + \beta_8Educ + \beta_9Pre\_biz + \epsilon_i$$

Description:

- Income\_increased = The dependent variable is the logit of the probability  $\mu$  of an increase in income.
- $\ln\left(\frac{\pi}{1-\pi}\right)$  = logit of probability  $\mu$  (increase) and probability  $1-\mu$  (no increase).
- $\beta_0$  = The intercept or constant of the logistic regression model when the logit value of the probability of occurrence of all independent variables is 0.
- $\beta_1Prod\_Zakat$  = Regression coefficient for the independent variable prod\_zakat/amount of productive zakat assistance
- $\beta_2Frec$  = Regression coefficient for the variable frec/frequency of assistance provision
- $\beta_3Region$  = Regression coefficient for region/region group variables
- $\beta_4TR\_MT$  = Regression coefficient for the training\_mentoring/training and mentoring variable

$\beta_5$ Family	= Regression coefficients for household member variables
$\beta_6$ Gender	= Regression coefficient for gender variable
$\beta_7$ Age	= Regression coefficient for the age variable
$\beta_8$ Educ	= Regression coefficient for the educ/education variable
$\beta_9$ Pre_biz	= Regression coefficient for the pre_biz/business ownership variable before receiving assistance
$\epsilon_i$	= Standard error

The marginal effect equation can be written as follows:

$$\frac{\partial P(Y=1|X)}{\partial X} = -\beta\phi(Y_1 - \beta^T X)$$

$$\frac{\partial P(Y=2|X)}{\partial X} = [\phi(Y_1 - \beta^T X) - (Y_2 - \beta^T X)]$$

$$\frac{\partial P(Y=j|X)}{\partial X} = [\phi(Y_j - \beta^T X) - (Y_{j+1} - \beta^T X)]\beta$$

$$\frac{\partial P(Y=k|X)}{\partial X} = \beta\phi(Y_{k-1} - \beta^T X)$$

Description:

$P(Y = j|X)$  = States the probability that variable Y is in category  $j$  given the condition of the independent variable X.

$\phi$  = Represents the cumulative distribution function of the standard normal distribution. In the context of the probit model, it is used to calculate probabilities.

$\beta$  = The regression coefficient measures the influence of the independent variable on the dependent variable.

X = Independent variables in the model.

$Y_j$  dan  $Y_{k-1}$  = The cut-off value in the probit model that separates categories  $j$  and  $j-1$  in the dependent variable Y.

$\frac{\partial P(Y = j|X)}{\partial X}$  = The marginal effect measures the change in the probability that Y is in category  $j$  when there is a small change in the independent variable X.

## RESULTS & DISCUSSIONS

### 1. Descriptive Analysis

Table 3 presents the socio-demographic profile of mustahik who received productive

zakat assistance in Indonesia, as included in this study. The purpose of this descriptive analysis is to provide a general overview of the recipients of productive zakat assistance.

Table 3. Socio-Demographic Profile of Mustahik

Socio-Demographic Characteristics		Frequency	Percentage (%)
Gander	Male	881	54
	Female	750	46
	Total	1.631	100
Education	No School	42	2.6
	Primary School	449	27.5
	Junior High School	351	21.5
	Senior High School	633	38.8
	College	156	9.6
	Total	1.631	100
Region Group	Urban	812	49.8
	Rural	819	50.2
	Total	1.631	100
Training and Mentoring	Yes	935	57.3
	No	696	42.7
	Total	1.631	100
Business Ownership	Previous Business Ownership	1.410	86.5
	No Previous Business Ownership	221	13.5
	Total	1.631	100

Table 4. Descriptive Statistics of Age, Number of Household Members, and Frequency of Zakat Assistance

Variable	Minimum	Maximum	Mean	Standard Deviation
Age	19	83	47	11.49
Number of Household Members	1	11	3	1.42
Frequency of Zakat Assistance	1	19	1	1

Based on the table above, it was found that the recipients of productive zakat assistance were predominantly male, with an average household size of three members and an average age of 47 years. The highest level of education attained was high school, and most recipients lived in rural areas, received assistance on average once, had participated in training programs, and had previous business experience. These findings suggest that the recipients of productive zakat assistance represent a relatively specific

demographic group. The observed socio-demographic characteristics are generally consistent with the profile of poor households in Indonesia as identified by Kasri (2017). Furthermore, in the institutional context of Zakat Management Organizations in Indonesia, these results indicate a successful targeting strategy in aligning beneficiary criteria with the national poverty profile. Table 5 presents a descriptive analysis of the recipients' income and the amount of zakat assistance received.

Table 5. Descriptive Statistics of Mustahik Income and the Amount of Productive Zakat Assistance

Variable	Minimum (IDR)	Maximum (IDR)	Mean (IDR)	Standard Deviation (IDR)
Income Before Receiving Zakat Assistance	1.000.000	6.500.000	1.786.061	824.417

Income After Receiving Zakat Assistance	1.000.000	30.000.000	2.523.158	1.932.778
Change in Income (Before and After Assistance)	0	27.000.000	737.097	1.655.833
Amount of Productive Zakat Assistance Received	500.000	50.000.000	3.324.913	4.179.976

This study found that the average income of mustahik before receiving productive zakat assistance was IDR 1,786,061 per month, which increased to IDR 2,523,158 per month after receiving the assistance. The average increase in income following the program intervention was IDR 737,097. This increase indicates a positive impact of the intervention on mustahik income levels. However, the impact of productive zakat varies across individuals, depending on their respective circumstances. The amount of

productive zakat assistance received ranged from IDR 500,000 to IDR 50,000,000, adjusted according to the conditions and needs of each mustahik.

## 2. Inferential Analysis

A partial effect test and marginal effect analysis were conducted to identify which independent variables have a significant effect on the increase in mustahik income. Table 6 below presents the results of these tests.

Table 6. Partial Test Results (Logistic Regression Model Estimation and Marginal Effect)

Variable	Logistic Regression			Marginal Effect		
	Odds Ratio	Std Error	P >  z	dy/dx	Std Error	P >  z
Prod_Zakat	1***	1.35	0.007	9.00***	0.00000	0.007
Frec	1.001952	0.039	0.961	0.0004	0.00981	0.961
Region	1.125577	0.12	0.262	0.0293883	0.0262	0.262
TR_MT	1.482914***	0.15	0.000	0.978001***	0.02563	0.000
Family	1.014025	0.03	0.700	0.0034612	0.00897	0.700
Gender	0.7752946**	0.08	0.017	-0.631131**	0.02629	0.016
Age	0.9884998**	0.004	0.013	-0.0028744**	0.00115	0.013
Educ	0.9961932	0.05	0.941	-0.0009478	0.01278	0.941
Pre_biz	1.847674***	0.29	0.000	0.1521114***	0.03792	0.000

Note: The \*\*\* and \*\* symbols indicate statistical significance at the 1% and 5% levels, respectively.

Source: Processed Data

Based on the results of the analysis from the two models presented in Table 6, five variables show a statistically significant effect on the increase in mustahik income: the amount of productive zakat assistance, training and mentoring, gender, age, and business ownership prior to receiving assistance. These findings indicate that mustahik who receive a larger amount of productive zakat, participate in

training and mentoring, are female, are within the productive age range, and owned a business before receiving assistance have a higher probability of experiencing an increase in income and overall welfare. Conversely, the variables frequency of assistance, regional group, number of household members, and education level do not show a statistically significant effect on the increase in mustahik income.

### 3. Analysis of Hypothesis Test Results

#### a. The Effect of Productive Zakat on Increasing Mustahik Income

Based on Table 5, the average income of mustahik in Indonesia before receiving productive zakat assistance was IDR 1,786,061. After receiving the assistance, the average income increased to IDR 2,523,158. This indicates that, descriptively, the provision of productive zakat assistance had a positive effect on mustahik income, with an average increase of IDR 737,097. This improvement supports the argument that productive zakat functions as an effective instrument for the economic empowerment of mustahik.

The results of the logistic regression analysis on the amount of productive zakat assistance show a significant positive effect on the increase in mustahik income. This is evidenced by a p-value of 0.007, which is below the 0.05 significance level, and a marginal effect value of 9.00. This means that mustahik who receive larger amounts of productive zakat assistance have a 900% higher probability of experiencing an increase in income compared to those who receive smaller amounts. Thus, the initial hypothesis is supported: the amount of productive zakat assistance has a significant effect on increasing mustahik income. Similar studies in various regions have also demonstrated consistent effects on mustahik income, although the magnitude of the increase varies (Kasri, 2017; Sari, 2019; Darwiyati, 2021). These findings reinforce the argument that productive zakat is a key instrument in sustainably improving the economic condition of mustahik.

According to Pattmawati & Ruziah (2014), as cited in Jedidia & Guerbouj (2021), providing zakat in the form of productive assistance can help mustahik achieve long-term economic

independence, reducing their dependency on future aid. This confirms that productive zakat has a more lasting effect than consumptive zakat, which provides only temporary relief. The results of this study are consistent with those of Amir (2019), Syafiq & Suprayogi (2020), and Darwiyati & Asrori (2021), which show that productive zakat given as business capital has a significant effect on increasing mustahik income. This evidence confirms that the amount of productive zakat provided plays a crucial role in enabling mustahik to enhance their economic capacity. Therefore, the greater the amount of business capital received, the greater the opportunity for mustahik to improve their income and achieve better economic welfare.

#### b. The Effect of Training and Mentoring on Increasing Mustahik Income

The p-value for the effect of training and mentoring on increasing mustahik income is 0.000, indicating statistical significance, as the value is less than 0.05. In addition, the marginal effect value of 0.97 suggests that mustahik who receive training and mentoring from the Zakat Management Organization have a 97% higher probability of experiencing an income increase compared to those who do not receive such support.

According to Syafiq and Suprayogi (2020), one effective form of community empowerment is the provision of continuous business assistance, training, and supervision. This empowerment must be supported by an ongoing learning process that enables communities to develop their potential and strengthen their businesses. Therefore, to ensure that productive zakat delivers maximum benefits, it is essential to implement comprehensive support mechanisms. The purpose of such assistance is to equip mustahik with the necessary skills and self-

confidence to face various challenges, allowing them to grow and succeed in their entrepreneurial activities. Thus, well-designed interventions not only contribute to income growth but also foster long-term economic resilience among mustahik.

#### **c. The Effect of Gender on Increasing Mustahik Income**

The results of the logistic regression analysis indicate that gender has a significant effect on the increase in mustahik income, with a p-value of 0.017, which is below the 0.05 significance threshold. The marginal effect value of -0.63 suggests that male mustahik have a 63% lower probability of experiencing an increase in income compared to female mustahik. These results imply that gender plays an important role in improving impact of productive zakat and in understanding zakat dynamics, even though zakat distribution programs have traditionally not considered gender as a key factor in beneficiary selection.

The interesting findings could be explained from, among others, Islamic economics and sociology perspective. From an Islamic economic perspective, studies suggest that women tend to show higher repayment discipline, partly linked to social expectation and religiosity reinforcing amanah and compliance which are main ethics in Islamic finance (Shahriar et al, 2020; Panman et al 2022). Furthermore, from sociology perspective, women are often more embedded in local social networks and participate actively in group based schemes, which improves peer monitoring and reduces moral hazard in microfinance (D'espallier et al 2011) including in productive zakat models. Therefore, women-dominated business sectors respond more quickly to productive zakat assistance than men-dominated sectors.

#### **d. The Effect of Age on the Increase in Mustahik Income**

Regression analysis reveals that age has a significant effect on income growth among mustahik, with a p-value of 0.013 and a marginal effect of -0.002. This indicates that older mustahik have a 0.02% lower probability of experiencing an income increase compared to their younger counterparts. This finding suggests that increasing age reduces the likelihood of income improvement, possibly due to lower productivity levels and the tendency for older individuals to rely more on social assistance programs than on income-generating activities (Suryahadi et al., 2010 in Kasri, 2017).

#### **e. The Effect of Business Ownership Prior to Receiving Assistance on Increasing Mustahik Income**

Business ownership prior to receiving assistance has been proven to have a significant effect on increasing mustahik income. This is reflected by a p-value of 0.000, which is well below the 0.05 significance level. Additionally, the marginal effect value of 0.15 indicates that mustahik who already owned a business prior to receiving assistance have a 15% higher probability of experiencing an income increase compared to those who did not. Descriptive data show that 86.5% of mustahik in Indonesia had a business before receiving productive zakat assistance.

This finding suggests that prior business experience and knowledge enable recipients to utilize productive zakat assistance more effectively, particularly in optimizing the capital received to further grow their businesses. The result is in line with Dreher and Langlotz (2020), who found that business assistance has a more substantial impact on per capita income growth when provided to recipients who already possess

an established business structure. This implies that having a pre-existing business acts as a catalyst that amplifies the positive effects of productive zakat assistance.

#### **f. The Effect of Frequency, Regional Group, Household Size, and Education on Increasing Mustahik Income**

Logistic regression analysis shows that the frequency of productive zakat assistance does not have a significant effect on increasing mustahik income, as indicated by a p-value of 0.961 and a marginal effect of 0.0004. This means that mustahik who receive assistance more than once have only a 0.04% higher probability of increasing their income compared to those who receive assistance once. Although not statistically significant, repeated assistance may risk creating dependency among mustahik, which could hinder their motivation to seek alternative income sources or develop new skills. Therefore, the strategy for distributing productive zakat should aim to minimize dependency by building the capacity of mustahik to independently and productively utilize the assistance received.

Similarly, the number of household members also does not show a significant effect on income increase, with a p-value of 0.700 and a marginal effect of -0.003. Mustahik with more household members have a 0.3% lower probability of experiencing income growth compared to those with fewer dependents. On average, mustahik households consist of three members. A larger number of dependents particularly children, the elderly, or individuals with limited employment opportunities can increase the risk of poverty and heighten reliance on external assistance, ultimately limiting income-generating capacity.

This study found that education level does not have a significant impact on increasing mustahik income, with a p-value of 0.941 and a marginal effect of -0.0009. This contradicts previous findings that suggest education has a positive effect on income (Ayuniyyah et al., 2018; Syafiq & Suprayogi, 2020). While formal education is important for long-term development, in the context of productive zakat, practical skills and training relevant to the type of business have a more significant impact on short-term income. Ali et al. (2016) argue that vocational training and business mentoring have a more direct impact on enhancing the economic capacity of mustahik compared to formal education. Therefore, the productive zakat model should not only focus on education level but also on the quality and relevance of the training provided, which is more aligned with the practical needs of mustahik in running productive businesses.

## **CONCLUSIONS**

The research findings reveal that factors such as the amount of productive zakat assistance, training and mentoring, female gender, productive age, and prior business ownership significantly affect the income growth of mustahik. Mustahik who receive larger amounts of productive zakat, participate in training, are female, are of productive age, and had a business prior to the intervention are more likely to experience income and welfare growth.

Based on the findings and analysis of this study, it is explicitly recommended that BAZNAS and other Zakat Management Organizations establish an immediate, non-negotiable floor for productive zakat, with an initial target of 10-15% of on-balance-sheet zakat funds. Additionally, it is crucial for Zakat

Management Organizations to improve the recording and distribution of ZIS-DSKL off-balance sheet funds. A transparent strategy should also be developed to manage these funds, ensuring the effective use of zakat to support mustahik empowerment. Furthermore, efforts should be made to socialize the importance of increasing the proportion of productive zakat in the overall zakat allocation, aiming to enhance the impact on poverty alleviation and economic empowerment. Future research is advised to employ mediation analysis to determine whether “type of business” mediates the relationship between “gender” and “income increase”. This offers actionable insights for Zakat institutions.

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