



THE UTILIZATION OF ZAKAT FUNDS TO IMPROVE THE WELFARE OF MUSTAHIK: AN ANALYSIS OF THE BAZNAS SOUTH SUMATRA ZMART PROGRAM

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Abstract: This study aims to analyze the utilization of zakat funds in improving the welfare of mustahik through the Zmart program managed by the National Zakat Agency (BAZNAS) of South Sumatra Province. The research uses a qualitative method with a case study approach. Data were collected through interviews, observations, and documentation from both primary and secondary sources. The findings indicate that the Zmart program has a positive impact on improving the welfare of mustahik, particularly in increasing income, enhancing business skills, and fostering economic independence. The utilization of zakat funds through the Zmart program is proven to contribute to poverty reduction and economic empowerment. These results imply that productive zakat distribution can be an effective instrument for sustainable community welfare development.

Keywords: BAZNAS, Mustahik, Welfare, Zmart Program, Zakat.

INTRODUCTION

Poverty remains a persistent socio-economic issue in many developing countries, including Indonesia. Its root causes do not solely stem from limited natural resources but are also driven by structural

inequality and the low productivity of vulnerable groups (Todaro & Smith, 2020). Data from Statistics Indonesia (Badan Pusat Statistik/BPS) recorded that as of March 2024, the number of poor people reached 25.28 million or 9.03 percent, a decrease of approximately 920 thousand people compared to March 2023, in line with stable national economic growth of around 5 percent (BPS, 2024).

Despite the national decline, regional disparities remain evident. In the Sumatra region, South Sumatra Province is categorized as one of the areas with a high poverty rate. In 2022–2023, the number of poor people in the province reached around 952 thousand or 11.90 percent, ranking third highest nationally (BPS, 2023). At the district/city level, Musi Rawas Utara recorded the highest poverty rate, while Pagaralam City reported the lowest (BPS, 2024). These conditions indicate the need for adaptive and empowerment-based poverty alleviation strategies.

Within the framework of Islamic economics, zakat is viewed as a strategic instrument for realizing social justice and sustainable welfare. Zakat is not only a spiritual obligation but also functions as a mechanism for wealth distribution and economic empowerment of the poor (Qardhawi, 2005). The paradigm shift from consumptive zakat to productive zakat has strengthened following the enactment of Law No. 23 of 2011 on Zakat Management, which encourages the transformation of mustahik from aid recipients into independent economic actors.

BAZNAS, as the official zakat management institution, plays a crucial role in implementing empowerment programs based on zakat. In South Sumatra Province, zakat collection and distribution have

shown an increasing trend over the past three years, including allocations for productive economic programs (BAZNAS, 2022). One of its flagship initiatives is the Zmart program, which integrates business capital assistance, stall renovation, branding enhancement, supply chain development, and technology-based mentoring for micro-enterprise mustahik.

The Zmart program has shown positive impacts on increasing income and business sustainability among mustahik. Several beneficiaries reported improved savings capacity, business expansion, and reduced dependency on aid (BAZNAS, 2023). However, implementation effectiveness remains uneven. Challenges such as data validity, monitoring systems, entrepreneurial capacity, and continuity of mentoring still limit program outcomes in the field.

Previous studies also demonstrate varying findings. Anam (2024) and Cahya (2022) reported increased mustahik welfare through productive zakat, whereas Kholifah (2021) found that limited mentoring affected enterprise growth. These variations indicate a research gap that requires empirical and contextual examination.

Based on these conditions, this study focuses on the utilization of productive zakat to improve mustahik welfare through the Zmart program of BAZNAS South Sumatra Province, as part of a sustainable poverty alleviation effort.

Utilization of Zakat Funds

The utilization of zakat refers to the process of managing and distributing zakat funds to provide optimal benefits for mustahik. Yusuf Qardhawi (2005) explains that zakat utilization includes efforts to allocate funds effectively so that they impact the economic

improvement of recipients. This aligns with Law No. 23 of 2011, which emphasizes that zakat may be utilized productively once the basic needs of mustahik have been met.

M. Daud Ali (2012) distinguishes zakat utilization into two forms: consumptive and productive. The traditional consumptive model is oriented toward short-term needs fulfillment, while productive utilization is aimed at increasing the economic independence of mustahik through business capital, training, and mentoring. Yusuf Qardhawi (2005) also emphasizes that productive zakat must be directed toward transforming zakat recipients into independent economic actors.

Programs such as Zmart implemented by BAZNAS reflect the practical realization of productive zakat (BAZNAS, 2022). Through this program, business capital is provided in the form of merchandise, training, and mentoring. This approach not only offers direct assistance but also creates economic sustainability for mustahik (Anam, 2024).

BAZNAS South Sumatra serves as a concrete example of productive zakat utilization through planning, organizing, implementation, supervision, and evaluation (Agustian et al., 2023). Its focus is on increasing the economic capacity of the community to reduce dependence on aid, including avoiding loan sharks (Rayyan, 2022).

Welfare of Mustahik

Welfare in the Islamic perspective encompasses material and spiritual dimensions. Al-Ghazali (2008) defines welfare as the realization of *maslahah* through the fulfillment of the five objectives of Sharia (*Maqasid al-Shari'ah*), namely religion, life, intellect, lineage,

and wealth. This concept emphasizes a balance between economic, social, and moral aspects as the foundation of societal welfare.

Abdullah bin Abdurrahman Bil Fadil (in Mauladdawilah, 2017) states that the primary goal of zakat is to transform mustahik into muzakki. Mustahik welfare can be seen through improvements in income, economic independence, and quality of life. According to Chapra (1992), welfare in Islam includes not only income but also social justice and equitable access.

Previous research shows that productive zakat utilization has a positive impact on improving mustahik welfare. Arfandi et al. (2022) concluded that productive zakat significantly affects mustahik income. Similar findings were presented by Gian Turnando and Zein (2019), who stated that zakat improves mustahik welfare by 63.5%.

In the context of BAZNAS South Sumatra, the Zmart program encourages mustahik not only to increase their income but also to manage businesses independently (Hikmah, 2024). This program serves as a socio-economic empowerment instrument that aligns with the objectives of zakat (Riduan & Abdullah, 2022). Previous studies have examined the role of zakat in improving welfare (Anam, 2020; Cahya, 2021; Kholifah, 2022), yet few have focused on how productive zakat programs such as Zmart directly transform mustahik into independent entrepreneurs. Therefore, this study seeks to fill this research gap by analyzing the implementation and impact of the Zmart program in improving mustahik welfare in South Sumatra. The novelty of this research lies in its focus on the transformation process from mustahik to muzakki-oriented entrepreneurs, reflecting the real objectives of zakat in economic empowerment.

Thus, the utilization of productive zakat plays a strategic role in enhancing mustahik welfare both materially and spiritually and accelerates poverty reduction at the local level through programs such as Zmart (BAZNAS, 2022; Anam, 2024).

This study differs from previous research by focusing specifically on the Zmart program of BAZNAS South Sumatra as a model of productive zakat that transforms mustahik into independent entrepreneurs. This focus represents the novelty of the research; as earlier studies have mostly discussed the general role of zakat in welfare improvement without analyzing the transformation process.

Based on this background, the research seeks to answer the following questions:

1. How is the implementation of the Zmart program by BAZNAS South Sumatra in utilizing zakat funds for mustahik empowerment?
2. How does the Zmart program contribute to improving the welfare of mustahik in South Sumatra?

What challenges are encountered in realizing the transformation of mustahik into independent entrepreneurs through the Zmart program?

METHODS

This study employed a qualitative descriptive approach to obtain an in-depth understanding of the utilization of zakat funds in improving the welfare of mustahik through the Zmart Program of BAZNAS South Sumatra.

This method was chosen because it allows researchers to explore and describe social phenomena naturally based on the experiences, perspectives, and activities of stakeholders directly involved in the program. The qualitative descriptive approach is also appropriate for explaining the implementation process and its impact without manipulating research variables.

The research was conducted at the BAZNAS Provincial Office of South Sumatra, located on Jend. Sudirman Street No. 490 KM 2.5 Palembang, as well as in the residential areas of mustahik who received assistance through the Zmart Program. The data collection was carried out in several stages, starting from December until the completion of the research.

The data sources consisted of primary and secondary data. Primary data were obtained through in-depth interviews with the Head of BAZNAS South Sumatra, the Zmart Program Person in Charge (PIC), and mustahik beneficiaries. Secondary data were collected from internal documents of BAZNAS, such as annual reports, zakat distribution reports, and relevant literature.

The informants were selected purposively, based on their relevance and direct involvement in the program. The study involved nine mustahik from the Plaju and Demang Lebar Daun areas as Zmart beneficiaries, along with two key informants from BAZNAS South Sumatra, namely the Head of Implementation and the Program Facilitator. The mustahik informants represented micro-entrepreneurs who received business capital and mentoring through the program. Data were collected using three main techniques: interviews, observation, and documentation. Interviews were conducted face-to-

face and recorded to ensure the accuracy of information. Observation was used to understand the socio-economic conditions of mustahik before and after receiving assistance. Documentation was obtained from BAZNAS internal data and supporting literature.

To ensure data validity, the researcher employed triangulation of sources and methods, comparing information obtained from interviews, observations, and documents. In addition, member checking was conducted by confirming the interpretation of findings to key informants to maintain the credibility and trustworthiness of the data.

Data analysis followed the Miles and Huberman model, consisting of three stages:

- 1) Data reduction, where relevant information was selected and classified based on the research focus
- 2) Data presentation, arranged in the form of narratives, tables, and charts to clarify relationships among findings
- 3) Conclusion drawing, carried out by interpreting the analyzed data in relation to the research objectives.

Through this approach, the study provides a comprehensive description of how the Zmart Program was implemented and its contribution to improving the welfare of mustahik in South Sumatra.

RESULT AND DISCUSSION

Implementation of the Zmart Program by BAZNAS South Sumatra Province

The Zmart Program is a form of productive zakat utilization aimed at enhancing the economic capacity of mustahik through the

strengthening of micro-enterprises. Implementation is carried out through several stages: planning, beneficiary selection, training, mentoring, and monitoring. Beneficiaries are purposively selected based on economic condition, existing micro-business ownership, and commitment to program participation.

The assistance is provided not in cash but in the form of merchandise, business equipment, shop renovation, and branding through Zmart signage. This approach minimizes the risk of consumptive use and ensures that aid strengthens productive assets. Participants also receive training in business management, financial recording, and marketing through *Latihan Dasar Kelompok* (LDK) and continuous mentoring by BAZNAS field officers.

Monitoring is conducted twice monthly through group meetings, during which participants report sales progress, income, and encountered challenges. Facilitators then compile monitoring reports submitted to the program coordinator. One beneficiary stated, *“Sebelum ikut Zmart, pendapatan harian paling tinggi Rp100.000. Sekarang bisa sampai Rp400.000 kalau ramai, dan saya sudah bisa menambah stok sendiri.”* This illustrates tangible improvement in business outcomes and confidence.

The implementation results show that Zmart is managed systematically and aligns with the principles of productive zakat, reflecting institutional commitment to transforming mustahik into independent entrepreneurs.

Utilization of Zakat Funds and Their Impact on Mustahik Welfare

The program distributed IDR 4,000,000 per beneficiary in non-cash assistance, consisting of merchandise and stall renovation. Before joining, average daily income ranged from IDR 70,000–150,000, increasing to IDR 200,000–500,000 afterward.

Indicator	Before Zmart	After Zmart
Average Daily Income	IDR 70,000–150,000	IDR 200,000–500,000
Business Ownership	Informal, unrecorded	Structured with bookkeeping
Saving/Charity Habit	Rare	Regular saving and infaq

Aside from increased income, mustahik displayed stronger motivation, better financial literacy, and higher social participation. Many have been able to finance children’s education and basic family needs independently. From a socio-religious aspect, voluntary infaq during group meetings shows rising spiritual awareness.

In terms of sustainability, some challenges remain, including irregular reporting by beneficiaries, dependence on facilitators for motivation, and the need for continuous market access support. BAZNAS officers noted that monitoring consistency is crucial to maintain long-term business performance.

Comparative and Theoretical Analysis

Compared to similar programs such as *ZMart Nasional* in West Java and *ZCD (Zakat Community Development)* in East Java, Zmart South Sumatra shows parallel success in enhancing micro-business

income and reducing mustahik dependency. However, unlike ZCD which integrates community-based cooperatives, Zmart's model is still focused on individual micro-retailers, indicating a potential area for improvement in collective empowerment.

Theoretically, Zmart aligns with the concept of productive zakat emphasizing empowerment and transformation of mustahik through *hifz al-mal* (protection of wealth) and *hifz an-nafs* (preservation of life) within the *maqasid al-shariah*. From the lens of social change theory, the program has initiated structural change—shifting mustahik from dependency to independence while nurturing socio-religious participation.

These findings reinforce prior research by Ahmad Misbabul Anam (2020), who highlighted that targeted productive zakat enhances economic welfare through increased income, improved business capacity, and heightened generosity.

Overall, the Zmart Program demonstrates that productive zakat can serve as an effective tool for poverty alleviation and sustainable empowerment. Future improvements should focus on developing cooperative-based models, enhancing long-term monitoring systems, and ensuring scalability across regions.

CONCLUSION

The findings indicate that the implementation of the Zmart Program by BAZNAS of South Sumatra Province has been effective and well-targeted. The program has successfully empowered mustahik engaged in micro-enterprises by enhancing their productive capacity through systematic stages of planning, beneficiary selection, training,

capital provision, mentoring, and monitoring. This structured mechanism demonstrates that the program transcends a purely charitable approach, embodying a long-term empowerment model aligned with the principles of productive zakat.

The utilization of zakat funds through the Zmart Program has demonstrably improved the welfare of mustahik. Beneficiaries experienced significant increases in income, improved business operations, and greater financial independence. Moreover, the program fostered socio-spiritual transformation, as evidenced by the emergence of regular saving and infaq practices. Although most beneficiaries have not yet reached the status of muzakki, they have moved beyond extreme poverty and shown meaningful progress toward economic resilience and self-sufficiency.

From a policy perspective, the results highlight the need for BAZNAS to strengthen institutional mechanisms supporting the sustainability of productive zakat initiatives. This includes enhancing post-program mentoring, developing market linkages for mustahik products, and improving digital data systems for monitoring business performance. Partnerships with local governments, cooperatives, and Islamic financial institutions could further expand program reach and ensure long-term viability.

For future implementation, program sustainability should be reinforced by periodic capacity-building activities, innovation in zakat-based financing models, and integration with broader poverty alleviation strategies.

In terms of academic implications, further studies are encouraged to compare productive zakat models across regions,

measure their long-term socio-economic impact, and explore theoretical integration between zakat empowerment and sustainable development frameworks.

Overall, this research confirms that productive zakat-when managed through structured and targeted micro-enterprise-based programs-can serve as a strategic and sustainable instrument for poverty alleviation, aligning both economic empowerment and spiritual development objectives within the framework of Islamic socio-economic justice.

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