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Analysis of The Effectiveness of The Management and Distribution of Zakat Funds by Batam City Baznas in The Empowerment of Mustahik Economy Based on Sharia Finance

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Abstract

The transition from consumptive to productive zakat has positioned Islamic charitable giving as an instrument of economic empowerment rather than merely a means of meeting immediate needs. Batam City, as a major industrial and commercial center experiencing rapid urbanization, faces income disparities, employment uncertainty, and rising living costs, highlighting the need for targeted and sustainable zakat management. However, research explicitly examining the relationship between the effectiveness of zakat governance and distribution and multidimensional economic empowerment based on Islamic finance principles in industrial and urban settings remains limited. This study aimed to evaluate the effectiveness of zakat fund management and distribution by the National Amil Zakat Agency (BAZNAS) of Batam City in promoting the economic empowerment of mustahik (eligible zakat beneficiaries), identify distribution mechanisms and empowerment strategies, and develop a conceptual model of productive zakat effectiveness. A descriptive qualitative approach was employed, with data collected through in-depth interviews, observations, and document analysis and analyzed using the Miles and Huberman interactive model of qualitative data analysis. The findings indicated that zakat management was guided by the principles of amanah (trustworthiness), justice, transparency, sustainability, and maslahah (public benefit). Zakat distribution encompassed both consumptive and productive assistance, with productive programs integrating business capital, skills training, and entrepreneurial mentoring. However, empowerment outcomes varied among beneficiaries. One mustahik demonstrated improvements in production capacity and business income, whereas another continued to experience challenges associated with limited financial literacy and inadequate bookkeeping practices. These findings suggested that the effectiveness of productive zakat programs remained suboptimal, particularly because of limitations in mentoring, program evaluation, and financial literacy development. The study concluded that productive zakat should be managed through a sustainable, multistage economic empowerment framework integrating Islamic governance principles, business capital provision, continuous mentoring, financial literacy, entrepreneurial capacity development, and the progressive economic independence of mustahik.

INTRODUCTION

Zakat is one of the fundamental pillars of Islamic economics, serving both as an act of worship and as an instrument of wealth redistribution aimed at promoting social welfare (Isnaini, 2024). Within Indonesia's legal framework, zakat management is recognized as an important mechanism for improving community welfare and alleviating poverty, as stipulated in Law No. 23 of 2011 concerning Zakat Management. The paradigm shift from consumptive to productive zakat has expanded its role beyond meeting immediate needs toward promoting sustainable economic empowerment and financial independence among mustahik (eligible zakat beneficiaries) (Haidir, 2019; Suryani & Fitriani, 2022).

At the national level, the potential and actual collection and distribution of zakat have received increasing attention as instruments supporting poverty alleviation initiatives (National Amil Zakat Agency, 2024). Previous studies have indicated that optimizing zakat management through institutional transparency, accountability, and operational efficiency can enhance its socioeconomic impact (Astika et al., 2021; Novitasari et al., 2020). At the program level, productive zakat distribution through business capital assistance, entrepreneurship training, and mentoring has demonstrated potential for improving beneficiaries' economic welfare and supporting sustainable livelihood development (Darmawan & Abdul Malik, 2022; Dewanty et al., 2020; Nugraha et al., 2024).

Previous research has further emphasized that the effectiveness of productive zakat programs depends not only on the amount of financial assistance provided but also on comprehensive empowerment strategies encompassing beneficiary needs assessments, business capacity development, and post-distribution mentoring (Ansori, 2018; Dzulqurnain & Sari, 2020; Mulyana, 2020). Institutional accountability is essential for maintaining public trust and optimizing zakat collection and utilization (Tambunan, 2021). Similarly, community-based empowerment initiatives have highlighted the importance of continuous mentoring in sustaining program benefits (Azhar & Khotimah, 2019). Spatial analyses of zakat potential and poverty distribution have revealed geographical disparities that may influence resource allocation and program priorities (Karim et al., 2020). Furthermore, individuals' willingness to fulfill their zakat obligations has been associated with various factors, including trust in zakat management institutions (Mariyanti et al., 2022).

The effectiveness of zakat management should be evaluated beyond the ratio of funds distributed to funds collected. A comprehensive assessment should consider the accuracy of beneficiary targeting, compliance with Islamic legal principles, the appropriateness of fund utilization, and measurable improvements in beneficiaries' socioeconomic conditions. Accordingly, effectiveness encompasses not only resource inputs and program outputs but also empowerment outcomes, particularly improvements in entrepreneurial capabilities, business sustainability, and the economic independence of mustahik. This multidimensional perspective provided the analytical framework for evaluating the management and distribution of productive zakat in the present study.

From a broader development perspective, the objectives of zakat are closely aligned with several Sustainable Development Goals (SDGs), particularly those concerning poverty reduction, health, and education. The framework of maqasid al-shariah (the higher objectives of Islamic law) provides a normative foundation for prioritizing the preservation of life (hifz al-nafs) and wealth (hifz al-mal), thereby connecting Islamic socioeconomic principles with

contemporary sustainable development objectives (Abdullah, 2018; Fahmi et al., 2023; Miswanto & Tasrif, 2024). Furthermore, developments in the Islamic financial sector have contributed to an institutional and financial ecosystem that may support the implementation and sustainability of productive zakat programs (Nada, 2024; Parembai, 2025).

Batam City possesses distinctive socioeconomic characteristics as an industrial and commercial center experiencing substantial urbanization. These conditions generate economic opportunities while simultaneously creating social vulnerabilities associated with income disparities, employment uncertainty, and increasing living costs. Within this context, targeted and sustainable zakat management has the potential to reduce economic vulnerability, particularly among mustahik seeking to establish, maintain, or expand microenterprises. Batam's industrial and urban characteristics therefore provide a relevant setting for examining the effectiveness of productive zakat management and its contribution to beneficiary economic empowerment.

Despite the growing body of research on zakat management and distribution, existing studies have primarily emphasized fund allocation, institutional performance, and general improvements in beneficiary welfare. Comparatively limited attention has been devoted to examining how the effectiveness of zakat governance and distribution relates to multidimensional economic empowerment based on Islamic finance principles, particularly within industrial and urban environments. In addition, the interconnected roles of institutional governance, productive capital assistance, mentoring, financial literacy, entrepreneurial capacity, and beneficiary independence have not been comprehensively integrated into a single analytical framework within the specific context of Batam City. Addressing this gap could provide a more comprehensive understanding of how productive zakat programs contribute to sustainable economic empowerment in urban-industrial communities.

Based on these considerations, this study aimed to analyze the effectiveness of zakat fund management and distribution by the National Amil Zakat Agency (BAZNAS) of Batam City in promoting the economic empowerment of mustahik in accordance with Islamic finance principles. Specifically, the study sought to identify the forms of zakat distribution, examine the mechanisms supporting beneficiary empowerment, and develop a conceptual model explaining the effectiveness of productive zakat programs. The study's novelty lay in integrating institutional zakat governance and distribution effectiveness with a multidimensional empowerment framework encompassing compliance with Islamic principles, productive capital provision, continuous mentoring, financial literacy, entrepreneurial capacity development, and the progressive economic independence of mustahik. This integrated perspective was expected to contribute to the development of more accountable, targeted, and sustainable productive zakat management strategies.

METHOD

This study employed a descriptive qualitative approach to examine the management, distribution, and utilization of zakat funds for economic empowerment within their actual organizational and community contexts. This approach was selected to explore the processes, institutional relationships, and stakeholder experiences influencing the effectiveness of productive zakat programs.

The research was conducted at the National Amil Zakat Agency (BAZNAS) office in Batam City and in selected residential and business areas of mustahik (eligible zakat beneficiaries) who received productive zakat assistance. Informants were selected through purposive sampling based on their knowledge of and involvement in zakat management, distribution, and economic empowerment programs. The informants included BAZNAS administrators, empowerment program staff, and beneficiaries who received business capital assistance. Interview data included statements from the Chief Executive of BAZNAS on October 12, 2025, empowerment program staff on October 15, 2025, and two mustahik interviewed in October 2025. The beneficiaries were identified using the codes M-03 and M-04 to protect their confidentiality.

Data were collected through in-depth interviews, direct observations, and document analysis. Interviews explored zakat management procedures, distribution strategies, economic empowerment initiatives, and beneficiaries' experiences. Observations focused on mentoring activities and the business conditions of mustahik. Document analysis included BAZNAS annual reports, records of productive zakat beneficiaries, empowerment program documentation, and training activity reports.

Data were analyzed using the Miles and Huberman interactive model, which involved data reduction, data display, and conclusion drawing and verification. Data reduction involved selecting, organizing, and summarizing relevant field information. The findings were presented through narrative descriptions and thematic matrices, while conclusions were developed and verified through iterative examination of the data. The trustworthiness of the findings was strengthened through source and methodological triangulation by comparing evidence obtained from interviews, observations, and documents. As the study employed a descriptive and interpretive approach without quantitative measurements of income changes, the analysis focused on empowerment processes and participants' experiences rather than statistical estimates of economic impact.

Interview and observation data were coded according to six principal themes: institutional governance, zakat distribution mechanisms, economic empowerment strategies, business development outcomes, financial literacy, and program implementation constraints. Beneficiaries' identities were anonymized using participant codes, including M-03 and M-04, to maintain confidentiality. The analysis was restricted to information supported by the collected evidence, and unavailable quantitative data were acknowledged as methodological limitations rather than replaced with estimates. These procedures were intended to maintain transparency, analytical consistency, and the credibility of the findings.

RESULTS AND DISCUSSION

Management of Zakat Funds Based on Sharia Financial Principles

The results of the study show that the management and distribution of zakat funds in Batam City BAZNAS refers to the principles of trust, justice, transparency, sustainability, and benefit. These principles are a framework in the process of collecting, managing, and distributing funds to mustahik so that they are on target and produce long-term benefits. These findings are in line with the emphasis of the literature that accountability and transparency are prerequisites for the effectiveness of zakat institutions (Novitasari et al., 2020; Tambunan, 2021). The implementation of good governance in zakat management has been proven to

strengthen institutional quality (Baihaqi & Ulfa, 2022), and transparency in the use of zakat funds contributes to improving community welfare and empowerment (Mokodenseho et al., 2024).

An interview with the Chief Executive of BAZNAS emphasized that zakat funds are seen as a trust of the people that must be managed in accordance with sharia and distributed to the right parties. Thus, public trust is an important element in zakat governance. From a research perspective, this trust does not stand alone, but is built through management integrity, compliance with sharia principles, and the accuracy of distribution targets.

Form of Zakat Fund Distribution

The distribution of zakat funds at BAZNAS Batam City is found in two main forms, namely consumptive distribution and productive distribution. The two forms have different orientations as summarized in Table 1.

Table 1. Forms of Zakat Fund Distribution at BAZNAS Batam City

Distribution Form	Purpose	Form of Assistance	Orientation
Consumptive	Meet the basic needs of mustahik	Cost of living, health, education	Short-term needs are met
Productive	Increasing the economic capacity of mustahik	Business capital, training, mentoring	Business independence and sustainability

This difference in orientation shows that the distribution of zakat is not only directed at solving momentary needs. Productive distribution provides space for zakat to function as an instrument of empowerment, especially when capital assistance is accompanied by increasing business capacity and mentoring (Ansori, 2018; Mulyana, 2020). In the context of Batam City BAZNAS, the two forms do not need to be contradicted: consumptive distribution serves as a protection for basic needs, while productive distribution is directed at strengthening economic capacity. The balance of the two allows zakat to respond to short-term needs while building long-term resilience.

Economic Empowerment through Productive Zakat and Its Impact on Mustahik

Productive zakat at BAZNAS Batam City does not stop at providing capital. The findings show that there is training and assistance for simple business management. This approach is important because the purpose of empowerment is not just to increase business assets, but to encourage the ability of mustahik to manage business, understand finances, and build independence. Staff in the empowerment field emphasized that momentary assistance is not enough to raise the welfare of mustahik; assistance needs to be accompanied by training and mentoring so that recipients are able to develop towards independence. This view is consistent with the findings that utilization and mentoring strategies determine the success of productive zakat (Azhar & Khotimah, 2019; Dzulqurnain & Sari, 2020).

The impact of the program shows variations. Mustahik M-04, a tailor, stated that capital assistance allows the purchase of higher quality sewing machines, so that orders and income increase. These findings show that zakat capital can increase production capacity when used for productive and relevant business needs (Darmawan & Abdul Malik, 2022; Nugraha et al., 2024). On the other hand, mustahik M-03 who runs a home laundry business still has difficulties in bookkeeping; the mixing of business money and household money makes profits difficult to measure. This case confirms that the problem of empowerment is not always in the

form of a lack of capital, but also financial literacy and business management that determine the sustainability of zakat benefits.

Sharia Finance Principles, Maqasid al-Sharia, and Linkages with SDGs

The application of sharia finance principles can be seen in the orientation of trust, justice, transparency, sustainability, and benefits. In the context of business empowerment, sharia values are also related to honesty in financial recording and business ethics. The findings of the study show an effort to shift the pattern of assistance from just charitable to transformative assistance, namely when the assistance is able to increase the production capacity, income, literacy, and independence of recipients.

The shift from a charitable pattern to a transformative pattern is at the core of the effectiveness of empowerment. Charitable assistance stops at fulfilling momentary needs, while transformative assistance seeks to change the economic position of the recipient more fundamentally through strengthening production capacity, income, literacy, and independence. The transformation only takes place when capital is accompanied by a sustainable coaching process. In the framework of Islamic finance, this transformation is also loaded with values, namely fostering business ethics, honesty of recording, and responsibility in muamalah, so that empowerment is not only material but also forms economic behavior in accordance with sharia principles.

BAZNAS programs in the economic, social-humanitarian, and educational fields are seen as in line with several sustainable development goals, especially poverty alleviation, hunger reduction, health and welfare, and quality education. The maqasid al-sharia approach provides a framework to place daruriyyah needs as a priority, while linking sharia goals with modern development indicators (Abdullah, 2018; Fahmi et al., 2023; Miswanto & Tasrif, 2024). However, the alignment of programs with the SDGs should not only be stated normatively; in further research, it needs to be proven through measurable outcome indicators.

Effectiveness of Management, Distribution, and Financial Literacy Factors

The effectiveness of management in this study is not solely measured from the distribution of zakat funds, but from the ability of governance to produce benefits that are in accordance with the purpose of zakat. Amanah places zakat funds as a trust that must be managed responsibly; transparency is related to the need to maintain public trust; justice demands the accuracy of targets; sustainability directs programs to long-term benefits; and benefits direct the use of funds to improve the quality of life of recipients. This value configuration shows that effectiveness is multidimensional and cannot be reduced to the volume of distribution (Astika et al., 2021; Tambunan, 2021). The efficiency study of zakat institutions also emphasizes the importance of optimizing resources so that the impact of zakat does not stop at the administrative aspect (Fakhri et al., 2023), while studies on BAZNAS in other regions show that the implementation of productive zakat accompanied by supervision contributes to the welfare of mustahik (Arnita et al., 2026).

The findings of M-04 provide an idea that business capital can have an impact when directed to productive assets that are relevant to business activities. Conceptually, the impact chain can be formulated as: capital assistance towards increasing production capacity, then increasing orders, then increasing income, and ultimately strengthening independence. However, the case of M-03 shows that capital does not automatically produce independence. The inability to separate business and household money hinders the measurement of profits

and business decision-making. Therefore, the success of productive zakat needs to be understood as a combination of capital, capacity, literacy, mentoring, and monitoring.

Financial literacy is one of the important findings. Bookkeeping difficulties show that some mustahik require basic competencies in recording transactions, separating business and household finances, calculating profits, and planning the use of capital. From the perspective of Islamic finance, strengthening financial literacy is also related to the values of honesty, openness, responsibility, and ethics in muamalah. Thus, training should not only contain business technical skills, but also build a financial management culture that is in accordance with sharia values.

Mentoring is a critical point that distinguishes productive assistance from one-time capital assistance. The finding that effectiveness has not been optimal due to limitations in mentoring and evaluation shows the need for a post-distribution approach designed in one cycle: needs assessment, distribution, training, mentoring, monitoring, evaluation, and follow-up. The cycle allows BAZNAS to know whether the assistance results in the expected changes and which parts need to be improved (Ansori, 2018; Dewanty et al., 2020).

A summary of research findings across different focuses is presented in Table 2, which shows the linkages between key findings, indicators of effectiveness, and gaps that are still faced.

Table 2. Research Findings Matrix

Focus	Key Findings	Effectiveness Indicators	Gap
Pengelolaan	Refers to trust, justice, transparency, sustainability, benefits	Trust, targeting, sharia compliance	Quantitative documentation is not yet available
Consumptive distribution	Meet basic needs	Response to the needs of life	Short-term
Productive distribution	Business capital, training, mentoring	Capacity building and independence	Assistance is not optimal
Business impact	Some mustahik experienced an increase in orders/revenue	Production capacity and revenue	The impact between mustahik varies
Financial literacy	Some mustahik are weak in bookkeeping	Ability to separate business and household finances	Need continuous training

Comparison with Previous Research

The findings of this study have a different alignment and emphasis than a number of previous studies, as summarized in Table 3.

Table 3. Comparison of Findings with Previous Research

Research	Relevant Findings	Position of this research
Nugraha et al. (2024)	Productive zakat distribution improves the welfare of mustahik	Strengthening zakat orientation on business capacity and sustainability
Astika et al. (2021)	Optimization of zakat contributes to poverty alleviation	In line with the function of zakat empowerment in Batam
Fahmi et al. (2023)	Maqasid al-syariah is relevant to the SDGs agenda	Supporting the use of maqasid as an analytical perspective
Dzulqurnain & Sari (2020)	Empowerment requires strategy and mentoring	In line with the findings that mentoring needs to be strengthened

Research	Relevant Findings	Position of this research
Darmawan & Abdul Malik (2022)	Productive programs to improve the well-being of mustahik	In line with the positive impact on some mustahik

Conceptual Model of Research Results

Based on the synthesis of findings, this study formulated a tiered zakat empowerment model as shown in Figure 1. The model emphasizes that effectiveness is not determined by capital alone, but is the result of interaction between governance, target accuracy, capital, capacity, literacy, mentoring, and sustainability of evaluation.

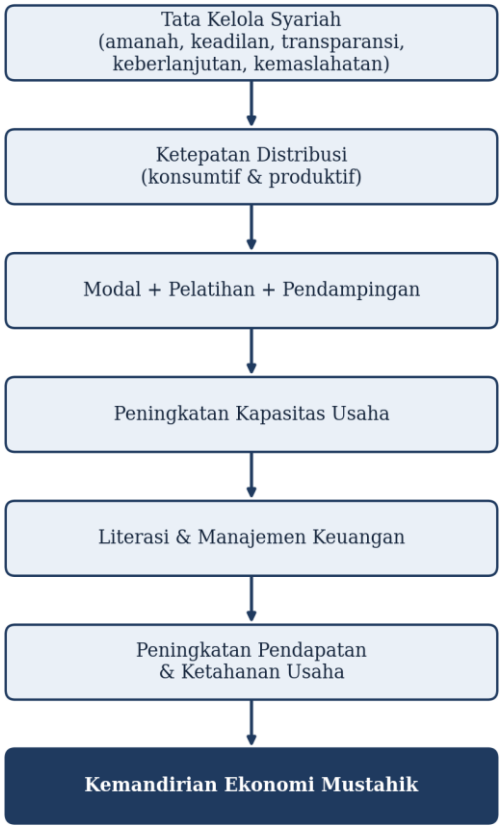


Figure 1. Conceptual Model of Mustahik Economic Empowerment through Productive Zakat

Managerial Implications and Strengthening Institutional Synergy

For BAZNAS Batam City, the results of the study imply that the productive zakat program needs to be equipped with a business needs-based assistance system. Each recipient can be mapped based on the type of business, capital needs, literacy level, and business development conditions. In addition, BAZNAS can strengthen the post-distribution evaluation with simple but consistent indicators, such as changes in production capacity, turnover, profit, bookkeeping ability, business sustainability, and a decrease in dependence on consumptive assistance. These indicator figures need to be obtained from primary data in follow-up research.

The effectiveness of empowerment can also be increased through the synergy of BAZNAS with local governments, Islamic financial institutions, business actors, and communities. Synergy can be directed to training, marketing, strengthening supply chains,

financial literacy, and access to business services in accordance with sharia principles (Nada, 2024; Parembai, 2025). The novelty of this research emphasizes the integration between the effectiveness of zakat management-distribution with the multi-level empowerment process based on Islamic finance principles: the effectiveness of productive zakat is not sufficiently explained by capital distribution, but is more accurately understood as a process that connects sharia governance, capital, mentoring, financial literacy, business capacity, and independence.

Obstacles and Limitations of Program Effectiveness

Although the effectiveness of the program is considered good, the study found several limitations. First, the ability of mustahik is not uniform so that the response to the same assistance can be different. Second, financial literacy and simple business management are still problems for some recipients, as seen in the case of M-03. Third, assistance and program evaluation still need to be strengthened so that assistance does not stop as a one-time capital transfer. Fourth, the reach of the program and zakat participation can still be increased through socialization and strengthening public trust.

These limitations show that effectiveness is not a static condition, but a result that must be maintained through process improvement. This finding is consistent with the literature that emphasizes the importance of accountability, transparency, and sustainable assistance as determinants of the sustainability of zakat benefits (Azhar & Khotimah, 2019; Tambunan, 2021). Thus, effectiveness assessments should be carried out periodically and evidence-based, not just based on the distribution of funds.

Theoretical and Practical Implications

Theoretically, the research strengthens the view that zakat can function as an Islamic social financial instrument that has a distributive dimension as well as empowerment. The perspective of Islamic finance provides a normative foundation in the form of trust, justice, transparency, benefit, and sustainability, while the maqasid al-sharia approach expands the meaning of effectiveness from just the amount of assistance to the benefits generated (Abdullah, 2018; Fahmi et al., 2023). This research also emphasizes the importance of linking the theory of effectiveness with empowerment outcomes, namely changes in business capacity, financial management ability, income, and mustahik independence.

Practically, BAZNAS Batam City needs to strengthen post-distribution assistance, especially in simple business bookkeeping, separation of household and business finances, profit calculation, and capital use planning. BAZNAS also needs to build a consistent monitoring and evaluation system, with indicators before and after assistance, so that changes in mustahik conditions can be documented and used to improve the program. Socialization and strengthening of community participation in zakat needs to be increased so that the capacity of the empowerment program is wider, in line with strengthening a more inclusive Islamic financial ecosystem (Nada, 2024; Parembai, 2025).

As an operational derivative, this study recommends a simple but consistent set of program evaluation indicators, as presented in Table 4. These indicators are designed to be periodically measured and sourced from accountable data, so that evidence-based effectiveness assessments can be carried out in follow-up research.

Table 4. Recommended Indicators for Evaluation of Empowerment Programs

Dimensions	Recommended Indicators	Data Source
Governance	Transparency, accountability, accuracy of targets	BAZNAS document + interview
Business capital	Types of aid, use of capital, capital adequacy	Documents + observations
Business capacity	Production, order quantity, productive assets	Interview + business record
Finance	Turnover, profit, record-keeping, business/household money separation	Cash book + interview
Mentoring	Frequency, material, follow-up	Companionship log
Independence	Dependence on aid, business continuity	Interview + Monitoring
Benefits	Changes in family economic and social conditions	Interviews + observations

Limitations and Further Research Agenda

This research has a number of limitations that need to be stated openly. The available data does not present the number of informants in detail, does not contain a complete table on the characteristics of mustahik and the amount of assistance, and does not provide quantitative data before and after the program that allows the measurement of changes in income statistically. Documentation regarding the frequency, duration, and form of assistance has also not been described in detail. These limitations are not covered by figures that are not obtained from the field, but are used as a foothold for the development of further research.

Further research can use a quantitative approach or mixed methods to measure changes in income, profit, business assets, turnover, and the level of independence of mustahik before and after receiving the program. Comparative studies between mustahik productive zakat recipients and groups that have not received the program can strengthen impact claims. In addition, proving the alignment of the program with the SDGs should be done through measurable outcome indicators, so that the contribution of zakat to sustainable development can be assessed empirically, not just normatively.

The Relevance of the Findings to the Islamic Financial Ecosystem

The findings of this research have broader relevance to strengthening the Islamic financial ecosystem. Productive zakat does not stand alone, but is part of a series of Islamic social financial instruments that can synergize with Islamic microfinance institutions, financing programs, and community financial literacy. When mustahik succeeds in growing businesses and increasing independence, they have the potential to shift from the position of recipient to contributor, so that the redistributive function of zakat can produce multiple effects for the people's economy. The development of Islamic financial assets and institutions that continue to grow provides space for this connectedness (Nada, 2024).

In this framework, the effectiveness of zakat should be read as part of a larger financial inclusion strategy. Strengthening financial literacy, institutional accountability, and sustainable assistance is not only a technical issue, but a prerequisite for zakat to be able to carry out its transformative function consistently (Parembai, 2025; Tambunan, 2021). Thus, the success of BAZNAS Batam City is not enough to measure the amount of funds distributed, but also from its ability to build a bridge between zakat assistance and the sharia economic ecosystem that supports the sustainability of mustahik businesses in the long term.

CONCLUSION

Based on the research findings and discussion, the management and distribution of zakat funds by the National Amil Zakat Agency (BAZNAS) of Batam City demonstrated a degree of effectiveness in promoting the economic empowerment of mustahik (eligible zakat beneficiaries) in accordance with Islamic finance principles, although several aspects required improvement. This effectiveness was reflected in the application of the principles of amanah (trustworthiness), justice, transparency, sustainability, and maslahah (public benefit) in zakat management and distribution. Furthermore, the implementation of productive zakat programs integrating business capital assistance, entrepreneurship training, and mentoring demonstrated the institution's efforts to promote sustainable economic empowerment.

Zakat funds were distributed through both consumptive and productive assistance programs. Consumptive zakat distribution addressed the immediate basic needs of mustahik, whereas productive distribution focused on strengthening entrepreneurial capacity and supporting beneficiaries' economic independence. However, empowerment outcomes varied among beneficiaries. In the case of M-04, capital assistance for purchasing improved sewing equipment was followed by increased customer orders and business income. Conversely, the experience of M-03 highlighted how limited financial literacy and inadequate bookkeeping practices could constrain effective business management. These findings indicated that access to business capital was an important component of economic empowerment but was insufficient on its own to ensure sustainable business development.

The effectiveness of productive zakat programs remained constrained by limitations in business mentoring, program monitoring and evaluation, financial literacy development, and the coverage of zakat distribution and empowerment initiatives. Consequently, productive zakat should be implemented as a continuous and structured economic empowerment process rather than being limited to the provision of business capital. This study contributed a conceptual framework for multistage economic empowerment that integrated institutional governance, productive capital assistance, mentoring, financial literacy, entrepreneurial capacity development, and beneficiary independence. However, the absence of quantitative baseline and post-intervention data limited the assessment of measurable economic improvements attributable to the programs. Future research should therefore employ quantitative or mixed-methods approaches to examine changes in beneficiaries' income, business profits, productive assets, and economic independence using clearly defined performance indicators.

Based on these findings, this study recommended that BAZNAS Batam City strengthen continuous business mentoring tailored to beneficiaries' entrepreneurial needs, develop accessible financial literacy modules aligned with Islamic finance principles, establish systematic post-distribution monitoring and evaluation mechanisms, and improve assessments of beneficiaries' business viability. Additional efforts should focus on expanding marketing partnerships and improving beneficiaries' access to business development opportunities. Local governments could further support these initiatives by strengthening institutional coordination, facilitating micro, small, and medium enterprise (MSME) training, improving market access, and developing supportive economic ecosystems for low-income communities. Through coordinated institutional efforts, productive zakat could serve as a sustainable economic empowerment instrument that extends beyond meeting immediate needs to strengthening

entrepreneurial capacity, financial literacy, business sustainability, and the progressive economic independence of mustahik in accordance with Islamic finance principles.

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CONFLICT OF INTEREST

This research was carried out by a single author. Dewi Sartika is responsible for all stages of research, including conceptualization, data collection and analysis, manuscript writing, and final editing.

AUTHOR CONTRIBUTION

If relevant, statements regarding the contributions of each author may be included in this section.

GENERATIVE ARTIFICIAL INTELLIGENCE USAGE STATEMENT

The author states that generative artificial intelligence (AI) was used in the preparation of this manuscript. The author acknowledges the use of generative AI to help improve language clarity and improve the grammatical structure of the manuscript. The use is done in compliance with the applicable ethical guidelines regarding the use and disclosure of generative AI in scientific research. Each author has made substantial intellectual contributions to this work. The entire manuscript content has been carefully reviewed to ensure its accuracy, and the author is solely responsible for the integrity and final content of the manuscript.

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