

From *Mustahik* to *Muzaki*: An Integrated Entrepreneurial Ecosystem Model for Productive Zakat Distribution

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Abstract

This study addresses the stagnation of *mustahik* (zakat recipient) transformation into *muzaki* (zakat payer) due to low entrepreneurial value addition in productive zakat programs. Despite significant potential, many *mustahik* businesses remain stuck in basic production with minimal innovation. This research aims to analyze the implementation of productive zakat at BAZNAS Pasuruan Regency, identify supporting and inhibiting factors, and formulate a distribution model based on entrepreneurial value addition. Employing a qualitative case study approach, data were collected through in-depth interviews with BAZNAS officials and four diverse *mustahik* clusters, participant observation, and documentation. Findings reveal that while zakat capital improves basic welfare, its impact on status transformation remains suboptimal due to limited intensive mentoring and low business literacy. Supporting factors include strong institutional commitment, while geographic access and lack of specialized partnerships act as barriers. This study proposes the "Integrated Entrepreneurial Ecosystem Model," a five-pillar framework emphasizing transformative paradigms, multi-stakeholder synergy, and context-specific mentoring. This research contributes a novel "Sustainable Entrepreneurial Value Added" formula, shifting the zakat distribution focus from mere financial aid to building a holistic entrepreneurial ecosystem, providing a practical roadmap for zakat institutions to accelerate the *mustahik*-to-*muzaki* transition.

Keywords: *Productive Zakat, Mustahik Transformation, Entrepreneurial Value Added, BAZNAS, Islamic Social Finance.*

INTRODUCTION

Indonesia possesses extraordinary potential for developing Islamic social finance. Besides having the world's largest Muslim population, Indonesia consistently ranks at the top as the most generous country globally.¹ This demographic and philanthropic potential provides a strategic opportunity to optimize Islamic social funds—*zakat*, *infaq*, *sadaqah*, and *waqf* (ZISWAF)—as instruments for sustainable development. *Zakat*, as one of the

¹ Charities Aid Foundation, "World Giving Index 2024: Global Trends in Generosity," *Charities Aid Foundation*, 2024, 1–19.

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pillars of Islam and a foundational instrument of Islamic finance, plays a crucial role in reducing social and economic inequality within society.² It serves as a comprehensive solution to alleviate the economic burden faced by vulnerable individuals affected by structural challenges.³ The optimal utilization of *zakat* has been proven to effectively eradicate extreme poverty among Muslim communities by narrowing the Gini ratio between the rich and the poor.⁴ Furthermore, the professional management of *zakat* is capable of creating a holistic Islamic economic ecosystem; it is not merely aimed at fulfilling basic consumptive needs but is also directed toward productive investment by positioning *zakat* funds as incubation capital for micro and small enterprises.⁵

One of the primary *maqashid* (objectives) of optimizing productive *zakat* is to facilitate the transformation process of the *mustahik* (zakat recipient) status into *muzaki* (zakat payer).⁶ This transformation requires strategic intervention to enhance business capacity in order to boost the income of the fostered partners. In its implementation, *zakat* management institutions (*amil*) are encouraged to apply a series of comprehensive strategies that include business feasibility studies, intensive mentoring, the formation of business group clusters, and the proportional assessment of capital distribution.

Previous studies have widely highlighted the strategic role of productive *zakat* in alleviating poverty and improving the welfare of *mustahik*. Several empirical studies consistently prove that the distribution of *zakat* business capital can significantly stimulate the growth of micro-enterprises and the household welfare of *mustahik*.⁷ On the other hand, recent literature trends are also largely directed at evaluating institutional

² Putri Rizka Citaningati, “Towards Sustainable Development: Ibn Ashur’s Insights on the Impact of Productive Zakat for Achieving SDGs,” *Journal of Islamic Economic and Business Research* 4, no. 2 (2024): 213–33, <https://doi.org/10.18196/jiebr.v4i2.299>.

³ Ender Muda et al., “Innovative Approaches to Managing Zakat within the Context of Sustainable Development and Societal Well-Being in Indonesia,” *European Journal of Studies in Management and Business* 29, no. January (2024): 74–89, <https://doi.org/10.32038/mbrq.2024.29.05>.

⁴ Aam Slamet Rusydiana et al., “Unveiling the Effects of Zakat toward Socioeconomic Empowerment in OIC Countries,” *International Journal of Ethics and Systems*, ahead of print, 2025, <https://doi.org/10.1108/IJOES-10-2024-0331>; Yasir Aziz et al., “The Nexus between Zakat and Poverty Reduction, Is the Effective Utilization of Zakat Necessary for Achieving SDGs: A Multidimensional Poverty Index Approach,” *Asian Social Work and Policy Review* 14, no. 3 (2020): 235–47, <https://doi.org/10.1111/aswp.12212>; Qurroh Ayuniyyah et al., “The Impact of Zakat in Poverty Alleviation and Income Inequality Reduction from the Perspective of Gender in West Java, Indonesia,” *International Journal of Islamic and Middle Eastern Finance and Management* 15, no. 5 (2022): 924–42, <https://doi.org/10.1108/IMEFM-08-2020-0403>.

⁵ Rahmad Hakim and Nadiya Rikha, *Transforming Mustahik Partners to Muzakki Strategy: Case Study on BAZNAS Microfinance Desa, Sawojajar, Malang City*, 10, no. 2 (2023): 186–202.

⁶ Hashim Bin et al., *Conceptualizing Asnaf Entrepreneurship for Zakat Institutions in Malaysia*, no. 1 (2021): 44–49.

⁷ Imron Mawardi et al., “Analyzing the Impact of Productive Zakat on the Welfare of Zakat Recipients,” *Journal of Islamic Accounting and Business Research* 14, no. 1 (2023): 118–40, <https://doi.org/10.1108/JIABR-05-2021-0145>; Tika Widiastuti et al., “A Mediating Effect of Business Growth on Zakat Empowerment Program and Mustahiq’s Welfare,” *Cogent Business & Management* 8, no. 1 (2021): 1882039, <https://doi.org/10.1080/23311975.2021.1882039>; Muhammad Hasbi Zaenal et al., “Productive Zakat and Data-Driven Strategies as a Solution to Regional Poverty in Indonesia,” *Journal of Muslim Philanthropy & Civil Society* 9, no. 2 (2025), <https://scholarworks.iu.edu/iupjournals/index.php/muslimphilanthropy/article/view/8184>.

managerial aspects and the effectiveness of distribution mechanisms. This includes the urgency of collaboration among Islamic social finance institutions to optimize fund collection and distribution,⁸ the creation of distribution mechanisms to generate sustainable income for *asnaf*,⁹ and the effectiveness of sector-specific empowerment programs, such as livestock farming, in transforming the status of *mustahik*.¹⁰

Although the comprehensive studies above have provided a strong foundation regarding the importance of productive *zakat*, there remains a crucial research gap. The majority of previous literature still focuses on indicators of basic financial capital availability, the expansion of upstream production volume, and institutional synergy. Studies that specifically dissect the essence of business sustainability—namely how the transformation process of inputs into high-value outputs (value-added process) is operationally constructed within *mustahik* entrepreneurship—are still very limited.

However, in line with contemporary entrepreneurship paradigms, value creation is a fundamental element that determines the level of competitiveness and resilience of a business entity.¹¹ Value creation theory asserts that competitive advantage does not merely stem from an increase in quantitative scale, but rather from the entrepreneur's ability to transform raw materials into products of higher economic value through innovation, applied processing, and quality enhancement. Without value addition, *mustahik* micro-enterprises will remain trapped in low-margin basic commodity competition, which hinders their upward economic mobility toward *muzaki* status.

The phenomenon of minimal value addition is clearly reflected in the National Board of Zakat (BAZNAS) of Pasuruan Regency, East Java. This institution has essentially initiated productive *zakat* distribution programs such as the BAZNAS Fostered Village (*Desa Binaan BAZNAS*), the BAZNAS Ambassador Scholarship Program, and the Pariman Program (Anti-Riba and Maslahah Revolving Fund Distribution). Nevertheless, preliminary observations reveal that the business activities of the fostered *mustahik* have not yet reached an adequate value-added creation process; the majority remain focused on the basic production level and trading raw commodities with minimal processing. The consequence of this short value chain is that the strategic mission of BAZNAS Pasuruan Regency to transform the status of *mustahik* into *muzaki* has not yet been optimally realized.

This study fills this academic gap by offering an approach different from previous studies. This research does not only evaluate the aspect of capital distribution but

⁸ Sri Herianingrum et al., “Muzakki and Mustahik’s Collaboration Model for Strengthening the Fundraising Capacity of Islamic Social Finance Institutions during COVID-19,” *International Journal of Ethics and Systems* 40, no. 1 (2022): 175–88, <https://doi.org/10.1108/IJOES-05-2022-0091>.

⁹ Suhaili Sarif et al., “Zakat for Generating Sustainable Income: An Emerging Mechanism of Productive Distribution,” *Cogent Business & Management* 11, no. 1 (2024): 2312598, <https://doi.org/10.1080/23311975.2024.2312598>.

¹⁰ Ajat Sudarjat, “The Effect of the Breeder Empowerment Program on Poverty Alleviation (Case Study of Balai Ternak BAZNAS in Purworejo Regency, Central Java Province),” *International Journal of Zakat* 9, no. 1 (2024): 80–92.

¹¹ Suryana, “Kajian Nilai Tambah Produk Pertanian Kementerian Keuangan Republik Indonesia Badan Kebijakan Fiskal,” *Kewirausahaan Kiat Dan Proses Menuju Sukses* 19, no. 5 (2016): 1–23.

positions the value-added creation strategy as the key variable of transformation. Therefore, this study aims to: (1) comprehensively describe and analyze the implementation of *zakat mal* fund distribution in efforts to create entrepreneurial value addition at BAZNAS Pasuruan Regency; (2) identify the determining factors supporting and hindering its implementation; and (3) formulate an applicable productive *zakat* distribution model based on entrepreneurial value addition to accelerate the transformation of *mustahik* into *muzaki*.

METHOD

This study employs a qualitative approach with a case study design. According to Creswell (2014),¹² a case study involves extensive data collection as the researcher seeks to build an in-depth description of the phenomenon being studied. The research location is the National Board of Zakat (BAZNAS) of Pasuruan Regency, East Java. Informants were selected purposively, consisting of internal parties (the Chairman of BAZNAS, Vice Chairman I of Collection, Vice Chairman II of Distribution and Utilization, and the Mentoring Coordinator) and external parties (four *mustahik* representing different business clusters: culinary, motorcycle repair shop, goat farming, and grocery store).

Data collection was conducted through in-depth interviews to explore the understanding, strategies, and obstacles related to value-added creation; participant observation to directly examine the production processes, business innovations, and daily operations within the *mustahik*'s business units; and documentation studies related to *zakat* distribution programs.

Data analysis followed the interactive model by Miles, Huberman, and Saldana (2014),¹³ which encompasses data condensation (reduction), data display, and conclusion drawing/verification. Data validity was ensured through source triangulation, technique triangulation, time triangulation, and member checking. The study conducted interviews with several informants, both internal and external, as detailed in the following table:

Table 1. List of Informants

No.	Name	Position	Type of Informant
1.	H. Abdullah Nashih Nashor	Chairman of BAZNAS Pasuruan Regency, East Java	Internal
2.	H. Moh. Mundzir, S.Pd., M.Pd.	Vice Chairman I of Collection	Internal
3.	Muhammad Khudori	Vice Chairman II of Distribution and Utilization	Internal
4.	Subhani	Mentoring Coordinator	Internal
5.	Chalimah	Mustahik (Culinary Business)	External
6.	M. Faizin	Mustahik (Motorcycle Repair Shop)	External
7.	Tanim	Mustahik (Goat Farming)	External
8.	Warso	Mustahik (Grocery Store)	External

¹² J. W. Creswell, *Research Design : Qualitative, Quantitative, and Mixed Methods Approaches*, 4th ed. (SAGE, 2014).

¹³ Huberman and Miles, *Analisis Data Kualitatif* (Universitas Pendidikan Indonesia, 1984).

RESULTS AND DISCUSSION

Implementation of Zakat Mal Distribution

The implementation of *zakat mal* distribution at BAZNAS Pasuruan Regency follows a structured process that begins with a comprehensive identification of the potential and needs of the *mustahik*. The distribution mechanism starts with the submission of a proposal by the prospective *mustahik* (either independently or through village officials), followed by administrative selection, field surveys to verify eligibility, and final approval by the BAZNAS leadership (Interview, November 20, 2025). The following is the flow of *mustahik* assistance applications to BAZNAS Pasuruan Regency.

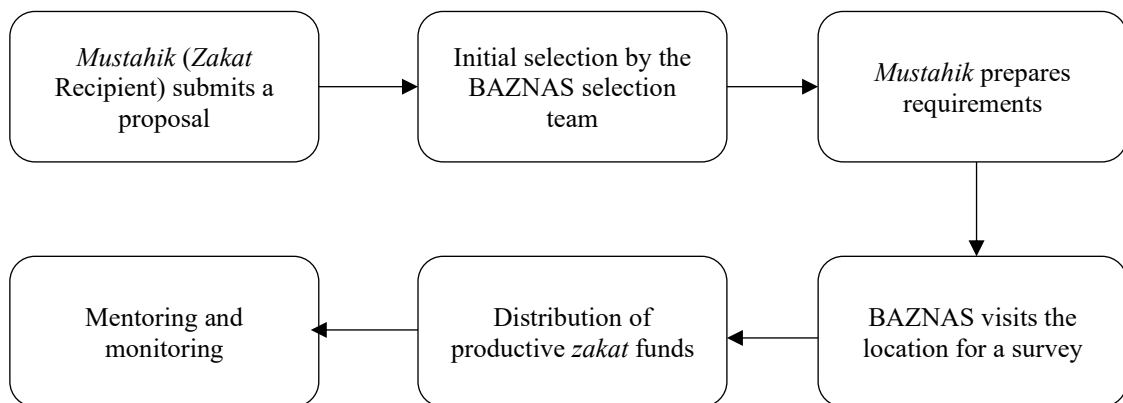


Figure 1. Pattern of Zakat Fund Application

BAZNAS Pasuruan Regency consistently utilizes a grant (*hibah*) system based on the guidelines of KH Muhibbul Aman Aly as the Sharia auditor, who stated that *zakat* funds must be provided in the form of a grant rather than a revolving system. This differs from other BAZNAS branches that implement *mudharabah* or *qardhul hasan* systems. The distribution program is packaged into five main programs: *Pasuruan Bertakwa* (religious), *Pasuruan Cerdas* (education), *Pasuruan Sejahtera* (productive economic empowerment), *Pasuruan Sehat* (health), and *Pasuruan Peduli* (social-humanitarian assistance).¹⁴

Field findings from four *mustahik* show varying results. Mrs. Chalimah (culinary business) received work equipment in the form of a food cart, stating that the process was fast and easy (approximately 2 weeks after application), yet there was no monitoring from BAZNAS after the distribution of aid. Faizin (motorcycle repair shop) received capital assistance of Rp 3,000,000, with monitoring conducted only twice within the first two months. He successfully increased his income to Rp 100,000–200,000 per day through digital marketing innovations via Instagram and TikTok.

In Sempol Village, Tosari, a remote area (25 km from the city center), the distribution follows a unique approach: starting with mosque development, followed by religious teachers, and eventually evolving into economic assistance expected to become

¹⁴ Baznas Kabupaten Pasuruan, *Profil Baznas Kabupaten Pasuruan*, no. 2 (Pasuruan, 2023), 12:21.

sustainable aid. Mr. Tamin received livestock assistance (2 goats per household) managed collectively. Within one year, 2 goats grew into 12. Mr. Warso opened a grocery store with an initial capital of Rp 500,000, becoming the only shop serving 26 households in the village.

Supporting and Inhibiting Factors

Through interviews with several informants, it can be concluded that there are several supporting factors for *zakat mal* distribution, identified as follows: (1) strong commitment from BAZNAS management, (2) a clear and measurable organizational structure, (3) a computerized management information system, (4) a UPZ (Zakat Collection Unit) network spread across 24 sub-districts, (5) regulatory support from the Local Government, and (6) an accountable and transparent reporting system.

Inhibiting factors include: (1) suboptimal *zakat* collection due to the lack of mandatory regulations, limited to civil servants, (2) limited *amil* (staff) resources for intensive mentoring, (3) difficult road access to certain areas such as Sempol Village, Tosari, (4) general mentoring that is not tailored to specific types of businesses, (5) lack of *mustahik* skills in business management, particularly financial literacy and bookkeeping, (6) absence of partnerships with relevant agencies (Department of Livestock, Department of MSMEs, microfinance institutions), (7) many MSMEs being trapped by moneylenders requiring liberation efforts, and (8) environmental factors including family support, customer networks, and local economic conditions.

Value Addition in Mustahik Entrepreneurship

Research results indicate that productive *zakat* capital has succeeded in generating business value added, although it is not yet optimal. Four main findings emerged: First, the four interviewed *mustahik* stated that productive *zakat* assistance increased their ability to add business stock, improve service/product quality, and provide opportunities for income growth. However, the magnitude of the increase varied, with *mustahik* having longer business experience obtaining more significant value added compared to novice *mustahik*.

Second, entrepreneurial knowledge remains a decisive factor for success. *Mustahik* with a basic understanding of marketing, financial recording, and business management showed better progress. Conversely, *mustahik* lacking business literacy faced difficulties in managing capital, regulating cash flow, and maintaining profits. This confirms that adding entrepreneurial value requires not only the provision of capital but also intensive and sustainable mentoring.

Third, only Faizin demonstrated clear value addition through digital marketing innovation. He successfully expanded market reach through social media, creating competitive differentiation. However, other *mustahik* have not optimally utilized the potential for value addition. For example, Mr. Tamin (goat farmer) only uses goat manure as fertilizer for personal use, without processing goat milk or selling organic fertilizer. This indicates that value added requires not only capital but also entrepreneurial creativity and innovation.

Fourth, productive *zakat* has the potential to lead *mustahik* toward independence but remains far from the transformation into *muzaki*. All four *mustahik* showed an increase in entrepreneurial capacity but have not yet reached an income level sufficient to exit the *mustahik* category. This is caused by the burden of household needs, a lack of intensive guidance, limited additional capital, and fluctuations in local economic conditions.

Proposed Distribution Model

Based on the research findings, an Integrated Entrepreneurial Ecosystem Model is proposed, synthesizing input from BAZNAS management and *mustahik* experiences. This model is not just about providing financial capital but also building a sustainable entrepreneurial ecosystem. This model has five main pillars:

First, the Transformative Ecosystemic Paradigm: shifting the perspective from viewing *mustahik* as charity recipients to potential *muzaki*. This involves an objective scoring system assessment, tiered capacity building from basic to advanced levels, intensive mentoring with an ideal ratio of 1:10–15, a real-time digital monitoring platform, and an outcome-focused approach with ambitious targets to transform 40% of *mustahik* into *muzaki* within 3–5 years.

Second, Knowledge Transfer-Based Intensive Mentoring: implementing a ratio of 1:15–20 *mustahik* per mentor to provide adequate personal attention. Mentoring includes routine visits twice a month, periodic evaluations every 3-6-12 months, qualification upgrades—identifying *mustahik* with the potential to level up for further support—responsive problem solving, and continuous business consultation. This model has succeeded in increasing survival rates by 25%.

Third, Multi-Stakeholder Partnership Model: BAZNAS cannot work alone and requires synergy with various stakeholders to create sustainable impact. This includes MoUs with universities for R&D, partnerships with corporate CSR, linkages with microfinance institutions, collaboration with civil society organizations, and a digital community platform for *mustahik*. Multi-stakeholder collaboration expands access to expertise, funding, and networks.

Fourth, Strengthening Operational Capacity: implementing the recruitment and training of more mentors, standardizing SOPs for consistency of implementation, digitalizing administration for efficiency, integrating databases with Local Government data, and communication through WhatsApp or Telegram groups for better coordination. *Mustahik* who take training seriously have a higher success rate.

Fifth, Context-Specific Approaches: the model must be adapted to the characteristics of the *mustahik*. For urban women (such as Mrs. Chalimah), a model emphasizing market access and continuous digital marketing training, time management training, the formation of cooperatives/associations for collective marketing, routine MSME bazaars for assisted products, and specialized time management training for housewives is needed.

For urban youth (such as Faizin), these models integrate technical skills with digital marketing through programs integrated with BMTs (Islamic Microfinance) or

Sharia cooperatives, where BAZNAS provides recommendations and limited guarantees, flexible financing schemes for expansion, mentoring from other successful MSME entrepreneurs, and digital communities for sharing. For remote mountainous areas (such as Sempol Village), a community-based approach leveraging geographical potential is required: infrastructure assistance to Local and Provincial Governments, development of flagship products based on local potential, premium mountain product branding, logistics transportation cooperation, and the integration of economic-religious-social programs. For grocery stores in remote areas (such as Mr. Warso), more intensive mentoring and gradual capital provision are needed, with capital stages aligned with business progress and community revolving funds for sustainability.

The findings of this study reinforce previous research indicating that productive *zakat* has a significant impact on the economic empowerment of *mustahik*.¹⁵ However, this study provides a more profound contribution by revealing that the provision of capital alone is insufficient without intensive mentoring and a focus on value addition. This is consistent with Pinelli et al. (2022), who emphasize that entrepreneurial value creation requires a system of exchange between entrepreneurs and stakeholders, rather than just financial capital.¹⁶

The grant (*hibah*) model implemented by BAZNAS Pasuruan Regency differs from most other BAZ/LAZ institutions that utilize *qardhul hasan* or *mudharabah* models.¹⁷ While the grant model avoids the issue of *riba* (usury) and facilitates liberation from moneylenders, it also carries the risk of creating a dependency mentality among *mustahik*. Therefore, intensive mentoring and monitoring of the transformation into *muzaki* become crucial to ensure that the capital received as a grant truly creates sustainable added value.

The proposed Integrated Entrepreneurial Ecosystem Model addresses the gaps in the implementation of productive *zakat* distribution. The transformative ecosystem approach shifts the paradigm from charity to empowerment, aligning with the concept of sustainable development through Islamic social finance.¹⁸ Multi-stakeholder partnerships overcome BAZNAS's resource limitations, as suggested by Riyadi et al. (2021)¹⁹

¹⁵ Mawardi et al., "Analyzing the Impact of Productive Zakat on the Welfare of Zakat Recipients"; Neneng Nurhasanah, "Productive Zakat Distribution Model in Baznas of West Java Province and Rumah Zakat of Bandung," *Amwaluna: Jurnal Ekonomi Dan Keuangan Syariah* 5, no. 2 (2021): 307–20, <https://doi.org/10.29313/amwaluna.v5i2.8236>.

¹⁶ Michele Pinelli et al., "Entrepreneurial Value Creation : Conceptualizing an Exchange-Based View of Entrepreneurship," *Journal of Small Business and Enterprise Development* 29, no. 2 (2022): 261–78, <https://doi.org/10.1108/JSBED-04-2021-0155>.

¹⁷ Sukma Indra et al., "In-Kind Model In Creative Productive Zakat Funds: Case Study On National Zakat Administrator Agency (Baznas) Of West Kalimantan Province," *Justicia Islamica* 17, no. 1 (2020): 1–16, <https://doi.org/10.21154/justicia>.

¹⁸ Widiastuti Tika et al., "Developing an Integrated Model of Islamic Social Finance: Toward an Effective Governance Framework," *Heliyon*, 2022; Citaningati, "Towards Sustainable Development: Ibn Ashur's Insights on the Impact of Productive Zakat for Achieving SDGs."

¹⁹ Aditya Hadid Riyadi et al., "The Effect of Utilizing Zakat Fund on Financing Production to Achieving Social Welfare: In Indonesia as a Case Study," *Journal of Islamic Finance* 10, no. 1 (2021): 19–29, <https://doi.org/10.31436/jif.v10i.524>.

regarding the need for synergy between *Zakat* Institutions and Islamic Microfinance Institutions. Based on empirical findings and the gap analysis in productive *zakat* distribution implementation, this study proposes the Integrated Entrepreneurial Ecosystem Model as a holistic solution to optimize the creation of *mustahik* entrepreneurial value addition. This model is visualized in Figure 2, illustrating an ecosystem architecture with five interconnected main pillars, centered on *mustahik* empowerment as the ultimate goal. The following is the *zakat mal* distribution model designed to enhance *mustahik* entrepreneurial value addition:

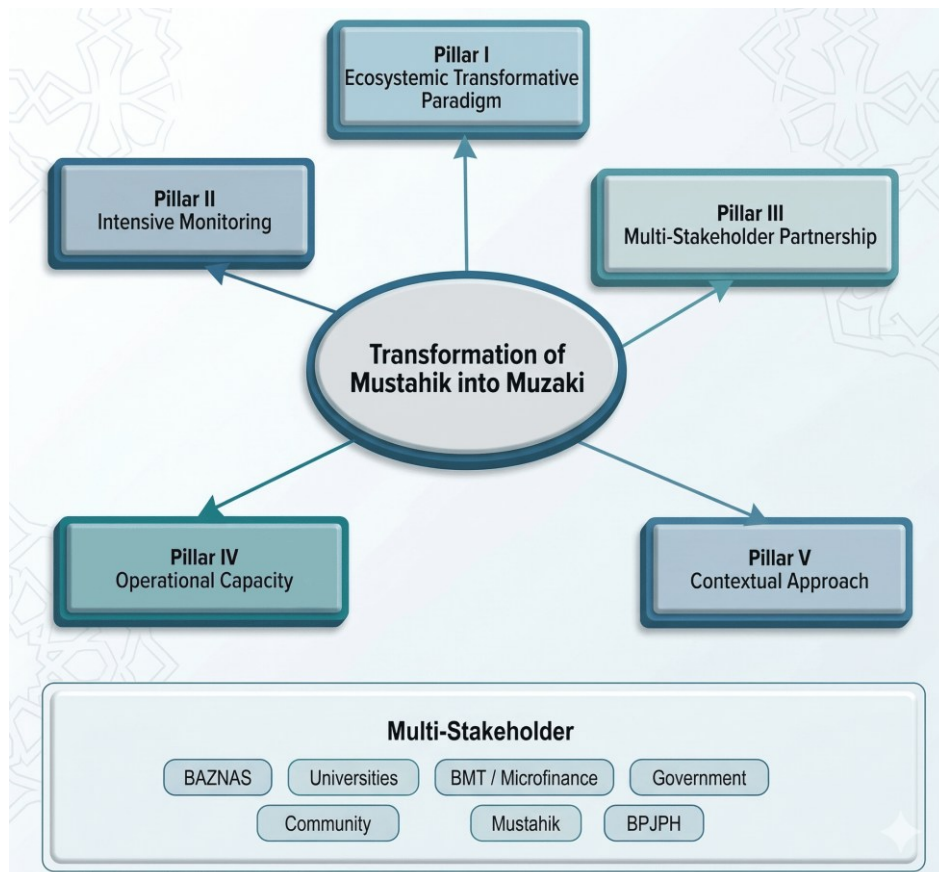


Figure 2. Diagram of the Integrated Mustahik Entrepreneurial Ecosystem Model

This model utilizes a radial approach with the transformation of *mustahik* as the center, surrounded by five pillars acting as enablers. This visualization reflects the philosophy that entrepreneurial value creation requires multidimensional interventions that reinforce one another, rather than partial or linear interventions. Each pillar is connected to the center through connector lines, signifying that *mustahik* empowerment is the resultant of the synergy among the five pillars. The concept of Mustahik Empowerment transcends mere economic income increase. It encompasses a multidimensional transformation: from dependence to independence (economic dimension), from being an object of assistance to an active subject (social dimension), from a "receiving" mindset to a "contributing" one (psychological dimension), and from *mustahik* to *muzaki* (spiritual dimension). The transformation target of 40% of *mustahik*

into *muzaki* within a 3-5 year period is established based on benchmarking against successful productive zakat programs in Malaysia and the potential identified from the findings of this research.²⁰

Pillar 1: Transformative-Ecosystemic Paradigm

The first pillar represents the conceptual and philosophical foundation of the model. The transformative-ecosystemic paradigm contains two key components. "Transformative" emphasizes that the ultimate goal is not merely an incremental improvement of the *mustahik's* condition, but a fundamental transformation of socio-economic status from *mustahik* to *muzaki*. "Ecosystemic" underscores that this transformation requires the creation of a conducive entrepreneurial ecosystem with various mutually supporting elements. The operational components of this pillar include: (1) an objective scoring system for *mustahik* assessment, replacing subjective approaches with standardized instruments based on objective criteria (entrepreneurial capacity, market potential, commitment); (2) tiered capacity building (basic → advanced) which recognizes that *mustahik* have different readiness levels—beginners require basic training, while those more established require advanced training in innovation and expansion; (3) intensive mentoring with an ideal ratio of 1 mentor to 10-15 *mustahik*, preventing superficial guidance; (4) a real-time monitoring platform integrating digital technology for continuous tracking; and (5) the 40% transformation target used as a benchmark.

Pillar 2: Knowledge Transfer-Based Intensive Mentoring

The second pillar addresses a crucial gap: mentoring that is generic, non-intensive, and not based on systematic knowledge transfer. Unlike conventional administrative monitoring, this pillar emphasizes intensive mentoring where mentors actively transfer entrepreneurial knowledge ranging from market analysis, pricing, and cash flow management to product innovation. A ratio of 1:15-20 *mustahik* per mentor is set based on best practices from successful microfinance programs. With this ratio, mentors can conduct routine visits twice a month, allowing sufficient time for in-depth observation and responsive problem-solving. Periodic evaluations at 3-6-12 month intervals allow for an objective assessment of business development. At the 3-month evaluation, the focus is on survival; at the 6th month, the focus is on growth; and at the 12th month, a comprehensive evaluation is conducted to determine eligibility upgrades. Research findings show that this intensive mentoring model increases the business survival rate by up to 25% compared to conventional mentoring. This is confirmed by Mawardi et al. (2023),²¹ who found that mentoring intensity has a significant correlation with business success, even stronger than the amount of capital.

Pillar 3: Multi-Stakeholder Partnership

²⁰ Tika Widiastuti et al., "Toward Developing a Sustainability Index for the Islamic Social Finance Program: An Empirical Investigation," *PLOS ONE* 17, no. 11 (2022): e0276876, <https://doi.org/10.1371/journal.pone.0276876>; Nurul Masirah Mustaffa et al., "Framework Construct on Zakat Studies for Institutional Development: A Systematic Literature Review," *Journal of Islamic Marketing* 17, no. 4 (2025): 1491–517, <https://doi.org/10.1108/JIMA-06-2024-0232>.

²¹ Mawardi et al., "Analyzing the Impact of Productive Zakat on the Welfare of Zakat Recipients."

The third pillar represents the dimension of networking and collaboration. Findings reveal that BAZNAS Pasuruan Regency has not yet developed systematic strategic partnerships with key stakeholders. However, entrepreneurial ecosystem literature emphasizes that no organization can create a strong ecosystem on its own.²² This model proposes five types of strategic partnerships: (1) Collaboration with BPJPH for product halal certification; (2) collaboration with Universities or Corporate CSR for human resource training, professional mentoring, and market access as consumers; (3) collaboration with BMTs/Sharia cooperatives where BAZNAS provides recommendations and guarantees for access to additional financing; (4) collaboration with Non-Governmental Organizations and MSME associations for community movement; and (5) a digital platform that can connect all *mustahik* to learn from peers and expand marketing.

Pillar 4: Strengthening Operational Capacity

The fourth pillar responds to operational capacity limitations that become bottlenecks for effective implementation. Although BAZNAS has a clear organizational structure and written SOPs, field implementation experiences significant gaps due to a limited number of *amil* (staff) and a partially manual administrative system. This pillar proposes five areas of strengthening: (1) recruitment and training of more mentors through proactive talent acquisition and intensive training; (2) innovation in the variety of products that can be developed and the importance of knowing product halal status; (3) digitalization of administration through an integrated Zakat Management Information System (ZMIS); (4) a database integrated with Local Government data for accurate targeting and leveraging resources; and (5) providing digital communication through various platforms such as WhatsApp/Telegram for responsive coordination.

Pillar 5: Contextual Approach

The fifth pillar represents the principle of contextualization in intervention design. Findings reveal that *mustahik* have highly heterogeneous characteristics—from urban housewives to livestock farming communities in remote areas. A homogeneous approach has proven ineffective because each segment has different potentials, challenges, and needs. This model proposes four contextual approaches: (1) For urban women (such as Mrs. Chalimah), the emphasis is on strengthening market access, digital marketing and time management training, the formation of cooperatives for collective marketing, and routine bazaars; (2) For urban youth (such as Faizin), the integration of technical skills with digital marketing, programs integrated with BMTs, flexible financing schemes, mentoring from successful entrepreneurs, and digital communities; (3) For remote mountainous areas (such as Sempol Village), a community-based approach with infrastructure advocacy to Local Government, development of local flagship products,

²² Zhe Cao and Xianwei Shi, "A Systematic Literature Review of Entrepreneurial Ecosystems in Advanced and Emerging Economies," *Small Business Economics* 57, no. 1 (2021): 75–110, <https://doi.org/10.1007/s11187-020-00326-y>; Jonathan Mukiza Peter Kansheba and Andreas Erich Wald, "Entrepreneurial Ecosystems: A Systematic Literature Review and Research Agenda," *Journal of Small Business and Enterprise Development* 27, no. 6 (2020): 943–64, <https://doi.org/10.1108/JSBED-11-2019-0364>.

premium branding, logistics cooperation, and economic-religious-social program integration; (4) For isolated areas (such as Mr. Warso), very intensive mentoring, gradual capital provision, community revolving funds, and gradual business diversification.

Synergy Between Pillars and the Value-Added Process

What distinguishes this model is the emphasis on synergy and interconnection between pillars. The transformative paradigm (Pillar 1) provides direction to intensive mentoring (Pillar 2). Intensive mentoring requires strong operational capacity (Pillar 4) for effective implementation. Multi-stakeholder partnerships (Pillar 3) enrich mentoring content—universities provide technical expertise, companies provide market access, and BMTs provide financing. The contextual approach (Pillar 5) ensures that the paradigm, mentoring, and partnerships are tailored to the specific characteristics of each segment. The diagram displays the Value Added Process formula: "Zakat Capital + Intensive Mentoring + Strategic Partnerships + Contextual Approach = Sustainable Entrepreneurial Value Added." This formula represents that creating sustainable entrepreneurial value requires the integration of financial capital (zakat), human resource development (mentoring), social capital (partnerships), and contextual intelligence (adaptive approach). Sustainable Entrepreneurial Value Added encompasses four dimensions: economic value (income increase), social value (poverty reduction), spiritual value (realization of *maqasid sharia*), and transformative value (change of status from *mustahik* to *muzaki*).

Theoretical Contribution of the Model

From a theoretical perspective, this model offers several significant contributions. First, the model integrates the Exchange-Based View (EBV) from Pinelli et al. (2022)²³ into the context of productive zakat. EBV emphasizes value creation through exchange relationships between entrepreneurs and stakeholders who mutually make and fulfill value promises. In the context of zakat, BAZNAS is not merely a financial donor but an active stakeholder exchanging with the *mustahik*. BAZNAS provides capital, knowledge, legitimacy, and networks; the *mustahik* provide entrepreneurial ability, innovation, and agency. Second, the model expands the entrepreneurial ecosystem concept,²⁴ generally applied to for-profit organizations, into the context of social-oriented productive zakat empowerment. Research shows that ecosystem thinking principles—multidimensionality, interdependence, emergence—can be applied to zakat-based entrepreneurship with unique nuances: spiritual dimensions and *maqasid* orientation. Third, the model advocates for a context-specific or regional approach. The "one-size-fits-all" approach often found in empowerment programs has proven suboptimal as it ignores *mustahik* heterogeneity. Research indicates that the effectiveness of interventions is contingent upon *mustahik* characteristics such as gender, age, location, business type, and entrepreneurial experience.

²³ Pinelli et al., "Entrepreneurial Value Creation: Conceptualizing an Exchange-Based View of Entrepreneurship."

²⁴ D. Isenberg, *The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship.*, in *Institute of International and European Affairs* (2011).

This model is based on empirical findings from BAZNAS Pasuruan Regency, yet it can be applied to other BAZNAS contexts or LAZs in general. Customization and contextualization will be necessary according to local characteristics; however, the fundamental paradigm principles—transformative, intensive mentoring, multi-stakeholder partnerships, operational capacity, and relevant contextual approaches—remain essential. Ultimately, this model is not just a theoretical construct but an action-oriented framework designed for practical implementation toward a transformative mission: creating new *muzaki* and a sustainable zakat-based economic empowerment cycle. The context-specific approach in this model recognizes that "one size does not fit all." Urban *mustahik* need digital marketing support, youth need technology and network integration, while remote areas need infrastructure and product development approaches based on geographical potential. This aligns with findings from Majid et al. (2024)²⁵ in Malaysia showing that location-tailored programs (such as ZPEU in Kedah) successfully transformed *asnaf* into productive economic agents.

Regarding value addition, this research indicates that capital alone cannot automatically create entrepreneurial value. Entrepreneurial knowledge, digital literacy, and innovation capabilities are decisive factors.²⁶ Faizin's success in utilizing social media for marketing demonstrates that the millennial generation with digital literacy has an advantage in creating added value. Therefore, digital training programs must become an integral part of productive zakat distribution. The limitations of this study include being restricted to Pasuruan Regency with a grant model; thus, generalization to other regions or models requires caution. Furthermore, this research has not yet measured the long-term impact of productive zakat (over 3 years) on the transformation of *mustahik* into *muzaki*. Future research is recommended to conduct comparative studies with other regions using different models (*qardhul hasan*, *mudharabah*), measure the long-term quantitative impact on income and *mustahik* welfare, test the effectiveness of the proposed model through action research or experiments, and explore the role of Islamic fintech in the distribution and monitoring of productive zakat.

CONCLUSION

This study concludes that the implementation of productive *zakat* distribution at BAZNAS Pasuruan Regency has operated structurally in accordance with established SOPs; however, the outcomes remain uneven, particularly regarding mentoring and monitoring. While productive *zakat* capital successfully generates business value added and increases *mustahik* income, entrepreneurial knowledge and intensive mentoring remain the decisive factors for success. Supporting factors include strong management commitment, a clear organizational structure, computerized systems, and an extensive

²⁵ Abdul Halim Abdul Majid et al., "The Ummah Economic Development Zone: An Innovative Community Development Initiative by Lembaga Zakat Negeri Kedah," *Paper Asia* 40, no. 6 (2024): 331–39, <https://doi.org/10.59953/paperasia.v40i6b.293>.

²⁶ M. E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (The Free Press, 1985); P. F. Drucker, *Innovation and Entrepreneurship* (Harper & Row Publisher, 1985).

UPZ network. Conversely, inhibiting factors encompass suboptimal collection, limited mentoring resources, difficult geographical access, generalized mentoring approaches, low business skills, a lack of strategic partnerships, and environmental constraints.

The proposed Integrated Entrepreneurial Ecosystem Model offers a holistic solution through five pillars: (1) a transformative ecosystem paradigm, (2) intensive knowledge transfer-based mentoring, (3) multi-stakeholder partnerships, (4) strengthening operational capacity, and (5) context-specific approaches for urban, youth, remote, and isolated areas. This model emphasizes that sustainable empowerment requires building a comprehensive ecosystem rather than merely providing financial capital. Practical implications for BAZNAS include recruiting more mentors, developing sector-specific guidance, building synergies with universities and Islamic microfinance (BMT), and implementing real-time digital monitoring. For policymakers, it is recommended to issue local regulations (*Perda*) on mandatory *zakat* for *muzaki* and allocate budgets for infrastructure in remote areas. For *mustahik*, active participation in training and digital technology adoption is essential to foster innovation and networking.

However, this research is subject to several limitations. The study is restricted to a single case study in Pasuruan Regency using a grant (*hibah*) model, which necessitates caution when generalizing the results to regions with different distribution models such as *qardhul hasan* or *mudharabah*. Additionally, this study has not yet measured the long-term quantitative impact (beyond three years) on the actual rate of *mustahik*-to-*muzaki* transformation. Consequently, future research is strongly encouraged to conduct comparative studies across different regions and distribution models, perform longitudinal quantitative measurements of *mustahik* welfare, and test the effectiveness of the proposed Integrated Entrepreneurial Ecosystem Model through action research or experimental designs. Furthermore, exploring the role of Islamic fintech in enhancing the transparency and efficiency of productive *zakat* monitoring remains a vital avenue for academic inquiry.

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