

Local Asset Utilization Model for Productive Zakat in Empowering Mustahik LAZNAS Baitulmaal Muamalat East Java

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Abstract- This study analyzes the productive zakat utilization model implemented by LAZNAS Baitulmaal Muamalat East Java through the Oyster Mushroom House program as an effort to increase their economic independence. This study focuses on identifying the productive zakat model implemented in the program and analyzing the managerial aspects in supporting its sustainability. Using a descriptive qualitative approach, data were collected through in-depth interviews and document analysis involving LAZNAS Baitulmaal Muamalat East Java managers and beneficiaries. The results show that the program adopts an integrated productive zakat model consisting of beneficiary selection, entrepreneurship training, provision of production facilities, technical assistance for cultivation, managerial mentoring, and periodic evaluation. Technical assistance improves cultivation skills and production quality, while managerial mentoring strengthens business planning, financial management, and market access. These interventions contribute to increasing the economic capacity and business sustainability of beneficiaries, although income growth remains fluctuating due to production and market constraints.

Keywords: LAZNAS, Local Asset Program, *Mustahik*, Productive Zakat

1. INTRODUCTION

One increasingly popular approach to zakat management is productive zakat. Productive zakat refers to zakat distributed to the poor and needy in the form of business capital or other assistance intended for productive activities.[1] Unlike consumptive zakat, which is allocated directly to fulfill the basic needs of *mustahik* (zakat recipients), productive zakat aims to empower *mustahik* to achieve economic self-sufficiency. The distribution of productive zakat seeks to provide the poor with business capital, enabling them to establish sustainable livelihoods and meet their needs independently. Ultimately, this program aspires to transform zakat recipients (*mustahik*) into zakat payers (*muzakki*). In Indonesia, zakat management is regulated by Law No. 23 of 2011 on Zakat Management, which emphasizes zakat's role as a solution to poverty alleviation and improving societal welfare [2]. Article 27 of the law stipulates that zakat can be utilized for productive activities to empower *mustahik* to achieve economic independence.[3] The utilization of productive zakat includes traditional approaches, such as distributing income-generating assets like livestock or production equipment, as well as creative approaches, where zakat is provided as business capital to support the development of micro and small enterprises.[4]

LAZNAS Baitulmaal Muamalat East Java, as one of the national zakat management institutions in Indonesia, has initiated a productive zakat program by developing a *Rumah Jamur Tiram* (Oyster Mushroom House) in the Surabaya area. This program aims to

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empower *mustahik* (zakat recipients) through oyster mushroom cultivation, a promising agricultural commodity with significant economic potential. Oyster mushrooms are relatively easy to cultivate and require minimal capital investment, making them an ideal business venture for *mustahik* groups who typically face resource limitations. Additionally, the short harvesting cycle of oyster mushrooms allows *mustahik* to generate income quickly and sustainably. From a market perspective, demand for oyster mushrooms continues to grow locally, nationally, and internationally due to increasing consumer awareness of their health benefits and the rising popularity of natural, plant-based culinary ingredients. The combination of ease of cultivation and low capital requirements provides a significant opportunity for *mustahik* to engage in productive endeavors.

However, the success of this program relies not only on the availability of capital and market potential but also on the proper implementation of productive zakat management stages. These stages ensure that *mustahik* are adequately prepared and equipped to independently and sustainably manage oyster mushroom cultivation. Each phase of the productive zakat model's application plays a critical role in supporting the long-term success of the program. Oyster mushrooms have a short shelf life, both at room temperature and in refrigerated storage. Mushrooms that are more than a day old after harvest are generally difficult to sell. To address this issue, it is essential to diversify the processing of oyster mushrooms and to develop processing technologies that can enhance the added value of fresh oyster mushrooms[5].

This study aims to analyze the stages of implementing the productive zakat utilization model through the management of the oyster mushroom house by LAZNAS Baitulmaal Muamalat East Java. It explores the program's implementation, starting from the selection and training of *mustahik* to technical and managerial assistance. Additionally, the study examines the challenges encountered during implementation and the efforts made to overcome these challenges. Furthermore, the research seeks to evaluate the role of technical and managerial support in influencing the success of *mustahik* enterprises in managing the Oyster Mushroom House.

This study contributes theoretically to the literature on productive zakat by developing an empowerment model that combines productive zakat financing with ongoing technical and managerial assistance for *mustahik* (recipients of productive zakat). While previous studies focused on the distribution and economic outcomes of productive zakat, this study highlights the importance of a structured empowerment process consisting of beneficiary selection, capacity building, business mentoring, and periodic evaluation. These findings enrich the discourse on productive zakat management by demonstrating that the sustainability of *mustahik* businesses depends not only on financial support but also on the integration of entrepreneurship development mechanisms.

Practically, this study provides evidence-based recommendations for zakat management institutions in designing more effective productive zakat programs. The findings indicate that regular technical guidance, managerial mentoring, facilitating market access, and ongoing monitoring are critical factors in increasing business productivity and sustainability among *mustahik* beneficiaries. The study also emphasizes the need for stronger collaboration between zakat institutions, government agencies, educational institutions, and the private sector to create a supportive ecosystem for business development. These practical implications can help zakat institutions optimize the productive use of zakat, increase the independence of zakat recipients, and contribute more effectively to poverty reduction and improving community welfare.

The study titled "*Development of a Productive Zakat Utilization Model through the Management of Oyster Mushroom Houses at LAZNAS Baitulmaal Muamalat East Java*" is closely related to previous research examining the impact of productive zakat on the economic welfare of *mustahik*. For instance, prior studies have demonstrated that the utilization of productive zakat funds significantly increases *mustahik* income levels.[6], Meanwhile, other research highlights that the management of productive zakat funds

contributes positively to poverty alleviation.[7] In addition, research emphasizes the importance of mentoring as a variable in increasing *mustahik* income, although the results reveal uncertainty regarding the partial effect of zakat funds. Thus, this study aims to analyze each stage of implementing the productive zakat model, including the role of technical and managerial mentoring, and to provide recommendations for developing more effective programs in the future. By doing so, the study seeks to strengthen our understanding of productive zakat management and contribute to improving community welfare.

2. THEORETICAL REVIEW

2.1 Productive Zakat

Productive zakat is a concept for utilizing zakat funds that are not only distributed to meet the consumptive needs of the *mustahiq* but are also directed toward economic activities capable of generating sustainable income.[8] From the perspective of classical *fiqh*, zakat is fundamentally intended to provide *kifayah* (sufficiency of livelihood) for the *mustahiq*, as stated in Surah At-Taubah, verse 60. Scholars such as Imam al-Nawawi explain that the poor and needy may be given zakat in amounts that enable them to permanently escape poverty, in accordance with their professional needs and living conditions. This view serves as the normative foundation for the development of productive zakat in the modern era, as its orientation is not merely the distribution of wealth, but the transformation of the *mustahiq* into economically independent individuals.[9]

Theoretically, productive zakat can be explained through the theory of *maqāsid al-syarī'ah*. According to Abu Ishaq al-Shatibi, the purpose of sharia is to realize public interest and prevent harm in human life. In the context of zakat, this public interest is realized through the protection of wealth (*ḥifz al-māl*) and the protection of life (*ḥifz al-nafs*). The distribution of zakat in the form of business capital, entrepreneurship training, or the strengthening of the economic capacity of the *mustahiq* is considered more in line with the objectives of the Sharia because it produces sustainable benefits (*istidāmah al-naf'*).[10] Thus, productive zakat is not merely an instrument of wealth distribution, but a mechanism for socio-economic development oriented toward the empowerment of the poor.

In the contemporary Islamic economic tradition, productive zakat can also be explained through the theory of *tamkīn al-iqtisādī* (economic empowerment). This theory emphasizes the importance of providing access to economic resources so that vulnerable groups can increase their production capacity and income.[11] This line of thought has developed in the works of modern Islamic economists such as Monzer Kahf and M. Umer Chapra, who position zakat as an instrument of human development and the alleviation of structural poverty. According to this approach, the success of zakat is not only measured by the amount of funds distributed but also by the improvement in the well-being, productivity, and self-reliance of the *mustahiq* after receiving assistance.[12]

From a modern theoretical perspective, productive zakat aligns with the Human Capital Theory developed by Theodore Schultz and Gary Becker. This theory explains that investing in people through education, training, skills, and business capital increases individual productivity and income. In the practice of productive zakat, business capital assistance accompanied by mentoring and training can be viewed as an investment in human capital that enables recipients to enhance their economic capabilities.[13] Therefore, zakat is no longer understood as short-term social assistance but rather as a social investment instrument that generates long-term economic impacts for beneficiaries.

Furthermore, productive zakat is also relevant to the Sustainable Livelihoods theory developed by the Department for International Development (DFID). This theory emphasizes that poverty alleviation must be achieved through the strengthening of various livelihood assets, namely financial, human, social, physical, and natural assets.

The utilization of productive zakat through microenterprise empowerment programs, business mentoring, and the strengthening of the social networks of the *mustahiq* aligns with this approach. Therefore, the integration of Islamic zakat principles with modern development theory demonstrates that productive zakat is a strategic instrument capable of realizing Sharia objectives while simultaneously supporting inclusive and sustainable economic development.

2.2 Business Evaluation

Business evaluation theory provides an important foundation for assessing the effectiveness of productive zakat programs, particularly in measuring the performance and sustainability of enterprises established by zakat beneficiaries (*mustahik*). Unlike conventional business evaluation, which primarily focuses on profitability and financial performance, productive zakat evaluation incorporates broader objectives, including poverty alleviation, economic empowerment, and social welfare improvement.[14] Therefore, the assessment of productive zakat enterprises requires a multidimensional framework capable of capturing both economic and social outcomes.

One of the most widely recognized approaches in business evaluation is the Balanced Scorecard developed by Kaplan and Norton. This framework evaluates organizational performance through four interconnected perspectives: financial performance, customer satisfaction, internal business processes, and learning and growth. In the context of productive zakat, the Balanced Scorecard provides a useful mechanism for measuring improvements in business income, customer expansion, operational efficiency, and entrepreneurial capabilities among *mustahik*. [15] However, while the Balanced Scorecard offers a comprehensive assessment of organizational performance, it remains primarily focused on internal business achievements and does not fully capture the broader social impact generated by productive zakat programs.

To address this limitation, the Social Return on Investment (SROI) framework complements the Balanced Scorecard by extending the evaluation beyond business performance to social value creation. SROI measures the social and economic benefits generated relative to the resources invested in a program. Within productive zakat initiatives, SROI enables researchers to assess how business development contributes to improved household income, employment generation, educational opportunities, and reduced dependency on charitable assistance.[16] Thus, while the Balanced Scorecard evaluates operational and managerial effectiveness, SROI evaluates the broader societal outcomes resulting from productive zakat interventions.

The integration of these two approaches is further strengthened by Sustainable Enterprise Development theory, which emphasizes the long-term viability and resilience of beneficiary enterprises. Productive zakat programs are not merely intended to generate short-term income but to create sustainable economic transformation among *mustahik*. Therefore, indicators such as business continuity, asset growth, cash flow stability, product diversification, and adaptability to market challenges become essential dimensions of evaluation.[17] Sustainable Enterprise Development serves as a bridge between immediate business performance and long-term socioeconomic empowerment, ensuring that productive zakat initiatives generate lasting benefits beyond the duration of institutional support.

These conventional evaluation frameworks are subsequently contextualized within the Islamic economic perspective through the concepts of *al-falāḥ* and *maqāṣid al-sharī'ah*. From this perspective, the success of productive zakat cannot be measured solely through financial growth, social impact, or business sustainability. Rather, it must also reflect the achievement of public welfare (*maṣlaḥah*), distributive justice, human dignity, and overall quality of life. *Maqāṣid al-sharī'ah* provides the normative foundation that guides and integrates the previous theories by ensuring that economic empowerment ultimately contributes to holistic human well-being.[18]

Accordingly, this study develops an integrated theoretical framework in which the Balanced Scorecard evaluates enterprise performance, SROI measures social value creation, Sustainable Enterprise Development assesses long-term business sustainability, and *maqāṣid al-sharī‘ah* serves as the overarching evaluative framework that aligns economic and social outcomes with Islamic objectives. The relationship among these theories enables a comprehensive understanding of productive zakat effectiveness, from operational performance and social impact to sustainable empowerment and welfare enhancement. This integrated framework provides a stronger analytical basis for examining how productive zakat programs can facilitate the transformation of *mustahik* into economically independent individuals and, ultimately, potential muzakki.

3. METHOD

This study employs a descriptive qualitative method to explore the management of the Oyster Mushroom House as a productive zakat model. The study describes phenomena based on participants' experiences and presents findings in narrative form without altering the original conditions. The information collected is then reorganized by the researcher into a descriptive chronology.[19] Data were collected through interviews, observations, and documentation from January to June 2024 at LAZNAS Baitulmaal Muamalat East Java and the Oyster Mushroom House program site. Interviews involved the LAZNAS Coordinator, Program Manager for Distribution and Utilization, and mushroom farmers/mustahik. Observations focused on program management and operational activities, while documentation included institutional profiles, program reports, and financial records.

The study population consisted of parties involved in the Oyster Mushroom House Program. Informants were selected using purposive sampling, involving two LAZNAS representatives and three mustahik participants. Data analysis followed the Miles and Huberman model, consisting of data reduction, data display, and conclusion drawing. Data credibility was ensured through method and source triangulation by comparing information from interviews, observations, documentation, and different informants. This process strengthened the validity of findings regarding the implementation and effectiveness of the productive zakat program.

4. RESULTS AND DISCUSSION

4.1 Result

4.1.1 LAZNAS Baitulmaal Muamalat East Java

LAZNAS Baitulmaal Muamalat East Java (BMM East Java) is the East Java Representative of the National Zakat Management Institution (LAZNAS), officially established in 2021 and endorsed by the government. Its primary responsibilities include collecting and distributing Zakat, Infaq, Sadaqah, and Other Religious Social Funds (ZIS DSKL). Additionally, BMM East Java serves as an official *Nazhir* responsible for managing and developing productive economic *waqf*. Currently, the BMM East Java Regional Office is located at Manyar Kartika I No. 31, Menur Pumpungan, Sukulilo District, Surabaya, East Java, 60118. For further contact, BMM East Java can be reached via Instagram @bmm.jatim, telephone at 0857-6100-4243, YouTube channel Baitulmaal Muamalat, and their website <https://bmm.or.id>. The bank account details for BMM East Java are as follows (Bank Code: 147): Zakat (7010227777), Infaq (7010228888), and Waqf (7010229999).

The Baitulmaal Muamalat Oyster Mushroom Cultivation Learning Center is located at Jl. Jugrug Rejosari Gg. 3 No. 4, Kandangan, Benowo District, Surabaya, East Java. It serves as a key empowerment program initiative managed by Baitulmaal Muamalat East Java Representative Office. Initially, this facility was a residential house that had been leased for a five-year period by the Baitulmaal Muamalat East Java Representative Office. Covering an area of 5 x 15 meters, the mushroom cultivation house

accommodates approximately 2,000 oyster mushroom baglogs, with each baglog producing an average of 300 grams of oyster mushrooms. Consequently, the facility can yield approximately 600 kilograms of oyster mushrooms within 3–4 months, allowing for a monthly harvest of around 150 kilograms.

4.1.2 Initial Planning of the Oyster Mushroom Cultivation House Program

The initial stage in the planning of this program begins with the collection of zakat funds, which serves as the financial foundation for the entire program, covering operational costs, training, and mentoring for mustahik. This fundraising process involves mapping out potential zakat sources, both from individuals and institutions, to ensure that the funds raised will meet the program's needs.

Once the funds are collected, the next step is selecting a business venture with high potential to improve the economic conditions of mustahik, both in terms of the skills of the human resources involved and the market opportunities. The oyster mushroom cultivation program was chosen because it meets several key criteria, such as high market demand and promising profit potential. Additionally, this business is considered suitable because it can be managed with relatively affordable capital and skills, allowing mustahik to adapt easily. In an interview, the Coordinator of LAZNAS Baitulmaal Muamalat East Java stated, "Why choose oyster mushrooms? Because there is potential in one orphanage that has become empowered through the oyster mushroom program. The market in Surabaya is large, even though it's not the native habitat. How do we know? For example, oyster mushroom chips are available, and we can easily find oyster mushrooms in the market, even though they are not native to the area. Therefore, there is a large opportunity to turn it into a business. Ultimately, we hope it can provide income for the beneficiaries. Moreover, it's unique because the oyster mushroom business is not only growing but also popular." These reasons convinced LAZNAS Baitulmaal Muamalat East Java to launch the Oyster Mushroom Cultivation House program.

The next step in the planning process is finding a strategic location for oyster mushroom cultivation. Land selection is based on various factors, such as accessibility, environmental conditions, and humidity and temperature levels suitable for mushroom growth. These factors are crucial to ensure that the cultivation process can take place optimally without environmental hindrances. Observations conducted at several potential sites revealed that the best location is one with relative humidity between 80-95% and an average temperature of 16-30°C, which strongly supports oyster mushroom growth.

Once an appropriate location is found, an assessment of the human resources (HR) involved in the program is carried out. The selection criteria include commitment to Islamic principles, eligibility as part of the mustahik group, high living costs, limited income, and experience or basic skills in gardening. In an interview, the Coordinator of LAZNAS Baitulmaal Muamalat East Java stated, "The potential of the program is partly due to the people involved, who are eligible as mustahik and able to develop the business. For assessing prospective beneficiaries, the criteria include being part of the mustahik group, having high living costs, having other sources of income, and having experience or skills in gardening, such as growing plants at home."

After determining the location and mustahik, the next step is to prepare a detailed budget. This budget includes a breakdown of expenses, such as the construction of the mushroom house, the purchase of seeds, and other operational equipment. A clear and detailed budget is essential to ensure that the funds are used according to the program's needs and to avoid any shortfall during the implementation process. The Coordinator of LAZNAS Baitulmaal Muamalat East Java stated, "We create a budget plan, including how much the construction of the oyster mushroom house will cost, the cost of purchasing quality seeds and the number of seeds, as well as the purchase of other operational tools." LAZNAS Baitulmaal Muamalat East Java has designed the following financial projections.

Table 1. Financial Projections for the Oyster Mushroom House Program

Mushroom sales	Scheme
Total harvest plan 2000 baglogs	600
Average transaction value per day	RP 20.000
Total sales in 4 months harvest	RP 12.000.000,00
Operational costs for 4 months	
Purchase of mushroom seed baglogs (2900/baglog)	RP 5.800.000
Fuel costs	RP 300.000
Electricity	RP 200.000
Packaging for fresh mushrooms	RP 500.000
Total operational costs for 4 months	RP 6.800.000
Gross profit for 4 months	RP 5.200.000
Program investment for improvement 10% of 4 months	RP 520.000
Net profit for 4 months	RP 4.680.000
Profit distribution for each member (4 members, 4-month period)	RP 1.170.000
Average for each member per month (4 members)	RP 292.500

Source: LAZNAS Baitulmaal Muamalat East Java, 2025

By creating such a plan, LAZNAS Baitulmaal Muamalat East Java can set realistic fundraising targets that align with the needs of the project, making it easier to achieve these goals and gain the trust of *muzakki* (zakat givers). With the planned budget, LAZNAS Baitulmaal Muamalat East Java can avoid potential delays or cost overruns that may arise due to insufficient planning. A structured plan ensures that the program runs according to its objectives, making its contribution to the improvement of *mustahik's* welfare more significant and sustainable.

Additionally, a strategy for managing the harvest is also prepared from the outset, covering both the marketing of raw products and processed products. The production of baglogs is also planned so that the program can operate independently without excessive reliance on external parties, while reducing long-term production costs. As stated by the Coordinator of LAZNAS Baitulmaal Muamalat East Java, "After the program is up and running, the next step is selling the harvest. Initially, the mushrooms are sold raw, but they will also be developed into processed oyster mushroom products or sold cooked, thus providing additional income for the beneficiaries. After that, the plan is to start producing baglogs ourselves, as we initially bought them, and making them ourselves could potentially save on production costs."

Thus, the subsequent steps planned by LAZNAS Baitulmaal Muamalat East Java focus not only on initial production but also on developing added value from the harvest. This effort is expected to increase *mustahik's* income through product diversification, ranging from raw oyster mushrooms to processed products with higher market value. Furthermore, the plan to produce baglogs independently allows *mustahik* to be self-sufficient in supplying raw materials, ultimately reducing reliance on external suppliers and cutting production costs. This also opens up opportunities for *mustahik* to innovate further and strengthen their businesses sustainably.

4.1.3 Implementation of the Oyster Mushroom Program

The implementation phase of the program involves carrying out the carefully prepared plan. The first step is the construction of the mushroom house, which has a size of 5 x 15 meters and can accommodate approximately 2,000 oyster mushroom baglogs. The design is intended to maintain optimal humidity and temperature, which are critical factors for the growth of oyster mushrooms. The structure of the mushroom house was built considering the local climate conditions to improve harvest success. In an interview, the Program Manager for Distribution and Empowerment at LAZNAS Baitulmaal Muamalat East Java stated, "The layout of the mushroom house is designed with a roof made of tiles

because it helps maintain a cooler temperature, bamboo walls because they are cheaper, cooler, and more humid, with air circulation through bamboo vents. We also installed a shade net on the bamboo walls to reduce heat with a density of 60, and the soil used is clay, gravel, and covered with sand and stones.” By controlling the temperature and humidity in the construction of the mushroom house, it is hoped that the harvest success will be improved.

After the mushroom house is completed, high-quality mushroom seeds that match the local environmental conditions are carefully selected. The *mustahik* (beneficiaries) involved in the program also receive technical training, as they have no prior experience in oyster mushroom cultivation. Technical assistance in this empowerment program plays a crucial role in enhancing the understanding and skills of the *mustahik* regarding various technical aspects of mushroom cultivation. One of the key aspects taught is the management of the cultivation environment, where the *mustahik* are trained to maintain the ideal conditions for mushroom growth, such as proper temperature and humidity control, which are the primary factors influencing the quality and quantity of the harvest.

In addition, *mustahik* are also provided with knowledge on pest and disease management, aimed at preventing losses due to pest attacks that could damage the production. Through interviews and observations conducted with the *mustahik* receiving technical assistance, data from interviews show that one of the *mustahik*, who received technical guidance, was able to improve their harvest results. In an interview, the *mustahik* stated, “We had never cultivated oyster mushrooms before, so we didn’t know the proper cultivation techniques. After receiving technical assistance on mushroom cultivation, daily maintenance, pest and disease control, as well as harvesting, we were able to achieve better harvest results.”

Similarly, observations showed that the mushroom house managed by *mustahik* with technical assistance experienced a lower level of damage from pests compared to those without assistance. This is because the *mustahik* carried out daily watering and checks, immediately separating any baglogs with pests to prevent the spread of pests to other baglogs. Additionally, during harvest time, the *mustahik* were able to select and sort the oyster mushrooms, identifying those that were ready for harvest and those that were not. The *mustahik* received guidance on the harvesting process, learning that mature oyster mushrooms have caps (umbrellas) that measure about 5 to 10 cm in diameter. If the mushrooms are harvested before reaching this size, the subsequent mushrooms are likely to be smaller. The *mustahik* receiving this training were also taught to use available resources more efficiently by applying a tearing technique on the back of the baglog to allow mushrooms to regrow on a fresh surface, as well as maintaining the cleanliness of the cultivation environment to prevent disease or pest infestations.

In addition to technical assistance, *mustahik* also received managerial support to develop skills in business management, including financial planning, record-keeping, and marketing strategies. This support not only helped the *mustahik* in the technical aspects of mushroom cultivation but also provided them with managerial skills to navigate market challenges and maximize profits. Managerial support covered various areas, such as financial management, business planning, marketing, and business evaluation, which directly impacted the success and sustainability of the *mustahik*'s business. Based on interviews with the *mustahik*, it was clear that this support helped them build independence and improve professionalism in managing their businesses.

Firstly, managerial support facilitated the *mustahik* in managing finances more efficiently. The *mustahik* were taught how to manage business funds, starting from recording daily transactions, managing cash flow, and allocating capital for specific needs. This was done to minimize the risk of financial shortages or mismanagement that could hinder business operations. Based on interview results, one *mustahik* stated, "As we are just regular housewives who didn't understand much about financial recording, here

we were taught how to make financial reports, record harvest results, and how to structure the mushroom layout. Now we can do the bookkeeping as instructed by the mentor. Additionally, we were taught how to manage finances correctly, such as how to handle income and expenses and allocate capital to buy new baglogs or other necessary items." Well-planned and structured financial management allows the *mustahik* to have a clear understanding of their financial position, which helps them plan for business development in both the short and long term.

Managerial support also plays a crucial role in helping *mustahik* develop a solid business plan and strategy. During the mentoring sessions, the *mustahik* were taught how to create a business plan, which includes identifying target markets, setting business goals, and developing strategies to handle potential risks. Many *mustahik* acknowledge that this mentoring has provided them with new insights into the importance of having a clear and directed plan. One *mustahik* stated, "The oyster mushrooms we produce or sell are different from those available elsewhere because consumer satisfaction is our priority. We sell fresh oyster mushrooms that don't spoil easily because their water content is minimal, whereas mushrooms sold in the market are usually more prone to spoilage or turn yellow/brown. This happens because additional water is absorbed by the mushrooms, usually added to make them heavier during weighing, thus increasing the seller's profit. Our mushrooms don't do that, so many customers give us great ratings because our mushrooms last longer than others they buy. Although the profit we make is not as high as that from other oyster mushrooms, this has become our trademark, and consumers are satisfied with the mushrooms we sell, which is what attracts them."

Additionally, managerial support includes the development of marketing and product distribution skills, which are essential for *mustahik* in boosting sales. The *mustahik* were taught various marketing techniques, from how to communicate with customers to how to use social media for promotion. For many *mustahik*, these skills were new but extremely helpful in attracting more customers. One *mustahik* shared, "This oyster mushroom farm is already registered on Google Maps, so its reach is quite broad. This is a great opportunity for us because some customers come from far to buy our mushrooms. We were also directed to promote on social media, like uploading on WhatsApp status and TikTok, or we can inform our neighbors if they want to buy our mushrooms. We also offer to vegetable sellers, crispy mushroom vendors, and mushroom meatball vendors to buy mushrooms from us." Through more modern and effective marketing, the *mustahik* were able to introduce their product not just to the local market but also to a larger regional market, thereby increasing their business revenue.

Managerial support also encourages the *mustahik* to maintain systematic business records and evaluations. Regular record-keeping, including tracking production costs and revenues, helps the *mustahik* understand their business performance and identify areas for improvement. They were taught the importance of making simple financial reports that document income and expenses, as well as the amount of production and profits earned. By keeping these records neatly, the *mustahik* become more aware of their business's condition and can make more informed decisions based on the data. With regular evaluations, the *mustahik* can analyze successes and challenges, and develop appropriate strategies to improve their business performance in the future.

4.1.4 Evaluation of the Oyster Mushroom House Program

Program evaluation is conducted periodically to ensure that the program is progressing according to the established objectives and to monitor the developments and challenges faced by the *mustahik* in managing the mushroom houses. At this evaluation stage, the program team assesses whether the target for increasing the *mustahik*'s income has been achieved within the designated time frame, typically within 6–8 months after the program has started. The income target is calculated based on mushroom harvest results and the potential income from processed mushroom products.

Based on the initial evaluation, it was found that, on average, mustahik experienced an increase in income compared to before joining the program, although the increase remains on a small scale. One mustahik stated, “This business is still small, and we are also still learning to develop the oyster mushroom business. So, if you say it provides additional income, yes, that's true, but the amount is still small and not proportional to the effort we put into managing the oyster mushroom cultivation. However, we are determined to make this business grow and become more widely known.” This is reflected in the data on oyster mushroom sales from June-August 2023 and October-January 2023, which shows a decline as follows. Periodic evaluation of the Oyster Mushroom House program is crucial to ensure that the established goals are being met and to monitor the challenges faced by the mustahik. The results of the initial evaluation suggest that while the program is still in its developmental phase and on a small scale, there has been a noticeable increase in income compared to before the program began. This indicates a positive impact of the program, although more time is needed to reach its full potential. However, the sales data recorded during the June-August 2023 and October-January 2023 periods showed a decline. This decline needs to be analyzed further to identify the factors influencing it, such as fluctuations in market demand, product quality issues, or other operational challenges. The evaluation should include a comprehensive analysis of the internal and external factors affecting business results and seek solutions to overcome existing barriers. In this regard, the Oyster Mushroom House program needs to adjust its strategies to improve sales results, for example, by enhancing the marketing of processed mushroom products, which have higher income potential, and strengthening the distribution system to increase efficiency. Moving forward, continuous technical and managerial support will be essential to maximize business potential and help mustahik face the challenges they encounter in their entrepreneurial journey.

Table 2. Sales Data of Oyster Mushrooms for the Period of June-August 2023 and October 2023 - January 2024

June-August 2023 period	October 2023-January 2024 period	Decline (%)
Rp. 9.920.000,-	Rp. 8.050.000,-	-19%

Source: LAZNAS Baitulmaal Muamalat East Java, 2025

Based on the sales data of oyster mushrooms, it is evident that this business still faces challenges in providing significant additional income for the mustahik. Although it has potential as an additional source of income, the 19% decline in sales revenue from Rp. 9,920,000 during the June-August 2023 period to Rp. 8,050,000 in the October 2023 - January 2024 period indicates that further development is needed. Nevertheless, the enthusiasm and determination of the mustahik to continue developing this business and enhancing its recognition in the community serve as a vital foundation for the sustainability and economic potential of oyster mushroom cultivation.

To assist mustahik in addressing the decline in income from oyster mushroom cultivation, LAZNAS Baitulmaal Muamalat East Java should consider several support initiatives. The first step is to provide training on business management and financial planning. This training should teach mustahik how to manage capital and regulate cash flow effectively, enabling their businesses to sustain operations despite market fluctuations. Additionally, LAZNAS Baitulmaal Muamalat East Java could offer guidance on more efficient cultivation technologies, such as systems for controlling temperature and humidity and implementing optimal harvesting techniques. To stabilize income from oyster mushroom farming, BMM could also encourage mustahik to diversify their products. Beyond selling fresh oyster mushrooms, mustahik can be trained to process mushrooms into value-added products, such as mushroom chips, mushroom nuggets, or mushroom-based stock. This diversification would create new opportunities and expand market segments, ensuring that mustahik income does not solely depend on selling fresh mushrooms.

4.2 Discussion

In analyzing the development of the productive zakat utilization model through oyster mushroom farming managed by LAZNAS Baitulmaal Muamalat East Java, it is important to assess the extent to which the program reflects the theoretical objectives of productive zakat. The primary purpose of productive zakat is not merely to provide temporary financial assistance but to empower *mustahik* to achieve economic self-reliance and eventually transition into potential muzaki. The findings of this study indicate that the Oyster Mushroom House program adopts an integrated empowerment approach that combines productive capital assistance, technical training, managerial mentoring, and continuous monitoring. This approach enables beneficiaries to develop entrepreneurial skills while generating sustainable sources of income.

The findings also reinforce the Islamic economic perspective that productive zakat should contribute to the achievement of *maqāṣid al-sharī'ah* through economic empowerment, poverty reduction, and social welfare enhancement. By enabling *mustahik* to participate in productive economic activities, the program contributes not only to income generation but also to broader social benefits, including improved household resilience and reduced dependence on charitable assistance. Therefore, this study confirms previous evidence regarding the effectiveness of productive zakat while providing additional insights into the implementation of agricultural-based empowerment models within contemporary zakat management institutions. In the planning phase of the Oyster Mushroom Farming Program, the steps taken by LAZNAS Baitulmaal Muamalat East Java demonstrate a strong alignment with the principles of productive zakat utilization. For instance, the comprehensive collection of zakat funds, selection of an economically viable venture, and strategic location and resource allocation showcase an adherence to effective and efficient zakat fund management. These processes go beyond technical aspects, such as selecting an optimal location for mushroom cultivation, to include a thorough assessment of potential beneficiaries. This approach aligns with the foundational principles of productive zakat utilization, which prioritize the sustainable economic impact of zakat allocation.[20]

The choice of oyster mushroom farming as an entrepreneurial activity reflects an appropriate and strategic decision, given the substantial market demand for mushrooms and the relatively low capital and skill requirements. LAZNAS Baitulmaal Muamalat East Java conducted a market opportunity analysis and evaluated the potential of oyster mushroom cultivation based on prior experiences. This consideration demonstrates the program's focus on sustainability and long-term prospects, consistent with the ultimate aim of productive zakat—to provide not only immediate assistance but also a pathway for *mustahik* to achieve economic independence.

The program's implementation phase further underscores its alignment with the principles of productive zakat utilization. The construction of mushroom farming facilities, tailored to maintain optimal humidity and temperature, highlights attention to technical factors critical for successful mushroom cultivation. Additionally, the provision of technical and managerial training ensures that *mustahik* are adequately equipped to manage their farming activities effectively. Technical guidance on maintenance, pest control, and harvesting techniques exemplifies a comprehensive approach that goes beyond mere financial assistance, preparing *mustahik* to manage their enterprises autonomously.[21]

In summary, the planning and implementation of the Oyster Mushroom Farming Program managed by LAZNAS Baitulmaal Muamalat East Java demonstrate substantial alignment with the theoretical principles of productive zakat utilization. The program incorporates beneficiary selection, entrepreneurial training, productive capital support, technical assistance, and continuous mentoring, which collectively reflect the empowerment-oriented approach advocated in productive zakat theory. Rather than providing short-term consumptive assistance, the program seeks to enhance the productive capacity of *mustahik* and facilitate their transition toward economic self-

reliance. This finding supports the theoretical proposition that productive zakat should function as a sustainable empowerment mechanism capable of generating long-term socioeconomic benefits.

The empirical findings also correspond to the Balanced Scorecard framework. From the learning and growth perspective, the program contributes to improving beneficiaries' entrepreneurial knowledge and technical skills in oyster mushroom cultivation. From the internal process perspective, regular mentoring and operational guidance strengthen business management practices among *mustahik*. However, the observed 19% decline in sales indicates that the financial perspective has not yet achieved optimal performance. This suggests that improvements in learning and operational capacity do not automatically translate into immediate financial success, highlighting the importance of strengthening market access and business development strategies to improve economic outcomes.

The findings further support the Social Return on Investment (SROI) perspective, which emphasizes the broader social value generated by productive zakat programs. Although financial returns remain unstable, the program has created positive social outcomes through skills development, increased economic participation, and reduced dependency on charitable assistance. These outcomes demonstrate that the effectiveness of productive zakat should not be assessed solely through short-term income growth but also through its contribution to social empowerment and capacity building among beneficiaries. Therefore, the social impact generated by the program extends beyond measurable financial indicators and contributes to broader community welfare.

From the perspective of Sustainable Enterprise Development theory, the findings reveal both strengths and challenges. The provision of technical and managerial assistance supports enterprise continuity and enhances the ability of beneficiaries to operate their businesses independently. Nevertheless, the decline in sales indicates that long-term sustainability remains vulnerable to market fluctuations and production constraints. This finding reinforces the theoretical argument that business sustainability requires not only productive capital but also continuous innovation, product diversification, market expansion, and adaptive management practices. Consequently, sustainability should be viewed as an ongoing process rather than a static outcome.

The findings are also consistent with the *maqāṣid al-sharī'ah* framework, particularly in promoting economic welfare (*ḥifẓ al-māl*) and improving the quality of life of *mustahik*. Through productive economic activities, beneficiaries gain opportunities to strengthen household income, develop entrepreneurial capabilities, and reduce economic vulnerability. Although the transformation from *mustahik* to *muzaki* has not yet been fully achieved, the program has established important foundations for long-term empowerment and socioeconomic mobility. In this regard, the success of productive zakat should be understood not only in terms of immediate financial outcomes but also in its contribution to human development, social justice, and sustainable welfare [22].

Therefore, the contribution of this study lies in demonstrating that the effectiveness of productive zakat programs is multidimensional. The empirical findings suggest that productive zakat performance cannot be adequately evaluated through financial indicators alone. Instead, a comprehensive assessment should integrate business performance, social value creation, enterprise sustainability, and *maqāṣid al-sharī'ah* objectives. This integrated perspective strengthens the theoretical understanding of productive zakat as a holistic empowerment instrument that combines economic development, social transformation, and Islamic welfare objectives within a single framework.

5. CONCLUSION

The Oyster Mushroom Farming Program implemented by LAZNAS Baitulmaal Muamalat East Java demonstrates that productive zakat can serve as an effective instrument for economic empowerment by providing productive capital, technical training, managerial assistance, and continuous mentoring for *mustahik*. The findings

indicate that the program has improved beneficiaries' entrepreneurial capacity and created opportunities for sustainable income-generating activities, although income levels remain unstable due to fluctuations in sales and market conditions. Theoretically, this study contributes to the productive zakat literature by showing that the effectiveness of productive zakat should be evaluated not only through financial outcomes but also through social empowerment, business sustainability, and the achievement of broader welfare objectives in line with Islamic economic principles.

Practically, the study suggests that zakat management institutions should strengthen business mentoring, market access, product diversification, and stakeholder collaboration to enhance the sustainability of beneficiary enterprises. Nevertheless, this study is limited to a single productive zakat program and a relatively small number of informants, which may restrict the generalizability of its findings. Therefore, future research is recommended to conduct comparative studies across different zakat institutions and sectors, as well as to examine the long-term impact of productive zakat on the transformation of mustahik into economically independent entrepreneurs and potential muzaki.

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