

Mustahik Economic Transformation Through The Distribution Of Productive Zakat Funds And Business Assistance Programs At Baitul Mal Aceh

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Abstract:

Poverty remains one of the major economic challenges in Indonesia, including in Lhokseumawe City. In Islamic economics, productive zakat serves as an instrument of economic empowerment that can improve the welfare of mustahik through business capital assistance. This study aims to analyze the economic transformation of mustahik through the distribution of productive zakat funds and business mentoring programs implemented by Baitul Mal Kota Lhokseumawe. The study employed a mixed methods approach with a sequential explanatory design. The quantitative phase involved 86 mustahik selected through purposive sampling and analyzed using descriptive statistics and the Wilcoxon Signed Rank Test to examine differences in income before and after receiving productive zakat assistance. The qualitative phase was conducted through in-depth interviews with Baitul Mal officials to explore the implementation of business mentoring programs and the factors affecting mustahik empowerment. The findings reveal that productive zakat significantly increases mustahik income, as indicated by an Asymp. Sig. (2-tailed) value of $0.000 < 0.05$. Most respondents experienced improved income and stronger economic capacity after receiving business capital assistance. However, business mentoring programs have not been optimally implemented due to limitations in institutional capacity, human resources, and budget allocation. To address these challenges, Baitul

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Mal Kota Lhokseumawe has initiated the MEMPHIS Program in collaboration with Islamic Relief to strengthen sustainable economic empowerment through mentoring, financial management training, and business monitoring. This study concludes that productive zakat contributes positively to the economic transformation of mustahik and will achieve greater effectiveness when supported by continuous business mentoring programs.

Keywords: Productive Zakat; Economic Transformation; Mustahik; Business Mentoring; Baitul Mal.

Abstrak:

Poverty remains one of the major economic challenges in Indonesia, including in Lhokseumawe City. In Islamic economics, productive zakat serves as an instrument of economic empowerment that can improve the welfare of mustahik through business capital assistance. This study aims to analyze the economic transformation of mustahik through the distribution of productive zakat funds and business mentoring programs implemented by Baitul Mal Kota Lhokseumawe. The study employed a mixed methods approach with a sequential explanatory design. The quantitative phase involved 86 mustahik selected through purposive sampling and analyzed using descriptive statistics and the Wilcoxon Signed Rank Test to examine differences in income before and after receiving productive zakat assistance. The qualitative phase was conducted through in-depth interviews with Baitul Mal officials to explore the implementation of business mentoring programs and the factors affecting mustahik empowerment. The findings reveal that productive zakat significantly increases mustahik income, as indicated by an Asymp. Sig. (2-tailed) value of $0.000 < 0.05$. Most respondents experienced improved income and stronger economic capacity after receiving business capital assistance. However, business mentoring programs have not been optimally implemented due to limitations in institutional capacity, human resources, and budget allocation. To address these challenges, Baitul Mal Kota Lhokseumawe has initiated the MEMPHIS Program in collaboration with Islamic Relief to strengthen sustainable economic empowerment through mentoring, financial management training, and business monitoring. This study concludes that productive zakat contributes positively to the economic transformation of mustahik and will achieve greater effectiveness when supported by continuous business mentoring programs.

Introduction

Poverty remains one of the main challenges in Indonesia's economic development. Although various poverty alleviation programs have been implemented, the level of public welfare remains uneven, particularly in Aceh Province (Adiwijaya & Amilahaq, 2023). Data shows that the poverty rate in Lhokseumawe City decreased from 10.80% in 2020 to 10.44% in 2024. However, during the same period, the number of people living in poverty actually increased from 401,158 to 522,671. This situation indicates that the decline in the poverty rate has not fully reflected an overall improvement in public welfare, necessitating more sustainable economic empowerment efforts (Aceh, 2025).

From an Islamic economic perspective, zakat is an instrument of wealth distribution that serves both social and economic functions to reduce income inequality and enhance public welfare. Zakat is not only utilized in the form of consumptive aid but can also be channeled productively through the provision of business capital, production facilities, or business development support to the mustahik. Through this approach, it is hoped that the mustahik will be able to increase their productivity, earn better incomes, and gradually achieve economic independence (Rohmah, 2024).

Baitul Mal Kota Lhokseumawe, as the local zakat management agency, has implemented a productive zakat program by providing business capital to community members who meet the criteria for mustahik. To date, the program has reached approximately 800 mustahik spread across four subdistricts, with a total disbursement of Rp640,000,000. In addition to business capital assistance, Baitul Mal has also developed capacity-building and financial literacy programs

as part of its efforts to economically empower eligible recipients (Damanhur, 2025).

Theoretically, this study employs the Theory of Change (ToC) as the main analytical framework. Theory of Change explains how a particular intervention can generate expected outcomes through a series of causal pathways linking inputs, activities, outputs, outcomes, and long-term impacts (Group, 2017). In the context of this study, productive zakat functions as an input in the form of business capital assistance provided to mustahik. This support is expected to enable beneficiaries to expand their business activities, increase productivity, and improve their income. Furthermore, business mentoring serves as a complementary activity aimed at strengthening managerial skills, financial literacy, and entrepreneurial capacity. Through these interconnected processes, productive zakat and business mentoring are expected to contribute to sustainable economic transformation, enabling mustahik to achieve greater economic independence and improved welfare over time (DuBow & Litzler, 2019).

Several previous studies have shown that productive zakat contributes to increasing the income and well-being of mustahik. Irawati (Irawati, 2018), Hadziq and Nafis (Hadziq & Nafis, 2017), and Risnaningsih and Suhendri (Risnaningsih & Suhendri, 2015) show that business mentoring plays a role in improving business capacity, managerial skills, and the sustainability of mustahik micro-enterprises. Other studies conducted by Mawardi et al. (Mawardi et al., 2023) found that the success of productive zakat programs is influenced not only by the amount of funds disbursed but also by the effectiveness of business mentoring and guidance provided to beneficiaries.

Nevertheless, most previous studies have primarily focused on the impact of productive zakat on increasing beneficiaries' income and have employed simple descriptive or comparative approaches. Studies that integrate the role of productive zakat and business mentoring by combining research methods (mixed methods) represent a strength in

Based on this description, this study aims to analyze the impact of productive zakat distribution and business mentoring programs on the economic transformation of mustahik at Baitul Mal Kota Lhokseumawe. The research results are expected to contribute to the development of Islamic economic literature, particularly regarding the effectiveness of productive zakat as an instrument of economic empowerment, as well as serve as evaluation material for zakat management institutions in improving the quality of mustahik empowerment programs in a sustainable manner.

To further clarify the analytical objectives within a structured study framework, this research formulates several questions that directly reflect the issues of productive zakat distribution and business mentoring programs implemented by Baitul Mal Kota Lhokseumawe. These questions serve as a guide to explore the effectiveness of economic empowerment initiatives in transforming the welfare and independence of mustahik:

1. Does the distribution of productive zakat as business capital by Baitul Mal Kota Lhokseumawe significantly affect the economic income of mustahik when comparing their conditions before and after receiving assistance?
2. How does the business mentoring program as a form of economic empowerment provided by Baitul Mal Kota Lhokseumawe affect the business independence of mustahik when comparing those who receive mentoring with those who do not receive mentoring?

Methods

This study employs a mixed-methods approach with a sequential explanatory design. The quantitative phase was conducted to analyze changes in the economic conditions of zakat recipients after receiving productive zakat, while the qualitative phase was used to explain the implementation of the business mentoring program and

the factors influencing the economic transformation of zakat recipients.

The research subjects consisted of zakat recipients of productive zakat and the administrators of Baitul Mal in Lhokseumawe City. The quantitative sample consisted of 86 mustahik selected using purposive sampling, calculated using the Slovin formula. Data were collected through questionnaires, in-depth interviews, and documentation. Quantitative data analysis was performed using descriptive statistics and the Wilcoxon Signed-Rank Test to test differences in mustahik income before and after receiving assistance. Meanwhile, qualitative data was analyzed thematically to identify the implementation and constraints of the business mentoring program. The results of both stages of analysis were then integrated to provide a comprehensive understanding of the effectiveness of productive zakat and business mentoring in driving the economic transformation of beneficiaries.

Result and Discussion

Theory Of Change

To measure the success of a transformation, one theory or methodology that can be used is the Theory of Change. The Theory of Change (ToC) is a methodology that describes the causal pathways through which interventions lead to desired outcomes in economic transformation initiatives. It outlines the logic behind how and why specific actions are expected to bring about positive change (DuBow & Litzler, 2019).

According to DuBow (2018), ToC helps in designing interventions by modeling how they contribute to the process of change. A well-developed ToC can assist organizational leadership in making strategic decisions regarding program elements and priorities within complex initiatives. Therefore, a comprehensive ToC for an economic transformation initiative will outline the expected short-,

medium-, and long-term outcomes, providing a roadmap for achieving economic transformation goals (Group, 2017).

Distribution of Productive Zakat Funds

According to the Kamus Besar Bahasa Indonesia (KBBI), distribution is defined as the process, method, or act of distributing. Meanwhile, productive zakat is zakat given to the mustahiq not to be spent, but to be developed and utilized to support their businesses. By running these businesses, the mustahiq are expected to be able to sustainably meet their basic needs. Thus, the distribution of zakat can be understood as the process or act of distributing zakat to those entitled to receive it. In zakat management practice, funds collected by zakat administrators are generally distributed in two main forms: consumptive (consumptive zakat) and productive (productive zakat). Consumptive zakat is intended to meet the basic needs of the mustahiq. Once these basic needs have been met, the distribution of zakat can be shifted to the productive form, whereas productive zakat is distributed as business capital (Djalaluddin & Hasibuan, 2026).

Business Mentoring

Mentoring involves helping individuals and groups discover their inherent abilities and potential, and equipping them with the skills to develop those abilities until they achieve their goals. According to Muhadjir Effendy in the Kamus Besar Bahasa Indonesia, “effort is the act of expending energy, thought, or physical exertion to achieve a goal; an action, work, initiative, endeavor, or effort to achieve a benefit” (Firmansyah, 2024).

An intensive and holistic mentoring process is a key factor in success. This mentoring encompasses three aspects: technical, managerial, and spiritual, namely (Khatimah et al., 2024):

1. Technical and Managerial Business Mentoring: Field mentors routinely (weekly or biweekly) visit beneficiaries to provide practical guidance.
2. Spiritual Guidance and Mental Strengthening: This is a

distinctive feature that sets the LAZ program apart from other empowerment programs. Every group meeting or individual visit always includes spiritual reinforcement

3. Understanding Entrepreneurship: The knowledge provided through materials related to the entrepreneurship program that these beneficiaries will receive serves as a foundational asset that will be highly beneficial in preparing their mindset and readiness when managing the productive zakat funds provided by the government (Djalaluddin, 2026).

Descriptive Data Analysis

Descriptive analysis was conducted to provide an overview of the respondents’ characteristics. Through this analysis, the researcher was able to obtain information regarding the distribution of the data, trends in respondents’ answers, and the achievement levels for each indicator used in the study (Sugiyono, 2022).

Table 1. Descriptive Analyze

Category	Frequance	Persentase (%)	Total
Jenis Kelamin			
Male	17 Person	19,77%	86 Responden /100%
Female	69 Person	80,23%	
Jenis Usaha			
Service	12 Person	13,96%	86 Responden /100%
Convenience Store	28 Person	32,56%	
Food and Drink	46 Person	53,49%	
Age			
20-29 Year	9 Person	10,47%	86 Responden /100%
30-39 Year	24 Person	27,91%	
40-49 Year	20 Person	23,26%	
50-59 Year	18 Person	20,93%	
≥ 60 Year	15 Person	17,44%	
Income Before			
< Rp1.000.000	28	32,56%	

Rp1.000.000 – Rp2.999.999	29	33,72%	86 Responden /100%
Rp3.000.000 – Rp4.999.999	13	15,12%	
≥ Rp5.000.000	16	18,60%	
< Rp1.000.000	28	32,56%	
Income After			
< Rp1.000.000	18	20,93%	86 Responden /100%
Rp1.000.000 – Rp2.999.999	29	33,72%	
Rp3.000.000 – Rp4.999.999	23	26,74%	
≥ Rp5.000.000	16	18,60%	
< Rp1.000.000	18	20,93%	

Soure: Data was processed with SPSS version 27

Based on the table 1. showing the gender distribution of respondents, it can be seen that the majority of respondents were female, totaling 69 people or 80.23%. Meanwhile, there were 17 male respondents, or 19.77%. This indicates that aid recipients are predominantly women. According to Baitul Mal officials, women play a more dominant role in supporting household economies. Furthermore, this data highlights that the role of gender in earning a living is something that deserves recognition.

The majority of respondents operate businesses in the food and beverage category, totaling 46 people (53.49%), followed by small shops/grocery stores with 28 people (32.56%), and service-based businesses with 12 people (13.96%). The dominance of the food and beverage business category among respondents indicates that this sector offers greater business opportunities and is easier to operate compared to other types of businesses. Food and beverage businesses tend to have stable demand, are relatively easy to start with more affordable capital, and require simple skills.

The majority of respondents were in the 30–39 age group, totaling 24 people (27.91%), followed by the 40–49 age group with 20 people

(23.26%), the 50–59 age group with 18 people (20.93%), the ≥60 age group with 15 people (17.44%), and 9 people (10.47%) in the 20–29 age group. The dominance of respondents in the 30–39 age group indicates that this age group is in its productive phase and possesses more optimal work experience, skills, and maturity in running and developing a business.

The majority of respondents had a previous income of Rp1,000,000–Rp2,999,999 (29 people, 33.72%), followed by those with an income of less than Rp1,000,000 (28 people, 32.56%), an income of ≥Rp5,000,000 (16 respondents, 18.60%), and an income of Rp3,000,000–Rp4,999,999 (13 respondents, 15.12%). The predominance of respondents with income between Rp1,000,000 and Rp2,999,999 indicates that the majority of business owners are still operating at the micro-business level with relatively low to moderate income levels. This situation is generally caused by limited business capital and small-scale production.

The majority of respondents had a monthly income of Rp1,000,000–Rp2,999,999 (29 people, or 33.72%), followed by those with an income of Rp3,000,000–Rp4,999,999 (23 people, or 26.74%), income of less than Rp1,000,000 for 18 respondents (20.93%), and income of ≥Rp5,000,000 for 16 respondents (18.60%). The dominance of respondents with post-startup income in the Rp1,000,000–Rp2,999,999 range indicates that the majority of business owners experience an increase and stability in income within the middle-income category after launching or expanding their businesses.

Wilcoxon Signed Rank Test

The Wilcoxon test is a nonparametric statistical method used to test for differences between two paired data sets. In social, economic, and management research, the Wilcoxon test is often used to compare pre- and post-treatment conditions (pre-tests and post-tests) among the same respondents.

Table 2. Wilcoxon Signed Rank Test

Ranks				
		N	Mean Rank	Sum of Ranks
After - Before	Negative Ranks	1 ^a	74.00	74.00
	Positive Ranks	77 ^b	39.05	3007.00
	Ties	8 ^c		
	Total	86		
a. After < Before				
b. After > Before				
c. After = Before				

Soure: Data was processed with SPSS version 27

Based on the results of the Wilcoxon Signed-Rank Test in the table above, it was found that 77 respondents showed an increase in their scores after the treatment compared to before the treatment (positive ranks), with a mean rank of 39.05 and a total rank of 3007.00. Meanwhile, only 1 respondent experienced a decrease in the After treatment score compared to the Before treatment score (negative ranks), with a mean rank of 74.00 and a total of 74.00 ranks. Additionally, there were 8 respondents whose scores remained unchanged (ties).

Table 3. Test Statistics

Test Statistics ^a	
	After - Before
Z	-7.331 ^b
Asymp. Sig. (2-tailed)	.000
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: Soure: Data was processed with SPSS version 27

Based on the results of the Wilcoxon Signed-Rank Test in the Test Statistics table, a Z-value of -7.331 was obtained with an Asymp. Sig. (2-tailed) value of 0.000. This significance value is less than 0.05 ($0.000 < 0.05$), so it can be concluded that there is a significant difference between the Before and After conditions following the intervention/program.

These results indicate that the majority of respondents experienced an improvement following the implementation of the treatment/program. The dominance of positive ranks over negative ranks suggests that the After condition tends to be better than the Before condition. Thus, it can generally be concluded that the treatment or program implemented has brought about positive changes for the study's respondents. The increase in mustahik income occurred because the productive zakat assistance provided by Baitul Mal Kota Lhokseumawe was utilized as additional business capital. This additional capital enabled the mustahik to increase production capacity, expand inventory, and broaden business activities that were previously constrained by limited capital.

This finding is consistent with the Theory of Change (ToC), which explains that desired outcomes are achieved through a sequence of interconnected interventions and changes. In this study, productive zakat functions as a key input that provides mustahik with access to business capital. The utilization of this capital enables beneficiaries to increase production capacity, expand business inventory, and strengthen their economic activities. These changes represent short-term and intermediate outcomes that contribute to the ultimate goal of economic transformation and improved welfare. The significant increase in mustahik income found in this study indicates that the productive zakat program has successfully generated positive outcomes along the expected causal pathway, demonstrating its effectiveness as an instrument of economic empowerment.

The Distribution of Productive Zakat Funds and Its Impact on Income Growth

In this study, the effectiveness of productive zakat fund distribution was measured and analyzed through changes in the income levels of mustahik after receiving assistance. The increase in income was used as the primary indicator to assess the success of the productive zakat program, as it reflects the beneficiaries' ability to utilize the funds provided to develop productive businesses and improve their economic conditions.

Based on the results of the Wilcoxon Signed Rank Test, it was found that the majority of respondents experienced an increase in income after receiving productive zakat funds. This is evident from the number of positive ranks, which totaled 77 respondents, while there was only 1 respondent with a negative rank and 8 other respondents who experienced no change in income. These findings indicate that the income of mustahik after receiving productive zakat funds tends to be higher compared to before receiving the assistance.

The results of the statistical test show a Z-value of -7.331 with an Asymp. Sig. (2-tailed) value of $0.000 < 0.05$. Thus, it can be concluded that there is a significant difference between income Before and After receiving productive zakat funds. A negative Z-value indicates that the direction of change tends toward an increase in income after receiving productive zakat funds compared to before. Furthermore, the predominance of positive ranks further reinforces that the productive zakat program has a positive impact on the economic conditions of the mustahik. Thus, it can be concluded that the distribution of productive zakat funds has a significant effect on increasing the income of the mustahik.

Based on the results of the questionnaire distributed to the mustahik, findings indicate an increase in income after receiving productive zakat assistance. This is evident from the comparison of conditions before and after the intervention, where the majority of respondents reported positive changes in their income levels. This increase is reflected not only in the rise in income amounts but also in the growing stability of their income sources.

Based on the results of the research conducted, Mrs. Kartini, a resident of Panggoi Village, Muara Satu Subdistrict, runs a clothing tailoring business. Before receiving the assistance, Mrs. Kartini's income was relatively limited, amounting to Rp600,000 per month. This limitation was due to the scarcity of materials and business supplies she possessed. After receiving productive zakat assistance, Mrs. Kartini used the funds to increase her supply of fabric and sewing equipment, thereby boosting her production capacity. With these additional materials, Mrs. Kartini was able to take on more orders. The impact of this increased business capacity is evident in the rise in her income, which has reached Rp1,000,000 per month.

One respondent who did not experience an increase in income was Sudirman, a resident of Gampong Jeulikat, who runs a coconut ice business. According to the research data, Sudirman's income was Rp2,300,000 before receiving the assistance and remained at Rp2,300,000 after receiving it. This indicates that there was neither an increase nor a decrease in income following the program's implementation, so this respondent falls into the "ties" category in the Wilcoxon Signed-Rank Test.

There was also a respondent who experienced a decline in income after receiving program assistance: Muhammad Sauri, a resident of Gampong Balio who owns a coffee shop. Before receiving assistance, the respondent's income was Rp5,000,000, but after receiving assistance, it decreased to Rp3,500,000. This decline in income is believed to have been influenced by the business's unstable conditions and a decrease in the number of customers during the study period.

The results of this study indicate that the distribution of productive zakat has a strong correlation with improved welfare for beneficiaries, not only in terms of income but also regarding their capacity to engage in economic activities. Before receiving assistance, limited business capital resulted in low production capacity, thereby

restricting opportunities to increase income. This situation reflects the limited economic choices available to business owners.

From the perspective of Amartya Sen's theory, well-being is understood as an individual's ability to have more choices in determining a life they consider valuable. Therefore, productive zakat not only increases income but also expands the capabilities of the recipients, such as the ability to increase production, access more business opportunities, and plan for future business development.

These findings are consistent with the research by Mawardi et al. (2021), which states that productive zakat can improve the well-being and economic capacity of mustahik by strengthening their productive businesses. The results of this study also support the research by Irawati (2018), which found that zakat-based business capital assistance contributes to increased income and the sustainability of mustahik's microenterprises.

The increase in income experienced by the majority of mustahik indicates that productive zakat funds can serve as an effective instrument for economic empowerment. The additional capital provided enables mustahik to expand their business capacity by increasing inventory, scaling up production, or improving the quality of their products. As business capacity grows, so do the opportunities to attract customers and increase sales volume. These conditions ultimately result in increased income for beneficiaries after receiving productive zakat assistance. This finding indicates that access to capital is a key factor in driving the growth of microenterprises, which have long faced limited financing options.

Although the majority of respondents experienced an increase in income, there were some beneficiaries whose income remained unchanged or even decreased. This situation indicates that the success of productive zakat programs is not solely determined by the provision of business capital but is also influenced by internal and external business factors. Internal factors include business management skills, entrepreneurial experience, marketing skills, and financial

management abilities. Meanwhile, external factors include the level of business competition, changes in public purchasing power, market conditions, and fluctuations in consumer demand. Therefore, capital assistance without ongoing business mentoring has the potential to produce different outcomes for each beneficiary.

Business Mentoring Program for Business Independence

The business mentoring variable in this study was examined through qualitative interviews, the researcher conducted direct interviews with the management of the Lhokseumawe City Baitul Mal. Based on the results of an interview with Dr. Munawir, Lc, a member of the Baitul Mal Kota Lhokseumawe board of commissioners, it was learned that in the implementation of productive zakat fund distribution carried out previously, the business mentoring program had not yet been realized. This was due to the high number of mustahik recipients who needed to be served, making it difficult for the institution to provide comprehensive mentoring. Additionally, the amount of funds distributed to each recipient is relatively limited, so the institution's primary focus is on ensuring equitable distribution of aid rather than on implementing intensive business mentoring. Based on the results of these interviews, it can be concluded that the failure to implement the business mentoring program in the distribution of productive zakat at Baitul Mal Kota Lhokseumawe is due to the institution's limited capacity, primarily resulting from the high number of eligible recipients and the small allocation of funds distributed. This situation has led the institution to prioritize the equitable distribution of aid over the implementation of business mentoring, resulting in the neglect of aspects related to guidance and supervision.

Based on the results of these interviews, it can be concluded that the failure to implement business mentoring programs in the distribution of productive zakat at Baitul Mal Kota Lhokseumawe is due to the institution's limited capacity, primarily resulting from the high number of mustahik recipients and the small allocation of funds

distributed. This situation has led the institution to prioritize the equitable distribution of aid over the implementation of business mentoring, resulting in the aspects of guidance and monitoring regarding the development of beneficiaries' businesses not yet being carried out optimally.

Furthermore, Ms. Jumiati, a commissioner at Baitul Mal Kota Lhokseumawe, stated that the business mentoring program in the distribution of productive zakat funds has not yet been implemented. This is due to time constraints in program implementation, organizational restructuring resulting from limited membership, as well as budget shifts and constraints. She also explained that these conditions have meant that business mentoring has not been a priority, so activities remain focused on distributing aid to beneficiaries.

Based on this statement, it can be concluded that the failure to implement business mentoring programs in the distribution of productive zakat at Baitul Mal Kota Lhokseumawe is due to various internal limitations of the institution, such as time constraints, changes in organizational structure resulting from a lack of membership, as well as budget shifts and constraints. These conditions have resulted in business mentoring not being a top priority, leading the institution to focus its activities more on distributing aid to beneficiaries rather than on sustainable business development.

BMK Lhokseumawe's Proactive Approach to Launching the MEMPHIS Program

Based on recent developments, Baitul Mal Kota Lhokseumawe is launching a new program known as the MEMPHIS program. This program is a collaboration with Islamic Relief and is designed to address the lack of business mentoring in previous productive zakat distributions. This program is designed to strengthen the empowerment of mustahik, not only through the provision of capital assistance, but also by focusing on more targeted business coaching and development.

This is relevant, as stated by Mrs. Jumiati, who said that Baitul Mal Kota Lhokseumawe will also implement an economic empowerment program called the Memphis Project, in collaboration with Islamic Relief. This program is designed to focus not only on the distribution of funds but also on improving the economic well-being of recipients through continuous business mentoring.

The MEMPHIS program is expected to serve as a strategic step in enhancing the effectiveness of productive zakat fund utilization, particularly in fostering economic transformation among zakat recipients. Through this program, Baitul Mal aims to establish a more systematic mechanism to support the sustainability of recipients' businesses, whether through mentoring, evaluation, or business capacity building.

As stated by Dr. Munawir, Lc, the business mentoring program will be implemented during the next zakat fund distribution period. This program includes training in financial record-keeping, both manual and electronic, as well as monitoring activities to track the progress of the recipients' businesses.

Conclusion

This study concludes that the distribution of productive zakat by Baitul Mal Kota Lhokseumawe plays a significant role in promoting the economic transformation of mustahik through increased business income and strengthened economic capacity. Productive zakat provides additional capital that enables beneficiaries to expand business activities, improve production capacity, and enhance their welfare. These findings support the Theory of Change (ToC), which explains that sustainable social and economic change occurs through a sequence of interconnected interventions, outputs, and outcomes. In this context, productive zakat functions as a key input that facilitates business development and generates positive economic outcomes for mustahik.

However, business mentoring programs have not been implemented optimally due to limitations in institutional capacity, human resources, and budget allocation, resulting in empowerment

efforts being concentrated primarily on fund distribution. The initiation of the MEMPHIS Program by Baitul Mal Kota Lhokseumawe in collaboration with Islamic Relief represents a strategic effort to strengthen sustainable economic empowerment through business mentoring, financial management training, and monitoring activities. This initiative reflects an important component of the Theory of Change framework, as continuous mentoring and capacity-building are expected to bridge the gap between financial assistance and long-term economic transformation.

This study contributes to the Islamic economics literature by demonstrating that productive zakat can function as an effective instrument for economic empowerment when integrated with sustainable mentoring and capacity-building programs. The findings highlight that long-term welfare improvements among mustahik are more likely to be achieved when financial support is complemented by structured interventions that promote business development, self-reliance, and sustainable economic growth..

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