

## THE ROLE OF ZAKAT IN THE ECONOMIC EMPOWERMENT OF THE COMMUNITY IN SURABAYA CITY

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### ABSTRACT

*Zakat as an Islamic social finance instrument plays a strategic role in transforming socio-economic conditions and reducing poverty in urban areas. This research analyzes the role of zakat in empowering Surabaya City community through productive zakat programs. This qualitative research uses library research approach. Data were collected from peer-reviewed journals, BAZNAS and LAZNAS reports, and academic books on Islamic economics. Sources were selected using purposive sampling focusing on Surabaya City context. Productive zakat significantly empowers Surabaya's economy through programs like "Surabaya Berdaya". Studies show productive zakat increases mustahik welfare by 38%, reduces poverty by 51.9%, and improves independence index from scale 2 to 4. Mosques play a strategic role as economic empowerment centers integrating ZIS funds. Challenges include gaps between zakat potential and realization, limited institutional capacity, and business sustainability issues. Zakat has great potential for inclusive economic development in Surabaya through transformation from consumptive to productive approach. Comprehensive empowerment mechanisms effectively transform mustahik into independent economic actors. Optimization requires strengthening regulations, institutional capacity, adaptive models, and monitoring systems. Recommendations include developing innovative programs, strengthening supportive policies, and conducting detailed quantitative studies on mustahik welfare impacts.*

#### Keywords:

Productive Zakat, Economic Empowerment, Mustahik, Surabaya City, Islamic Philanthropy

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## 1. INTRODUCTION

Zakat as a social financial instrument in Islam plays an important and multidimensional role in the Islamic economic system. Zakat does not merely function as a mechanism for redistributing wealth but also acts as a driving force in transforming socio-economic conditions, reducing structural poverty, and accelerating sustainable community welfare, particularly in urban areas such as Surabaya City, which possesses complex economic dynamics. Proper and

professional zakat management, based on the principles of accountability, is believed to transform the position of *mustahiq* from merely passive recipients of assistance into more independent economic actors with entrepreneurial capabilities. Recent findings indicate that productive zakat, when managed appropriately and implemented through comprehensive empowerment approaches—such as skills training, business mentoring, and structured access to capital—can strengthen the economic independence of vulnerable groups (Humaidah & Abd Rahim, 2024).

In Surabaya City, various zakat management institutions, both national and local, have developed numerous programs aimed at community development through productive and innovative zakat approaches. These programs are designed to respond to the needs of urban communities. One of the well-known programs is “Surabaya Berdaya,” which has demonstrated tangible impacts in improving the economic conditions of zakat beneficiaries. The program not only provides financial assistance but also focuses on vocational skill development, strengthening social relations based on Islamic principles, and fostering a sustainable entrepreneurial mindset. This approach reinforces a sustainable empowerment structure and transforms the lives of zakat recipients toward greater economic independence. Moreover, the program contributes to local economic growth and generates positive spillover effects across surrounding communities.

In addition to programs implemented by formal institutions, community-based zakat institutions such as LAZNAS Yatim Mandiri Surabaya also contribute significantly to building a strong Islamic social capital ecosystem. This is achieved through the development of active community networks, the provision of skill-oriented business training, and the strengthening of group-based economic management that upholds the principles of justice and social solidarity (Yazid & Prasetyo, 2024). The harmonious collaboration between zakat institutions and the community has demonstrated measurable impacts, including increased real income, diversified sources of livelihood, and improved long-term capacity among beneficiary families. This collaborative model also illustrates that zakat-based economic empowerment cannot be implemented solely through a top-down approach; rather, it requires active participation and a sense of ownership from beneficiary communities to ensure the sustainability and adaptability of empowerment programs within evolving local economic conditions.

Not only official zakat institutions play a role in the Islamic philanthropic ecosystem in Surabaya; several mosques, as traditional religious institutions, also hold a significant and strategic role in optimizing ZISWAF funds—which include zakat, *infaq*, *sadaqah*, and *waqf*. These funds are utilized as instruments for building sustainable grassroots economic development. The utilization of ZIS funds for productive economic activities, such as providing micro-business capital assistance, developing mosque-based Islamic cooperatives, and establishing business incubation programs for congregants, has proven to be a relevant and

effective model in strengthening community-based local economies (Fatkur, n.d.). This phenomenon clearly demonstrates that, within a more contemporary context, mosques do not merely function as places of worship but also serve as centers of social and economic activities that integrate spiritual and material dimensions within an inclusive institutional framework accessible to all members of society.

Therefore, it is both important and strategic to conduct in-depth and comprehensive research on the role of zakat in Surabaya City in strengthening community capacity, both through organized formal institutions and through more flexible community-based initiatives that align with local conditions. This trend of zakat-based economic empowerment is also consistent with national policies that increasingly encourage the optimal and professional management of zakat funds as a strategic instrument for poverty alleviation and the reduction of economic inequality (Judijanto, 2024). Consequently, empirical research conducted in Surabaya City is highly relevant within the local context, as it can help systematically illustrate the level of success of empowerment programs, identify structural and operational challenges faced in their implementation, and explore innovative opportunities in developing productive zakat models that emphasize the economic independence of *mustahiq* while contributing to inclusive and equitable economic development.

## **2. RESEARCH METHODS**

This study employs a qualitative approach in the form of a literature review. This method is based on the systematic, critical, and in-depth collection and analysis of data from various high-quality written sources (Abdurrahman, 2024). The data were obtained selectively and purposively from various sources relevant to the research topic, such as national and international scientific journal articles that have undergone rigorous peer-review processes and have been published in reputable journals. Other sources include evaluative reports and strategic documents from zakat management institutions such as BAZNAS and LAZNAS, which provide verified empirical data regarding the processes of zakat collection, distribution, and the impacts of empowerment programs. In addition, the sources also include academic books written by experts in the fields of Islamic economics, philanthropy, and inclusive economic development, as well as articles from academic platforms and institutional repositories that support open knowledge dissemination. Additional sources include policy briefs, working papers, and publications from think tanks that discuss zakat and economic empowerment from various theoretical, empirical, and practical perspectives.

The process of selecting sources was conducted through purposive sampling techniques with strict and structured criteria. The researcher selected literature that not only demonstrated strong methodological rigor and verified academic credibility but was also thematically relevant and aligned with the research context, namely the role of zakat in economic empowerment within complex, heterogeneous, and dynamic urban environments. Particular emphasis was placed on

Surabaya City as the second-largest metropolitan city in Indonesia, which possesses distinctive and unique urban economic characteristics.

The use of a literature review approach offers advantages in terms of comprehensive scientific understanding and methodological rigor, allowing the researcher to systematically and holistically describe the theoretical foundations underlying zakat-based economic empowerment practices from the perspective of contemporary Islamic economics. This approach also enables the identification of strong empirical evidence from previous studies that have been verified and widely documented in both international and domestic academic literature. Furthermore, this method allows for the identification of innovative zakat management practices that have proven effective across various institutional contexts and geographical locations in Indonesia as well as in other Muslim-majority countries, without the need to collect primary data directly in the field through observations or interviews with stakeholders and beneficiaries.

Several previous high-quality studies with significant scholarly contributions have employed this approach to analyze the role of zakat in strengthening community economic empowerment, identify best practices and lessons learned from different implementation contexts, and develop robust theoretical frameworks that can serve as the basis for designing more effective, sustainable, and applicable empowerment models (Edo, 2024). This study adopts a qualitative and descriptive approach with interpretative and critical perspectives. In addition to clearly presenting findings from the reviewed literature, this research also analyzes and reflects upon the content of each source, systematically compares findings from different studies to identify similarities and differences in patterns, integrates insights from various theoretical and empirical perspectives to develop new conceptual patterns, identifies principles of effective empowerment programs that may be applied more universally, and explores variations in practices as forms of adaptation to local socio-economic conditions, particularly in the context of zakat and urban community economic empowerment in Indonesia (Jacob et al., 2024).

The stages of the research were designed in a systematic and structured manner to ensure that the results are measurable, clear, and reliable. This process consists of several interconnected steps carried out sequentially:

1. A comprehensive literature search was conducted using relevant keywords such as “productive zakat,” “mustahiq economic empowerment,” “Islamic philanthropy,” and “urban economy,” along with Boolean operators (AND, OR, NOT). The search was performed through various national and international academic databases, including Google Scholar, DOAJ, Garuda, reputable university journal portals, institutional repositories, and digital library catalogs. This search process was guided by clear and structured criteria in order to filter and identify relevant sources with adequate academic quality.
2. The identified literature was systematically classified based on its type and content. For example, some sources discuss zakat theory from the perspectives of classical fiqh and

modern Islamic economics; others analyze professional zakat management practices; some provide empirical studies evaluating the impact of zakat on economic welfare indicators such as income, productive assets, and business independence; while others present case studies of zakat-based empowerment programs implemented in various cities and regencies across Indonesia.

3. An in-depth and critical analysis of the literature was conducted using an interpretative approach. This process aims to understand how zakat is conceptualized within theoretical frameworks and how it is practically implemented as a tool for economic transformation. The analysis examines factors influencing the success of empowerment programs, such as the quality of mentoring, the adequacy of business support, the presence of supportive business ecosystems, and institutional commitment. It also identifies potential obstacles, including limited human resource capacity, low levels of financial literacy, restricted market access, and funding instability. In addition, the analysis explores the socio-economic conditions of zakat beneficiaries before and after the implementation of empowerment programs.
4. The results of the analysis were then synthesized to produce an integrated framework of understanding that is coherent, comprehensive, and supported by empirical evidence. This synthesis explains how zakat contributes to empowerment through various pathways, including access to capital, capacity development, and the strengthening of social capital, as well as patterns of effectiveness that may be applicable in different contexts. These findings may also serve as a reference for designing and optimizing the role of zakat in Surabaya City, which possesses distinctive urban economic characteristics.

In the process of analyzing data and interpreting the research findings, the researcher also carefully considered geographical and demographic contextual factors that are highly relevant to the study. This approach ensures that the research results remain relevant and applicable to the context of Surabaya. Since most of the referenced studies were conducted in different regions of Indonesia with diverse socio-economic conditions—ranging from rural districts characterized by agriculture-based economies and low levels of urbanization, to medium-sized cities with relatively homogeneous economic structures dominated by the informal sector, and large metropolitan cities with complex economies, segmented labor markets, and intense competition—the researcher conducted a systematic and critical comparison between findings from previous studies and the specific conditions of Surabaya.

These conditions include the city's high level of urbanization, which influences demographic diversity and socio-economic structures; the differences between formal and informal sectors within the labor market; the characteristics of small and medium enterprises that dominate the urban economy while facing challenges such as intense competition and limited access to modern markets; and the more structured and professional zakat management system. This contextualization process plays an important role in determining which findings from

previous studies can be directly applied to Surabaya, which require strategic adaptation, and which may not be applicable due to fundamental contextual differences. Such contextual analysis involves a thorough comparative examination to identify similarities and differences between the contexts of previous research locations and Surabaya, understand contextual factors influencing the effectiveness of zakat empowerment programs, and explore how the unique characteristics of Surabaya may create both new opportunities and new challenges for the implementation of zakat-based economic empowerment initiatives.

Therefore, the results of this study do not merely summarize existing findings within the literature but provide deeper analytical insights that are contextual, critical, detailed, and specifically relevant to the conditions of Surabaya City. This process involves careful critical synthesis, integrating evidence from various sources with diverse perspectives and academic quality, and systematically comparing different contexts to determine the extent to which research findings are transferable or context-dependent. The interpretation of the findings is grounded in a comprehensive understanding of Surabaya's socio-economic dynamics, including demographic characteristics, economic structures, and existing institutional systems.

This study is expected to provide several important contributions. First, it aims to develop a more comprehensive, contextual, and detailed theoretical framework regarding zakat-based economic empowerment mechanisms in urban environments by considering the complex factors that influence program effectiveness. Second, it seeks to identify and document best practices from various implementation locations that have proven effective and can be adapted to improve the quality of empowerment programs in Surabaya. Third, it provides a systematic mapping of specific challenges encountered in implementing empowerment programs in large cities characterized by rapid and complex dynamics. Fourth, it formulates evidence-based, practical, and realistic strategic recommendations to enhance the role of zakat in promoting inclusive economic development in Surabaya City through collaborative efforts among relevant stakeholders.

By applying rigorous methodological principles—such as transparency in every stage of the research process, comprehensive documentation to facilitate verification and replication, and reflective awareness of theoretical positioning and potential biases that may influence interpretation—the findings of this study are expected to serve as a credible and reliable academic reference. At the same time, the study aims to offer practical benefits for various stakeholders, including zakat management organizations in Surabaya, local and provincial government officials, and academic communities interested in advancing discourse on Islamic economics and inclusive development. Ultimately, this research seeks to contribute to collaborative efforts in maximizing the role of zakat as a sustainable, scalable, and socially just instrument for community economic empowerment within the contemporary urban context of Indonesia.

### 3. RESULT AND DISCUSSIONS

#### 3.1 The Role of Productive Zakat in the Economic Transformation of Mustahiq in Surabaya City

Table 1. National Zakat Potential and Collection Realization in Indonesia (2022–2024)

Year	Zakat Potential (Trillion IDR)	Collection Realization (Trillion IDR)	Realization Percentage (%)	YoY Growth (%)
2022	327	22,48	6,87	59,2
2023	327	32,32	9,88	43,74
2024*	327	41,00 (target)	12,54	26,86

Note: The 2024 data represent projected targets  
 Source: BAZNAS RI (2024); Puskas BAZNAS (2024)

The table above shows that although the potential of zakat in Indonesia reaches IDR 327 trillion per year, the actual collection has only reached approximately 6–12 percent of the total potential. This gap indicates that there remains substantial room for optimizing zakat management in Indonesia, including in Surabaya City. However, the positive growth trend observed each year reflects an increasing level of public awareness in fulfilling zakat obligations through official institutions.

Table 2. Productive Economic Empowerment Programs of BAZNAS and Their Implementation Focus

Program Name	Business Sector	Type of Assistance	Target Mustahiq	Implementation Area
Surabaya Berdaya	Multi-sector MSMEs	Business capital, training, mentoring	Urban micro-entrepreneurs	Surabaya City
Zmart	Micro retail business	Business carts, capital, training	Informal traders	National urban areas
ZChicken	Culinary (crispy chicken)	Cart outlets, capital, coaching	Culinary entrepreneurs	National (including Surabaya)
Z-Auto	Motorcycle workshop	Equipment, technical training, capital	Mechanics, vocational school graduates	National
Micro Zakat Bank	Microfinance	Interest-free <i>al-Qardh</i> loans	Micro-entrepreneurs	National

Program Name	Business Sector	Type of Assistance	Target Mustahiq	Implementation Area
Santripreneur	MSMEs of pesantren graduates	Training, capital, networking	Santri and pesantren alumni	National
Rombong Berkah	Micro trading	Business carts, capital	Street vendors	Surabaya

Source: BAZNAS RI (2024); BAZNAS Surabaya City (2024)

Findings from various studies indicate that productive zakat plays a significant and multidimensional role in community economic empowerment in Surabaya City. Zakat is no longer viewed merely as a short-term consumptive assistance instrument; rather, it has transformed into a strategic capital for fostering the sustainable economic independence of *mustahiq*. BAZNAS Surabaya City, as the official zakat management institution, has implemented various structured and measurable economic empowerment programs that emphasize productive approaches integrating business capital, skills training, and continuous mentoring.

Flagship programs such as “Surabaya Berdaya”, implemented by BAZNAS Surabaya City, have demonstrated their effectiveness in improving the economic conditions of *mustahiq*. The program not only provides financial capital assistance but also includes business management training, entrepreneurship development, and the establishment of marketing networks that enable beneficiaries to develop their businesses independently. This comprehensive approach aligns with the findings of Humaidah and Abd Rahim (2024), who emphasize the importance of community-based approaches in economic empowerment through productive zakat. Their research indicates that productive zakat managed through a holistic framework—incorporating skills training, business mentoring, and structured access to capital—can significantly strengthen the economic independence of vulnerable groups.

In addition to formal programs administered by BAZNAS, the zakat empowerment ecosystem in Surabaya is further strengthened by community-based zakat institutions such as LAZNAS Yatim Mandiri Surabaya. Yazid and Prasetyo (2024) found that this institution plays an important role in building Islamic social capital through the development of active community networks, competency-based entrepreneurship training, and the strengthening of community economic management based on the principles of justice and social solidarity. The harmonious collaboration between formal zakat institutions and community-based initiatives has produced measurable impacts, including increased real income, diversification of livelihood sources, and improved long-term capacity among beneficiary families.

A unique phenomenon identified in Surabaya is the strategic role of mosques as centers of economic empowerment based on ZIS funds (Zakat, Infaq, and Sadaqah). Fatkur (n.d.) identified

that mosques in Surabaya function not only as places of worship but also as economic hubs that optimize *ziswaq* funds for productive activities such as micro-business capital assistance, mosque-based Islamic cooperative development, and business incubation programs for congregants. This model demonstrates that, in a contemporary context, mosques can serve as inclusive institutions that integrate spiritual and material dimensions within a single empowerment ecosystem accessible to all segments of society.

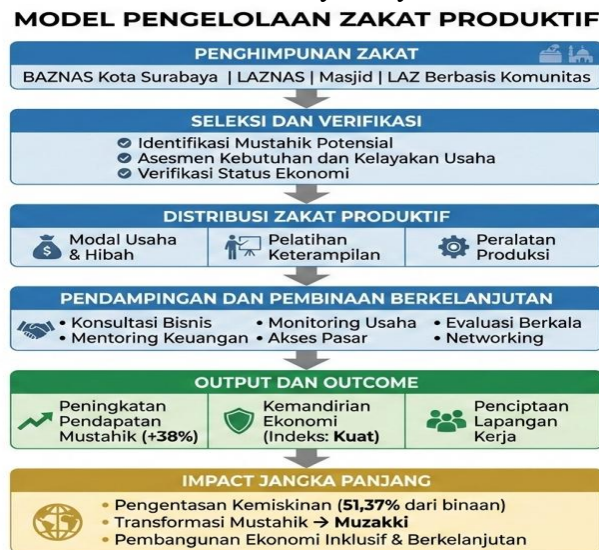
### 3.2 The Impact of Productive Zakat on the Economic Welfare of Mustahiq

Table 3. The Impact of Productive Zakat on Mustahiq Welfare Indicators

Welfare Indicator	Before Program	After Program	Improvement	Study Source
Material Welfare (%)	19 households in the prosperous quadrant	46 households in the prosperous quadrant	+142%	Mubarokah et al. (2018)
Poverty Reduction (%)	52 households in the poor quadrant	25 households in the poor quadrant	-51.9%	Mubarokah et al. (2018)
Income Increase (%)	Initial income baseline	Average income increase	+38%	Mubarokah et al. (2018)
Self-Reliance Index	Scale 2 (weak)	Scale 4 (strong)	+100%	Agustin (2022)
Poverty Alleviation (individuals)	–	47,279 individuals	51.37% lifted from poverty	BAZNAS RI (2023)

Source: Compilation from various studies (2018–2023)

Figure 1. Framework of the Productive Zakat-Based Economic Empowerment Mechanism in Surabaya City



Analyses of various empirical studies indicate that productive zakat programs have a significant positive impact on the economic welfare of *mustahiq* in Indonesia, including in urban areas such as Surabaya City. A study by Maziyah et al. (2024) on the utilization of productive zakat funds through the BAZNAS Surabaya business cart assistance program shows that the distribution of productive zakat has a significant impact on the empowerment of Small and Medium Enterprises (SMEs) in Surabaya. This business cart assistance program not only provides physical capital in the form of production tools but also opens market access for *mustahiq* to develop culinary and micro-trading businesses in various strategic locations across the city.

The impact of productive zakat on welfare can be observed from several dimensions. First, from the perspective of material economic welfare, productive zakat has been proven to significantly increase the household income of *mustahiq*. A study conducted by Mubarokah et al. (2018) on BAZNAS of Central Java Province found that material welfare increased by 38 percent after *mustahiq* participated in productive zakat empowerment programs. This improvement is reflected in the increase in the number of *mustahiq* households in the prosperous quadrant (Quadrant I), rising from 19 to 46 households, while the number of households in the poor quadrant (Quadrant II) decreased from 52 to 25 households.

Second, from the perspective of business development, productive zakat programs have been shown to enhance the capacity and sustainability of *mustahiq* micro-enterprises. Research conducted by Sahib et al. (2024) on the BAZNAS Village Microfinance program in Maros Regency found that the distribution of productive zakat through non-profit microfinance institutions successfully empowered micro-entrepreneurs from disadvantaged groups by providing interest-free financing, which significantly contributed to poverty reduction and improved welfare among *mustahiq*. This financing model, based on the *al-Qardh* principle, allows beneficiaries to develop their businesses without the burden of additional financial obligations, enabling them to allocate their capital fully toward expanding productive capacity.

Third, from the perspective of job creation, zakat-based economic empowerment programs have demonstrated positive multiplier effects. When *mustahiq* are able to expand their businesses, they not only increase their household income but also create employment opportunities for surrounding communities. This aligns with the concept of inclusive economic development, which emphasizes the equitable distribution of economic benefits across various segments of society, particularly among vulnerable and marginalized groups.

Fourth, from the perspective of economic self-reliance, various studies indicate that productive zakat programs accompanied by intensive mentoring can significantly improve the self-reliance index of *mustahiq*. Agustin (2022), in a study on the *Karanganyar Makmur* program at BAZNAS Karanganyar Regency, found that the post-program self-reliance index of *mustahiq* reached scale 4 (strong), indicating that beneficiaries had developed the capacity to manage their

businesses independently and were no longer fully dependent on external assistance. This achievement represents an important indicator of the successful transformation of *mustahiq* from passive aid recipients into productive economic actors.

### **3.3 Mechanisms and Strategies of Zakat-Based Economic Empowerment in Surabaya City**

The implementation of zakat-based economic empowerment in Surabaya City involves comprehensive and structured mechanisms and strategies. BAZNAS Surabaya City applies a holistic approach consisting of several main pillars of empowerment. The first pillar is the provision of productive business capital, where zakat funds are distributed in the form of capital grants or productive assets such as business carts, production equipment, or working capital for business development. The capital is allocated based on the type of business and the specific needs of the *mustahiq*, taking into consideration market potential and business sustainability.

The second pillar is training and capacity development. BAZNAS Surabaya City regularly organizes training programs on business management, simple bookkeeping, marketing strategies, and product development for *mustahiq* who receive business capital assistance. These training programs aim to enhance the business literacy and managerial skills of beneficiaries so that they can manage their enterprises professionally and efficiently. This approach is consistent with research findings indicating that capital alone is insufficient to ensure business success; human resource capacity development is also essential to enable *mustahiq* to manage capital effectively and respond to business challenges.

The third pillar is continuous mentoring and monitoring. BAZNAS Surabaya City assigns field officers to provide periodic mentoring to assisted *mustahiq*, offering business consultation, helping to resolve operational challenges, and ensuring that business activities proceed according to plan. This mentoring approach is adaptive and tailored to the development and needs of each beneficiary. Monitoring also serves as an evaluation mechanism to measure program impacts and identify areas requiring improvement or additional support.

The fourth pillar is the development of business ecosystems and marketing networks. BAZNAS Surabaya City facilitates the formation of *mustahiq* business groups that allow members to share experiences, support each other, and build business networks. In addition, the institution helps expand market access for *mustahiq* products through various channels, including traditional markets, modern retail markets, e-commerce platforms, and bazaar events. The development of this business ecosystem is crucial for the sustainability of *mustahiq* enterprises, as it provides broader access to consumers and business opportunities.

Several flagship programs of BAZNAS that operate in various regions, including Surabaya, include Zmart (a micro-retail empowerment program), ZChicken (a culinary-based empowerment program focused on crispy chicken products), Z-Auto (an economic empowerment program in the automotive sector), Micro Zakat Bank (a microfinance service based on the *al-Qardh* principle), and Santripreneur (an MSME empowerment program targeting

entrepreneurs who are graduates of Islamic boarding schools). The diversification of these programs enables BAZNAS to reach various segments of *mustahiq* with different needs and potentials, while also adapting interventions to regional characteristics and local market conditions.

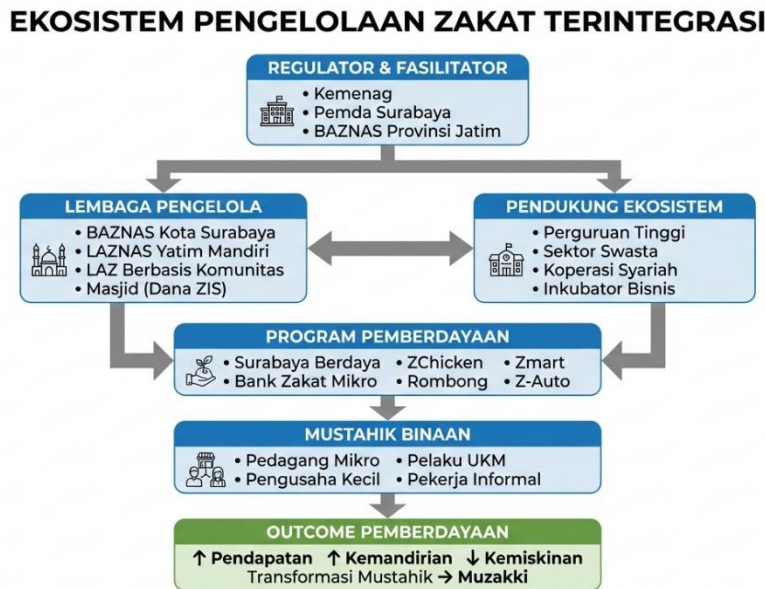
### 3.4 Challenges and Barriers in the Implementation of Productive Zakat in Surabaya City

Table 4. Identification of Challenges and Mitigation Strategies in the Implementation of Productive Zakat

Challenge Category	Problem Description	Impact	Recommended Mitigation Strategy
Fund Collection	Gap between potential (IDR 327 trillion) and realization (IDR 32 trillion)	Limited program funding	Digitalization of zakat collection systems, fiscal incentives, and muzakki education
Human Resource Capacity	Limited technical competence of <i>amil</i> in economic empowerment programs	Reduced program effectiveness	Continuous training, recruitment of experts, and professional certification
Urban Poverty Characteristics	Complexity of urban poverty (high living costs, intense competition)	Programs may not effectively reach target beneficiaries	Mustahiq segmentation, program customization, and intensive mentoring
Business Sustainability	Mustahiq enterprises struggle to survive in the long term	Low success rates	Continued mentoring systems, improved market access, and additional working capital
Institutional Coordination	Fragmentation among zakat institutions	Program duplication and inefficiency	Integrated data systems, regular coordination forums, and institutional cooperation through MoUs

Source: Comprehensive analysis of various literature (2018–2024)

Figure 2. Zakat-Based Economic Empowerment Ecosystem in Surabaya City



Although various productive zakat programs have demonstrated positive impacts, their implementation in Surabaya City still faces several challenges and barriers that need to be addressed. The first challenge is the gap between the potential and the actual realization of zakat collection. Data indicate that the national zakat potential in Indonesia reaches IDR 327 trillion annually, yet the realized collection remains around IDR 30–40 trillion. At the city level, including Surabaya, this gap also occurs because many *muzakki* do not channel their zakat through formal institutions but instead distribute it directly or through informal channels that are less structured and whose impacts are difficult to measure.

The second challenge relates to the limited human resource capacity in managing productive zakat. The management of productive zakat requires specialized expertise in areas such as microfinance, business development, and community empowerment. Not all zakat administrators (*amil*) possess adequate competencies in these technical aspects, which may hinder the effectiveness of empowerment programs. Therefore, strengthening the capacity of *amil* through continuous professional training is necessary, along with the recruitment of experts in strategic fields such as microfinance management, business development, and program monitoring and evaluation.

The third challenge concerns the complexity of urban poverty characteristics faced by *mustahiq* in Surabaya City. Urban poverty differs significantly from rural poverty because it involves factors such as high living costs, intense economic competition, limited space for business activities, and more complex social pressures. *Mustahiq* in urban areas like Surabaya often encounter more complicated structural barriers, including limited access to formal capital,

restricted business networks, and difficulties in accessing modern markets that require specific standards of quality and legality.

The fourth challenge is the sustainability of *mustahiq* businesses after empowerment programs have been completed. Several studies indicate that not all enterprises supported through productive zakat programs are able to survive in the long term. Factors affecting business sustainability include fluctuations in market conditions, changes in consumer preferences, increasing business competition, as well as internal factors such as weak financial management and limited working capital for business expansion. Therefore, follow-up support mechanisms and referral systems are needed to ensure that *mustahiq* continue to receive access to resources and guidance even after formal mentoring programs have ended.

The fifth challenge concerns regulatory aspects and institutional coordination. Although Indonesia has established Law Number 23 of 2011 concerning Zakat Management, which comprehensively regulates the mechanisms of zakat governance, its implementation at the regional level still faces bureaucratic barriers and suboptimal coordination among BAZNAS, LAZ, local governments, and other stakeholders. Strengthening coordination mechanisms and program synchronization among institutions is therefore necessary to maximize the impact of zakat in promoting community economic empowerment.

### **3.5 Policy Implications and Strategic Recommendations**

Based on a comprehensive analysis of the role of zakat in community economic empowerment in Surabaya City, several policy implications and strategic recommendations can be formulated to optimize zakat as an instrument for inclusive economic development. First, it is necessary to strengthen regulatory frameworks and incentives to increase the compliance and awareness of *muzakki* in channeling zakat through formal institutions. The Surabaya City Government could adopt policies that provide administrative facilitation and fiscal incentives for *muzakki* who distribute their zakat through official institutions such as BAZNAS or authorized LAZ, thereby enabling zakat potential to be collected more optimally.

Second, institutional capacity building for BAZNAS and LAZ in Surabaya should be enhanced through investments in human resource development, technology-based management systems, and supporting infrastructure. The use of information technology to digitalize zakat management—from collection and distribution to monitoring and evaluation—can improve efficiency, transparency, and accountability. Digital platforms can also facilitate *muzakki* in fulfilling their zakat obligations and monitoring the distribution of their contributions in real time.

Third, there is a need to develop empowerment models that are more adaptive and responsive to the characteristics of urban poverty in Surabaya. Empowerment models should consider the diversity of *mustahiq* profiles, ranging from informal traders and service sector workers to micro and small entrepreneurs, with intervention approaches tailored to the specific

needs of each group. This segmentation approach can improve program effectiveness because it ensures that interventions are more targeted and aligned with the actual conditions of *mustahiq*.

Fourth, stronger synergy and collaboration are required among zakat institutions, local governments, the private sector, universities, and civil society organizations within the zakat-based economic empowerment ecosystem. Such multi-stakeholder collaboration can generate more comprehensive programs with broader impacts by leveraging the comparative advantages of each stakeholder. For instance, universities can contribute through research and the development of innovative empowerment models, the private sector can facilitate market access and business mentoring, while governments can provide regulatory support and infrastructure.

Fifth, strengthening monitoring, evaluation, and learning (MEL) systems is essential to ensure the accountability and effectiveness of productive zakat programs. A well-developed MEL system enables zakat management institutions to systematically identify program successes and failures, learn from past experiences, and implement continuous improvements. Program performance indicators should include not only outputs (such as the number of *mustahiq* empowered and the amount of capital distributed) but also outcomes (such as income changes and business independence) and impacts (such as poverty alleviation and improved welfare) across short-, medium-, and long-term time horizons.

## **4. CONCLUSION AND SUGGESTIONS**

### **4.1 Conclusion**

This study demonstrates that zakat plays a strategic and multidimensional role in the economic empowerment of the community in Surabaya City. The paradigm shift from consumptive zakat to productive zakat has created new opportunities for alleviating structural poverty and improving community welfare in a sustainable manner. The implementation of productive zakat programs in Surabaya—both through formal institutions such as BAZNAS Surabaya City and through community-based initiatives such as LAZNAS Yatim Mandiri and mosques—has generated significant positive impacts on increasing the income of *mustahiq*, developing micro-enterprises, creating employment opportunities, and strengthening economic self-reliance.

Comprehensive empowerment mechanisms—including the provision of business capital, skills training, continuous mentoring, and the development of business ecosystems—have proven effective in transforming *mustahiq* from passive recipients of assistance into independent and productive economic actors. Empirical studies indicate that productive zakat programs are capable of increasing the material welfare of *mustahiq* by up to 38 percent, accompanied by a significant improvement in the economic self-reliance index. A unique phenomenon in Surabaya is the strategic role of mosques as hubs of economic empowerment that integrate spiritual and material dimensions, creating an inclusive empowerment model accessible to all segments of society.

However, the implementation of productive zakat in Surabaya still faces several challenges, including the gap between zakat potential and its actual collection, limited institutional capacity, the complex characteristics of urban poverty, and the challenge of ensuring the long-term sustainability of *mustahiq* enterprises. Addressing these challenges requires a holistic approach involving regulatory strengthening, institutional capacity building, the development of adaptive empowerment models, multi-stakeholder synergy, and improved monitoring and evaluation systems. With the appropriate approach and sustained commitment from all stakeholders, zakat has significant potential to serve as a strategic instrument in promoting inclusive and sustainable economic development in Surabaya City.

#### 4.2 Suggestion

Based on the findings of this study, several recommendations can be proposed to optimize the role of zakat in the economic empowerment of the community in Surabaya City.

First, for BAZNAS Surabaya City and other zakat management institutions, it is recommended to continuously develop innovative empowerment programs that respond to urban economic dynamics and the specific needs of *mustahiq*. Empowerment programs should be designed using a segmentation approach that considers the diversity of *mustahiq* profiles and potentials, and should be supported by intensive mentoring and monitoring systems to ensure business sustainability. Investments in capacity building for zakat administrators (*amil*) and the utilization of digital technology to improve the efficiency and transparency of zakat management should also be prioritized.

Second, for the Surabaya City Government, it is recommended to strengthen regulations and policies that support the optimization of zakat management as an instrument of inclusive economic development. This may include providing fiscal incentives for *muzakki* who channel their zakat through official institutions, facilitating coordination among zakat management institutions, and integrating zakat programs with government-led poverty alleviation and economic empowerment initiatives. The government can also play an important role in facilitating market access and supporting infrastructure for *mustahiq* micro-enterprises empowered through productive zakat programs.

Third, for future researchers, it is recommended to conduct studies using quantitative or mixed-method approaches that can measure more comprehensively the impact of productive zakat programs on various economic welfare indicators of *mustahiq* in Surabaya. Such research may include cost-benefit analyses of empowerment programs, identification of key success and failure factors in *mustahiq* enterprises, and exploration of innovative zakat-based economic empowerment models suitable for the urban context of Indonesia. Longitudinal studies are also needed to examine the long-term sustainability of productive zakat impacts and to identify strategies for maintaining *mustahiq* economic independence after formal mentoring periods end.

Fourth, for the general public and *muzakki*, it is recommended to increase awareness and participation in channeling zakat through credible and accountable formal institutions. By distributing zakat through official institutions such as BAZNAS, *muzakki* can ensure that their zakat is managed professionally and produces maximum impact in empowering *mustahiq* economically. The community can also actively support businesses operated by *mustahiq* beneficiaries of zakat institutions, either as consumers of their products or as business partners who provide market access and mutually beneficial cooperation opportunities.

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