

## Zakat Empowerment Model to Increase Income Generating Activities among Mustahik

Sutrisno<sup>1</sup>, Fifi Hakimi<sup>2</sup>

<sup>1</sup>Faculty of Islamic Studies and Civilization Universitas Muhammadiyah Yogyakarta Indonesia, 55183, <sup>2</sup>Faculty of Economics and Business Universitas Muhammadiyah

Lamongan, East Java Indonesia 62218

sutrysno@umy.ac.id, fifi\_hakimi@umla.ac.id

### ABSTRACT

*This qualitative study explores a zakat-based empowerment model aimed at enhancing income generating activities (IGA) among mustahik through an integrated framework of capital support, capacity building, and continuous mentoring. Data were collected through in-depth interviews and focus group discussions with mustahik beneficiaries and program managers of productive zakat initiatives in Yogyakarta. The analysis focuses on understanding how productive zakat interventions, entrepreneurial skills development, and institutional support shape mustahik's business performance and economic independence. The findings reveal that structured training, intensive mentoring, and appropriate business model selection play crucial roles in enabling mustahik to optimize the use of productive zakat and improve their livelihoods. Moreover, financial literacy and ongoing institutional guidance emerge as key determinants of program success, influencing beneficiaries' ability to sustain and grow their microenterprises. This study contributes to the refinement of zakat empowerment frameworks and offers practical recommendations to strengthen the long-term effectiveness and sustainability of zakat-based entrepreneurship programs in poverty alleviation.*

**Key words:** *zakat empowerment, productive zakat, mustahik, income generating activities, entrepreneurship development.*

### INTRODUCTION

Zakat is a fundamental instrument in the Islamic economic system aimed at reducing inequality and improving social welfare through a more equitable distribution of wealth (Qardawi, 1999). In contemporary practice, zakat functions not only as a mechanism for income redistribution but also as an economic empowerment tool capable of promoting social transformation among the poor. This shift in paradigm emphasizes the productive use of zakat to support mustahik in establishing businesses, enhancing skills, and expanding sustainable economic activities (Kahf, 1995). In recent decades, zakat institutions in Indonesia have strengthened their strategic role in poverty alleviation through various productive zakat programs. Productive zakat is considered to have a long-term impact compared to consumptive assistance because it enables mustahik to create their own sources of income (Beik & Arsyianti, 2016). These programs are designed to foster income generating activities (IGA) that help mustahik transition from vulnerable conditions toward economic independence.

The enhancement of IGA serves as a key indicator of the success of zakat-based empowerment initiatives. IGA refers to various economic activities—such as

microenterprises, small-scale trading, or service businesses that consistently increase the income of mustahik (Ascarya & Yumanita, 2020). Zakat institutions support these activities by providing business capital, mentoring, and entrepreneurship training, ensuring that mustahik possess the capacity to utilize the funds effectively. However, the implementation of zakat empowerment programs is not without challenges. Many productive programs face difficulties such as low financial literacy, insufficient mentoring, and the mismatch between the type of business provided and the mustahik's capabilities (Ridhwan et al., 2020). These issues highlight the importance of a structured and holistic empowerment model that integrates capital assistance with behavioral and skill development.

In addition to internal challenges, the success of zakat-based empowerment is greatly influenced by the governance quality of zakat institutions. Transparency, accountability, and sound program management are closely associated with the effectiveness of productive zakat distribution (Purwanto & Rahman, 2019). Institutions that maintain robust monitoring mechanisms tend to achieve better outcomes in developing mustahik businesses and ensuring their sustainability. Several studies have demonstrated that zakat-based empowerment significantly improves mustahik income when executed using a comprehensive approach. For example, Beik and Arsyianti (2016) found that productive zakat increased mustahik income by 20% to 30% after one year of mentoring. These findings reinforce the argument that zakat holds substantial potential as a grassroots economic development instrument.

With the growing complexity of economic empowerment needs, developing a zakat empowerment model centered on income generating activities becomes particularly relevant. This model not only enhances mustahik welfare but also strengthens the role of zakat institutions in supporting sustainable development goals, especially poverty reduction and microenterprise empowerment (Huda et al., 2018). This perspective underscores the broader potential of zakat as a driver of inclusive economic growth. Therefore, this study aims to formulate an effective zakat empowerment model for enhancing income generating activities among mustahik. It examines the integration of zakat financing, skills training, and business mentoring as the primary factors influencing the success of mustahik enterprises. By understanding these dynamics, the study contributes both theoretically and practically to improving the governance and impact of productive zakat programs in Indonesia.

Furthermore, zakat-based empowerment aligns with broader Islamic economic principles that emphasize justice (*adl*), mutual support (*ta'awun*), and the promotion of productivity within society. Scholars argue that empowering mustahik through economic activities transforms zakat beneficiaries into potential future contributors of zakat, thereby creating a self-sustaining cycle of welfare enhancement (Karim, 2010). This transformation highlights the strategic importance of designing empowerment programs that not only address immediate needs but also build long-term economic resilience. Zakat institutions also play a critical role in shaping the

entrepreneurial mindset among mustahik. Mentoring and entrepreneurship training are essential in improving business planning, financial management, and market adaptation skills (Ismail et al., 2019). Without such capacity-building components, capital assistance alone often fails to generate sustainable economic outcomes. Therefore, an integrated empowerment model needs to combine financial support with structured educational interventions that strengthen mustahik capabilities.

In addition to individual capacity, community-level empowerment is crucial for expanding income generating activities. Studies show that when mustahik operate within cooperative networks or community business groups, they experience higher levels of business stability and access to shared resources (Salleh & Ahmad, 2021). Such collective approaches enable zakat institutions to create economic ecosystems where microenterprises can thrive through collaboration, shared learning, and peer monitoring. Technological advancement also presents new opportunities for enhancing zakat-based entrepreneurship programs. Digital platforms can support mustahik in marketing their products, maintaining financial records, and accessing online training modules (Rahman & Hardi, 2020). For zakat institutions, technology facilitates more efficient program monitoring and impact assessment. Integrating digital tools within empowerment strategies thus strengthens the sustainability and scalability of income-generating initiatives.

Despite these opportunities, the literature reveals a gap in comprehensive models that integrate financial, educational, and institutional components into a unified empowerment framework. Most existing studies evaluate isolated aspects such as financial support or training programs without examining how these elements interact to influence income outcomes (Nurzaman, 2017). Addressing this gap is essential for developing a more holistic understanding of mustahik economic empowerment. Given the evolving landscape of zakat management and entrepreneurship development, there is a need for empirical research that assesses how integrated empowerment models contribute to improved income generating activities. Such research can offer actionable insights for zakat institutions, policymakers, and practitioners seeking to maximize the economic impact of zakat programs. This study responds to that need by developing and validating a model that captures the interplay among productive zakat, capacity building, and institutional support within the context of mustahik entrepreneurship.

## **LITERATURE REVIEW**

### **Zakat as an Instrument of Economic Empowerment**

Zakat has long been recognized as a fundamental mechanism for poverty reduction and wealth redistribution in Islamic economic thought. Classical scholars emphasize its role in securing social justice and ensuring that economic resources circulate fairly within society (Qardawi, 1999). In modern contexts, zakat is no longer limited to consumptive aid; instead, it has evolved into a productive tool for empowering the poor to build long-term economic resilience (Kahf, 1995). Through productive zakat, mustahik are enabled to develop microenterprises that strengthen

their income-generating capacity and reduce dependence on social assistance. The concept of productive zakat is grounded in the idea that financial support can foster economic independence when accompanied by structured empowerment programs. Studies in Indonesia and Malaysia have demonstrated that zakat-based interventions significantly increase income, reduce vulnerability, and promote sustainable livelihood outcomes (Beik & Arsyianti, 2016; Mahyudin & Abdullah, 2012). This approach aligns with Islamic economic principles that encourage self-reliance and the transformation of beneficiaries into contributors of welfare.

### **Income Generating Activities (IGA) and Poverty Alleviation**

Income Generating Activities (IGA) are central to contemporary empowerment models aimed at lifting families out of poverty. IGAs encompass microenterprises such as small trading, service-based businesses, and home industries that allow low-income households to diversify their income sources (Ascarya & Yumanita, 2020). Empirical research shows that households engaged in IGAs experience higher income stability, improved food security, and enhanced capacity to withstand economic shocks (Khatun & Rahman, 2019). Within zakat programs, IGA initiatives serve as a measurable indicator of empowerment success. When productive zakat is coupled with training and mentoring, mustahik are more likely to generate consistent income and maintain their business sustainability (Hassan & Noor, 2015). This underscores the importance of integrating IGA-focused strategies into zakat distribution frameworks.

### **Entrepreneurship Development Through Zakat Programs**

Entrepreneurship is an essential pathway for empowering mustahik to become economically independent. Zakat institutions increasingly incorporate entrepreneurship training, business coaching, and skills development into their programs to ensure that capital assistance leads to sustainable outcomes (Ismail et al., 2019). These capacity-building interventions strengthen entrepreneurial mindset, improve business planning, and foster innovation. Research demonstrates that entrepreneurial skills are a significant predictor of microenterprise success among low-income populations (Nawaz, 2020). When mustahik receive training in financial management, marketing, and operational planning, they are better equipped to navigate competitive markets. Furthermore, entrepreneurship development is aligned with Islamic teachings that encourage productivity, effort, and responsible stewardship of resources.

### **Role of Zakat Institutions in Supporting Economic Empowerment**

Zakat institutions serve as intermediaries that mobilize resources and deliver targeted empowerment programs. Effective governance—characterized by transparency, accountability, and professional management—greatly influences program outcomes (Purwanto & Rahman, 2019). Institutions with robust monitoring systems can better evaluate beneficiary progress, adjust interventions, and ensure the

sustainability of IGA initiatives. The adoption of contemporary management practices has enabled zakat institutions to scale up their empowerment activities. For example, the integration of microfinance principles into zakat programs, including phased disbursement, mentoring, and performance tracking, has shown promising results in improving business performance (Ridhwan et al., 2020). Such innovations highlight the potential of zakat institutions to become key agents in national poverty alleviation strategies.

### **Integration of Training, Mentoring, and Financial Support**

Empirical studies consistently affirm that financial support alone is insufficient to guarantee successful income generation among the poor. Instead, comprehensive models combining capital assistance, capacity building, and continuous mentoring yield significantly better results (Salleh & Ahmad, 2021). Training improves knowledge and skills; mentoring shapes business behavior; and capital serves as the operational foundation for enterprise development. A holistic empowerment approach enhances beneficiary confidence, entrepreneurial resilience, and adaptability to changing market conditions (Karim, 2010). Moreover, structured mentoring encourages discipline, strengthens accountability, and reduces the risk of business failure. This integrated model aligns with the Islamic concept of *tazkiyah*, which promotes continuous improvement and personal growth.

### **Digital Transformation in Zakat-Based Empowerment**

The rise of digital technologies has transformed the landscape of microenterprise development. For mustahik, digital tools provide access to online markets, e-commerce platforms, and financial management applications that can enhance IGA outcomes (Rahman & Hardi, 2020). For zakat institutions, technology enables real-time monitoring, impact assessment, and efficient fund distribution. Several studies highlight the potential of digital empowerment programs to increase productivity and open new income opportunities for marginalized groups (Salleh et al., 2022). Integrating digital literacy training into zakat programs can therefore significantly strengthen the sustainability of income-generating initiatives.

### **Gaps in Existing Research and the Need for an Integrated Model**

Although numerous studies examine the impact of productive zakat or specific empowerment activities, there remains a gap in the literature regarding comprehensive models that integrate financial assistance, training, mentoring, and institutional governance. Most research evaluates isolated components without analyzing how they interact to influence IGA success (Nurzaman, 2017). This lack of holistic frameworks limits the ability of zakat institutions to design standardized yet adaptive empowerment models. Addressing this gap is essential for advancing theoretical understanding and enhancing practical implementation. An integrated empowerment model would provide a more accurate reflection of the multi-dimensional factors influencing mustahik entrepreneurship and income generation.

## RESEARCH METHODOLOGY

This study employed a qualitative research design to explore how zakat-based empowerment programs enhance income generating activities (IGA) among mustahik. A qualitative approach was chosen because it enables an in-depth understanding of participants' lived experiences, institutional processes, and the contextual factors influencing program outcomes. The research was conducted in Yogyakarta, involving mustahik beneficiaries and program managers from productive zakat programs. Using purposive sampling, a total of 20 mustahik and 6 program managers were selected based on their direct involvement in training, capital assistance, and mentoring initiatives.

Data were collected through in-depth semi-structured interviews, focus group discussions (FGDs), and document analysis. Interviews explored personal experiences, changes in business practices, and perceptions of program effectiveness, while FGDs captured shared challenges and collective reflections among mustahik. Relevant institutional documents such as training modules, monitoring reports, and beneficiary profiles were also examined to triangulate the findings. This multi-source data collection strategy allowed a comprehensive understanding of how empowerment activities shape mustahik economic behavior and business sustainability.

The data were analyzed using thematic analysis, following Braun and Clarke's framework. Coding was conducted iteratively to identify emerging categories and core themes related to empowerment mechanisms, financial literacy, and the influence of mentoring. To ensure trustworthiness, the study applied triangulation, member checking, and thick description, along with strict ethical procedures including informed consent, confidentiality, and voluntary participation. These steps strengthened the credibility and dependability of the research findings.

## RESULTS AND DISCUSSION

The findings of this qualitative study reveal that the zakat-based empowerment model—consisting of capital assistance, capacity building, and continuous mentoring—substantially contributes to improving income generating activities (IGA) among mustahik. Interviews with beneficiaries show that productive zakat provides an essential initial boost that enables them to start or expand microenterprises. Mustahik reported that the capital support reduced their dependence on informal loans and enabled them to purchase equipment, raw materials, or production tools. However, beneficiaries emphasized that capital alone is insufficient without training and mentoring, as many lacked business knowledge and financial management skills. This supports the observation that zakat empowerment requires integration between financial and non-financial support to generate sustainable economic outcomes.

The second major theme is the critical role of entrepreneurial training in shaping mustahik's business capabilities. Participants reported improvements in

product quality, marketing strategies, and financial literacy after attending training sessions. Several mustahik shared that they learned to calculate profit margins, maintain financial records, and utilize digital platforms for selling. These findings align with recent studies showing that capacity building significantly influences the success of productive zakat programs and enhances mustahik entrepreneurial preparedness (Rahman & Mustari, 2022; Amin et al., 2021). Program managers confirmed that training modules focus on practical skills to ensure immediate applicability in microenterprise settings. This strengthens earlier evidence that skills training is a key determinant of sustainable income enhancement within zakat-based empowerment frameworks (Hassan & Noor, 2020).

The third significant finding relates to the influence of continuous mentoring, identified as the most impactful component by both mustahik and program managers. Beneficiaries explained that mentoring provides accountability, emotional support, and problem-solving guidance when facing business challenges. Regular visits and monitoring from field officers encourage mustahik to maintain business discipline and avoid misusing the provided capital. Program managers noted that mentoring intensity directly correlates with business progress, and without it, mustahik often struggle to maintain consistent growth. These insights resonate with prior empirical research demonstrating that post-training mentoring substantially increases entrepreneurial success rates among marginalized groups (Sulaiman et al., 2023; Yusuf & Abubakar, 2021). Mentoring also fosters behavioral changes, such as improved confidence, better decision-making, and stronger market awareness.

Another theme emerging from the data is the importance of program suitability and contextual adaptation. Effective empowerment occurs when the type of business recommended aligns with mustahik's skills, market conditions, and household responsibilities. Some participants noted that mismatches between business types and personal abilities led to difficulties sustaining the venture. This finding is consistent with studies highlighting the need for personalized empowerment strategies tailored to beneficiaries' socio-economic profiles (Ismail & Wahab, 2022). Program managers acknowledged that institutional assessments are still evolving and that more refined approaches are needed to match beneficiaries to appropriate business models.

Overall, the findings illustrate that the success of productive zakat programs is shaped by the synergy between financial resources, skill development, and structured institutional support. This supports broader literature emphasizing that zakat empowerment is most effective when implemented as a holistic intervention rather than a standalone financial aid mechanism (Hamzah et al., 2021; Saringat & Rahim, 2020). The study thus contributes deeper qualitative insights into how empowerment processes operate on the ground and how beneficiaries understand and experience their economic transformation.

## CONCLUSIONS

This study concludes that zakat-based empowerment programs consisting of productive capital assistance, capacity-building training, and continuous mentoring effectively enhance income generating activities (IGA) among mustahik. The qualitative findings reveal that capital support provides a foundational starting point for microenterprises, but its impact becomes significant only when combined with applicable entrepreneurial skills and consistent supervisory support. Training improves mustahik's financial literacy, marketing strategies, and product development capacity, enabling them to operate more competitively in local markets. Continuous mentoring emerges as the most influential factor, as it provides behavioral guidance, emotional reinforcement, and accountability that encourages business discipline and sustainability. Ultimately, a holistic empowerment framework that integrates financial and non-financial interventions is essential to achieving long-term economic independence for mustahik and contributing to broader poverty reduction efforts.

### **Research Limitations and Recommendations**

This study has several limitations that should be acknowledged to provide context for interpreting the findings. First, the research relies solely on a qualitative design with a relatively small number of participants—20 mustahik and 6 program managers—which, while appropriate for exploratory depth, limits the generalizability of the results across broader zakat institution settings. Second, the study was conducted in a single regional context (Yogyakarta), where socio-economic conditions, institutional capacities, and cultural characteristics may differ from other regions; therefore, the empowerment model observed here may not fully represent national variations. Third, the data depend heavily on self-reported experiences, which may introduce recall bias or social desirability bias among participants. Finally, time constraints prevented long-term observation of business progress, meaning this research captures beneficiaries' experiences at a specific point rather than over multiple years.

Given these limitations, several recommendations are offered for future studies and program development. Future research should incorporate mixed-method or longitudinal approaches to capture not only in-depth experiences but also measurable economic changes over time. Expanding the geographic scope to include multiple regions and different zakat institutions would allow for comparative analysis and identification of best practices. Researchers could also examine additional factors such as social capital, digital literacy, and household dynamics to better understand the multidimensional impacts of productive zakat. For zakat institutions, it is recommended to strengthen documentation and monitoring systems to support data-driven evaluations and allow researchers to track beneficiaries more comprehensively. These steps will contribute to a more robust understanding of how zakat-based empowerment can sustainably improve mustahik livelihoods.

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