

Reconfiguring Pesantren-Based Social Empowerment: Evidence from Zakat Village Programs and Community Economic Development in Sidoarjo, Indonesia

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Abstract

This study examines the integration of pesantren-based educational institutions within the Zakat Village (Kampung Zakat) program and its role in fostering socio-economic and spiritual transformation among beneficiaries (mustahik) in Sidoarjo, Indonesia. Using a qualitative approach through interviews, observation, and documentation, the study reveals that zakat distribution has evolved from consumptive assistance toward a hybrid empowerment model integrating religious education, economic support, and social infrastructure. Findings indicate that pesantren-based institutions, particularly Taman Pendidikan Al-Qur'an (TPQ), function as critical nodes for spiritual revitalization, educational reinforcement, and community cohesion. Furthermore, economic empowerment programs implemented through the Office of Religious Affairs (KUA) contribute to transforming beneficiaries into productive agents. This paper argues that pesantren-centered zakat governance provides a sustainable framework for poverty alleviation and social transformation.

Keywords: Zakat Village, Pesantren, Islamic Philanthropy, Community Empowerment, Spiritual Transformation.

Introduction

Zakat occupies a central position in Islamic socio-economic doctrine, functioning not only as a religious obligation but also as an institutional mechanism for wealth redistribution and social justice. Classical and contemporary scholarship consistently frames zakat as a tool for alleviating poverty and enhancing collective welfare, particularly when managed systematically through formal institutions ¹. In Indonesia, the institutionalization of zakat through state-supported bodies and authorized amil organizations reflects an effort to transform zakat from a purely ritual practice into a structured instrument of socio-economic development ². This transformation is grounded in the assumption that zakat, when properly administered, can influence key economic variables, including consumption, investment, and income distribution.³

¹ Abdul Aziz and Faruk Faruk, "Revisiting Zakat Distribution in the Modern Era: Toward a Reconstructed Model," *Al-Uqud: Journal of Islamic Economics* 9, no. 1 (2025): 47–59, <https://doi.org/https://doi.org/10.26740/al-uqud.v9n1.p47-59>.

² Minarni Minarni, Slamet Slamet, and Misbahul Munir, "A Qualitative Case Study on Productive Zakat and Pentahelix-Based Empowerment: Insights from BAZNAS Malang Regency," *Journal of Islamic Economics Lariba* 11, no. 1 (2025), <https://doi.org/https://doi.org/10.20885/jielariba.vol11.iss1.art17>.

³ Anis Kurlillah, Iskandar Iskandar, and Khairul Amri Ismail, "Investasi Dana Zakat Dalam Perspektif Hukum Islam Dan Praktik Di Lembaga Zakat Di Indonesia," *ASNAF: Journal of Economic Welfare*,

Despite its normative potential, empirical studies highlight persistent inefficiencies in zakat management, particularly in terms of distribution models that remain largely consumptive. As noted in the literature, consumptive zakat tends to address short-term needs without generating sustainable economic mobility among beneficiaries (mustahik)⁴. Scholars such as Rahmat and Nurzaman (2019)⁵ emphasize that issues such as mis-targeting, uneven distribution, and weak program design continue to undermine the effectiveness of zakat interventions. Consequently, there has been a growing shift toward productive zakat models, which aim to empower beneficiaries through income-generating activities and capacity-building initiatives.

Within this evolving landscape, the Kampung Zakat program emerges as a strategic policy innovation initiated by the Ministry of Religious Affairs in Indonesia. The program is designed as a collaborative model involving government institutions, zakat agencies, and local stakeholders to deliver integrated social assistance, including housing support, educational funding, and community-based development initiatives⁶. Importantly, this model attempts to bridge the gap between consumptive and productive zakat by embedding empowerment elements within its implementation. Early evidence suggests that such integrated approaches can produce multidimensional impacts, extending beyond economic outcomes to include improvements in social cohesion and religious practice.

A distinctive feature of the Kampung Zakat program is its intersection with local religious institutions, particularly those rooted in pesantren traditions such as Taman Pendidikan Al-Qur'an (TPQ). These institutions function not only as centers of religious education but also as platforms for value transmission and behavioral transformation. The provision of incentives for TPQ teachers and support for religious learning activities illustrates how zakat can reinforce spiritual capital alongside material assistance. Empirical observations from the field indicate that such interventions contribute to increased religious engagement and moral awareness among beneficiaries, suggesting a linkage between improved living conditions and enhanced spiritual practices.

In parallel, the Program Pemberdayaan Ekonomi Umat (PEU) implemented through the Office of Religious Affairs (KUA) represents another dimension of zakat-based empowerment⁷. By providing business capital, training, and mentoring to micro-entrepreneurs, the program seeks to transform mustahik into economically productive actors. This aligns with contemporary theories of empowerment that emphasize capacity building, self-reliance, and community resilience. The integration of economic empowerment with religious guidance further reflects a

Philantrophy, Zakat and Waqf 4, no. 1 (2025): 47–67, <https://doi.org/https://doi.org/10.32505/asnaf.v4i1.11516>.

⁴ Bintang Aulia Lutfi, Mohamad Rifqi Fathoni, and T. Hadi, "Productive And Consumptive Zakat Among The Mustahik-Owned Super-Micro Businesses During The Covid-19 Pandemic Period: A Qualitative Approach," *J-EBIS (Jurnal Ekonomi Dan Bisnis Islam)*, ahead of print, December 31, 2023, <https://doi.org/10.32505/j-ebis.v8i2.5991>.

⁵ Rahman Saleh Rahmat and Mohamad Soleh Nurzaman, "Assesment of Zakat distributionA Case Study on Zakat Community Development in Bringinsari Village, Sukorejo District, Kendal," *International Journal of Islamic and Middle Eastern Finance and Management* 12, no. 5 (2019): 743–66, <https://doi.org/https://doi.org/10.1108/IMEFM-12-2018-0412>.

⁶ KEMENAG, *Kampung Zakat 2025, Kemenag–Kemendes Berdayakan Desa Melalui Zakat*, 2025, <https://kemenag.go.id/nasional/kampung-zakat-2025-kemenag-kemendes-berdayakan-desamelalui-zakat-wnuNT>.

⁷ KEMENAG, *Kemenag Genjot Peran KUA Dalam Pemberdayaan Ekonomi Umat*, 2024, <https://kemenag.go.id/nasional/kemenag-genjot-peran-kua-dalam-pemberdayaan-ekonomi-umat-4xNK2>.

holistic approach consistent with the objectives of Islamic social finance, particularly in achieving long-term socio-economic transformation.

Based on these considerations, this study seeks to address several key research questions. First, how does the Kampung Zakat program impact the socio-economic conditions of beneficiaries in Kecamatan Krembung, Desa Tanjek Wagir? Second, what is the role and impact of the Pemberdayaan Ekonomi Umat (PEU) program implemented through KUA in enhancing community economic capacity? Third, how do these programs influence the spiritual transformation of mustahik? Accordingly, the primary objective of this research is to analyze the extent to which the Kampung Zakat and PEU programs contribute to transitioning beneficiaries from conditions of vulnerability toward economic self-sufficiency, ultimately enabling their transformation from mustahik to muzakki.

Literature Review

2.1 Zakat and Islamic Social Finance

Zakat constitutes one of the most fundamental instruments within the framework of Islamic social finance. In Islamic economic thought, zakat is not merely understood as a ritual obligation, but also as a redistributive mechanism designed to promote social justice, economic equity, and collective welfare. Islamic social finance itself refers to a financial system grounded in Islamic ethical principles that includes instruments such as zakat, waqf, sadaqah, and qard hasan, all of which aim to reduce inequality and strengthen social solidarity⁸. These instruments function as alternative socio-economic mechanisms that integrate spirituality with economic development, particularly in addressing poverty and social exclusion.

Among these instruments, zakat occupies a central role because of its compulsory nature and direct orientation toward vulnerable groups. The Qur'an explicitly identifies eight categories of zakat recipients (asnaf) in Surah al-Tawbah verse 60, emphasizing the importance of redistribution toward disadvantaged communities. Contemporary studies have shown that zakat possesses multidimensional functions extending beyond material assistance. Qanita argues that zakat contributes not only to reducing material poverty but also social and spiritual poverty through strengthening solidarity, social cohesion, and religiosity among mustahik⁹. This perspective indicates that zakat should be viewed as a holistic empowerment instrument rather than merely a charitable transfer mechanism.

The increasing institutionalization of zakat management in many Muslim-majority countries also reflects the transformation of zakat into a modern social finance instrument¹⁰. In Indonesia, institutions such as the National Amil Zakat Agency (BAZNAS) and other authorized zakat organizations have developed systematic mechanisms for collecting and distributing zakat funds. Centralized management is considered capable of generating greater socio-economic impact

⁸ Iskandar Iskandar, Muslem Muslem, and Husni Mubarrak, "The Transformation of Islamic Social Finance in Turkiye: Historical Trajectories and Contemporary Developments," *AT-TASYRI': JURNAL ILMIAH PRODI MUAMALAH* 17, no. 1 (2025): 85–99.

⁹ Ariza Qanita, "Examining the Role of Zakat as Islamic Social Finance and Its Contribution to Multidimensional Poverty Alleviation," *Filantropi: Jurnal Manajemen Zakat Dan Wakaf* 5, no. 2 (2024): 66–79, <https://doi.org/https://doi.org/10.22515/finalmazawa.v5i2.9539>.

¹⁰ Ömer Bayraktar and Harun Sencal, "Evaluation of Zakat as a Public Finance Instrument," *International Journal of Public Finance* 7, no. 2 (December 2022): 429–46, <https://doi.org/10.30927/ijpf.1089680>.

because resources can be distributed more effectively and strategically ¹¹. This institutional approach aligns with broader Islamic economic objectives that seek to create sustainable welfare and long-term poverty alleviation.

Recent studies further highlight that Islamic social finance instruments possess significant potential for addressing contemporary socio-economic challenges ¹². Waqf and zakat have increasingly been integrated into community empowerment programs, microfinance initiatives, educational support, and poverty alleviation strategies ¹³. The evolution of Islamic social finance from traditional philanthropy toward institutionalized empowerment reflects an important paradigm shift in Muslim societies. Rather than focusing solely on short-term consumption assistance, modern Islamic social finance emphasizes sustainability, productive utilization of resources, and community resilience.

2.2 Productive Zakat and Community Empowerment

Productive zakat has become an increasingly important approach in contemporary Islamic social finance, particularly in addressing poverty alleviation and community empowerment. Unlike consumptive zakat, which is generally distributed to fulfill short-term needs, productive zakat is directed toward sustainable economic activities such as business capital assistance, entrepreneurship development, vocational training, and productive asset provision¹⁴. Through this model, zakat is expected to generate long-term socio-economic impacts by transforming mustahiq from passive aid recipients into economically independent individuals. Widiastuti et al. explain that productive zakat empowerment programs positively influence mustahiq welfare by improving business growth and strengthening economic resilience. This indicates that zakat can function not only as charitable redistribution but also as a strategic mechanism for socio-economic transformation ¹⁵.

The implementation of productive zakat in Indonesia has evolved significantly through the involvement of zakat institutions such as BAZNAS and various Amil Zakat Institutions (LAZ). These institutions have developed empowerment-oriented programs focusing on micro-business support, entrepreneurship mentoring, and community-based economic development¹⁶. Research on productive Islamic social fund management demonstrates that effective empowerment requires interaction, integration, and innovation between zakat

¹¹ Qanita, "Examining the Role of Zakat as Islamic Social Finance and Its Contribution to Multidimensional Poverty Alleviation."

¹² Nur Rasyidah Kamaruzaman and Muhammad Shahrul Ifwat Ishak, "Waqf Institutions: A Systematic Literature Review on Governance, Financial Models, and Socio-Economic Impact in Islamic Social Finance," *Advanced International Journal of Business, Entrepreneurship and SMEs* 5, no. 18 (2023): 134–51.

¹³ Siti Darajatun, "Waqf and Microfinance Integration Strategy in Improving Welfare through Community Economic Empowerment," *Jurnal Ilmu Ekonomi Dan Bisnis Islam* 7, no. 1 (2025): 75–90; Iskandar Iskandar, Anis Kurlillah, and Munadiati Munadiati, "Roles of Waqf in Supporting Economy Recovery Post Covid-19 Pandemic," *ZISWAF: Jurnal Zakat Dan Wakaf* 10, no. 01 (2023): 65–82, <https://doi.org/DOI%20:%2010.21043/ziswaf.v10i1.19824>.

¹⁴ Suhaili Sarif, Nor Aini Ali, and Nor 'Azzah Kamri, "Zakat for Generating Sustainable Income: An Emerging Mechanism of Productive Distribution," *Cogent Business & Management* 11, no. 1 (2024): 2312598.

¹⁵ Tika Widiastuti et al., "A Mediating Effect of Business Growth on Zakat Empowerment Program and Mustahiq's Welfare," *Cogent Business & Management* 8, no. 1 (2021): 1882039, <https://doi.org/10.1080/23311975.2021.1882039>.

¹⁶ Ahmad Roziq, Y. Yulinartati, and Norita Citra Yuliarti, "Model of Productive Islamic Social Fund Management for Poor Empowerment," *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.* 7, no. 5 (2022): 4.

institutions and beneficiaries¹⁷. In this context, productive zakat is not merely about distributing financial assistance but also about strengthening beneficiaries' capacities through continuous guidance and institutional support. Such approaches are considered more sustainable because they aim to build long-term economic independence among poor communities.

Several empirical studies further highlight the role of religious institutions in supporting community economic empowerment through zakat management. Mosques, for example, have increasingly functioned as centers of economic and social development within Muslim communities¹⁸. Research by Rarasati and Priyadi shows that mosque-based zakat management contributes significantly to MSME empowerment through business funding, training, and networking opportunities¹⁹. Through these initiatives, mosques are positioned not only as places of worship but also as grassroots institutions capable of facilitating local economic development. This reflects a broader transformation in Islamic philanthropy, where zakat institutions are increasingly involved in practical economic empowerment programs.

In addition to institutional support, productive zakat also contributes to broader community-based economic development strategies. Hasan Ali argues that the optimization of Islamic social funds, including zakat, infaq, sadaqah, and waqf, can strengthen community welfare through entrepreneurship expansion and partnership cooperation²⁰. Recent studies also demonstrate that collaborative empowerment models involving government agencies, zakat institutions, academics, and communities can significantly improve the effectiveness of productive zakat programs²¹. This collaborative approach reflects the growing recognition that poverty alleviation requires integrated and multi-stakeholder interventions rather than isolated charitable activities.

Furthermore, productive zakat programs have shown positive impacts on marginalized communities through various empowerment initiatives. The Cak Kaji Program implemented by BAZNAS Gresik, for example, provided revolving livestock assistance, microfinance support, and movable business facilities for coastal communities²². These programs improved access to capital, alternative livelihoods, and market opportunities for mustahiq communities. Such findings reinforce the argument that productive zakat can serve as an effective instrument for sustainable economic empowerment by integrating financial assistance, entrepreneurship development, and social solidarity within community-based development frameworks.

2.3 Pesantren as Community-Based Social Institutions

¹⁷ Roziq, Yulinartati, and Yuliarti; Darajatun, "Waqf and Microfinance Integration Strategy in Improving Welfare through Community Economic Empowerment."

¹⁸ AM Hasan Ali, "Community-Based Economic Development and Partnership Cooperation: The Economics Strategy for Prosperity of the Ummah," *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 8, no. 2 (2024): 1280–300.

¹⁹ Indin Rarasati and Unggul Priyadi, "Empowering MSMEs: The Role of Mosques in Community Economic Development," *Shirkah: Journal of Economics and Business* 9, no. 3 (2024): 397–410, <https://doi.org/https://doi.org/10.22515/shirkah.v9i3.566>.

²⁰ Ali, "Community-Based Economic Development and Partnership Cooperation: The Economics Strategy for Prosperity of the Ummah."

²¹ Minarni, Slamet, and Munir, "A Qualitative Case Study on Productive Zakat and Pentahelix-Based Empowerment: Insights from BAZNAS Malang Regency."

²² Moh Ah Subhan ZA et al., "Enhancing Economic Empowerment through Productive Zakat: A Case Study of Coastal Communities Cak Kaji Program by BAZNAS, Indonesia," *Jurnal Ekonomi Islam* 14, no. 1 (2025): 1–16.

Pesantren have historically functioned not only as Islamic educational institutions but also as community-based social institutions deeply embedded within Indonesian society. Their existence is closely connected to local communities, particularly in rural areas, where pesantren play important roles in religious education, moral formation, social cohesion, and community development. Suwendi et al. explain that pesantren possess strong socio-historical roots and continue to survive because of their close relationship with society and their intellectual networks ²³. The role of pesantren extends beyond transmitting Islamic knowledge, as these institutions also serve as centers for social transformation and community empowerment. This community-oriented character enables pesantren to maintain relevance amid changing social and economic conditions.

The social function of pesantren is reflected in their ability to become agents of empowerment and social resilience within local communities. Sanusi and Anshory argue that pesantren actively contribute to community empowerment in social, educational, and economic sectors ²⁴. Through religious guidance, educational activities, and economic initiatives, pesantren help strengthen social solidarity and improve community welfare. Similarly, studies on pesantren in Lombok demonstrate that pesantren historically functioned as centers of social cohesion, economic independence, and cultural resilience during the colonial period ²⁵. These findings indicate that pesantren are not passive educational institutions but dynamic social actors capable of responding to social challenges and protecting community interests.

In recent decades, pesantren have increasingly expanded their functions into economic empowerment and sustainable community development. Community-Based Development Theory positions pesantren as grassroots institutions capable of mobilizing local participation, Islamic ethical values, and economic resources for collective welfare ²⁶. Many pesantren have developed micro-enterprises, agricultural programs, vocational training, cooperatives, and community business units to strengthen institutional sustainability while empowering surrounding communities. Furthermore, pesantren-based economic empowerment is often supported by Islamic philanthropic instruments such as zakat, waqf, and microfinance initiatives ²⁷. This transformation illustrates that pesantren are increasingly functioning as socio-economic institutions that integrate religious values with practical community development strategies.

Another important characteristic of pesantren lies in their strong social capital and cultural legitimacy within society. Pesantren maintain networks of trust, solidarity, alumni relations, and religious leadership that contribute significantly to community participation and institutional sustainability. The presence of kyai,

²³ Suwendi Suwendi et al., "Roles and Challenges of Pesantren Intellectual Networks," *Jurnal Ilmiah Islam Futura* 24, no. 2 (2024): 453–70.

²⁴ M. Sanusi and Muhammad Isa Anshory, "Peran dan Usaha Pesantren dalam Pemberdayaan Masyarakat," *TSAQOFAH* 4, no. 1 (January 2024): 655–62, <https://doi.org/10.58578/tsaqofah.v4i1.2549>.

²⁵ Murdianto Murdianto, "The Role of Pesantren in Building Socio-Religious Independence of the Sasak Lombok Community during Colonialism," *Journal of Ecohumanism* 4, no. 1 (February 2025), <https://doi.org/10.62754/joe.v4i1.6280>.

²⁶ Abdul Muiz, Siti Quratul Aini, and Mohd Shahid Bin Mohd Noh, "Sustainability of Islamic Boarding Schools through Empowerment of the People's Economy by Community-Based Development Theory," *IQTISHODUNA: Jurnal Ekonomi Islam* 14, no. 1 (April 2025): 357–68, <https://doi.org/10.54471/iqtishoduna.v14i1.1803>.

²⁷ Husni Mubarrak and Arroyyan Ramly, "Unlocking the Potential of Enterprise Structured Waqf for Business Based Pesantren in Indonesia," 2, no. 1 (2025), <https://doi.org/https://doi.org/10.61159/icop.v2i1.631>.

ustadz, and santri creates a moral and social framework that strengthens collective action and social cohesion. In addition, pesantren have played important roles in promoting moderation, multiculturalism, peacebuilding, and conflict resolution within Indonesian society. This demonstrates that pesantren function not only as centers of Islamic learning but also as strategic community institutions capable of fostering social harmony, economic empowerment, and spiritual transformation.

2.4 Religious Institutions and Social Capital

Religious institutions have long been recognized as important sources of social capital within society. Through shared beliefs, moral values, rituals, and collective activities, religious communities create networks of trust, reciprocity, and cooperation that strengthen social relationships among individuals and groups. Social capital itself refers to the social resources embedded in networks, relationships, and community interactions that facilitate collective action and mutual support. Religious institutions contribute significantly to this process by fostering solidarity, social engagement, and a sense of belonging among their members²⁸. In many societies, religious organizations function not only as spiritual centers but also as social institutions that provide guidance, support, and community cohesion.

The relationship between religion and social capital is particularly visible through the formation of strong interpersonal and institutional networks. Religious communities create regular opportunities for interaction through worship, educational activities, charitable programs, and community gatherings. These interactions strengthen trust and cooperation while also generating shared norms and collective identities. Alemayehu et al. explain that religious social capital includes structural, cognitive, and relational dimensions, such as dense social networks, shared religious narratives, and trust-based relationships that encourage collaboration and mutual assistance²⁹. Similarly, faith communities are often described as repositories of social, religious, and spiritual capital because they provide moral frameworks and social connections that contribute to social cohesion and public welfare³⁰.

In the context of pesantren and Islamic educational institutions, social capital plays a crucial role in sustaining community empowerment and social resilience. Pesantren develop socio-cultural and religious networks that connect kyai, santri, alumni, and local communities through shared religious commitments and collective activities. Sutomo et al. demonstrate that pesantren-based social capital strengthens harmony, cooperation, and sustainable community empowerment through integrative social programs and mutual assistance traditions³¹. These networks enable pesantren to mobilize community participation, maintain institutional sustainability, and address social problems in sectors such as

²⁸ Huma Zafar and Shahid Iqbal, "RELIGIOUS IDENTITY AND SOCIAL COHESION IN PLURALISTIC SOCIETIES," *INTERNATIONAL JOURNAL OF RESEARCH & SOCIAL SCIENCES* 4, no. 2 (2024): 10–17, <https://doi.org/https://ijrss.com/index.php/ijrss/article/view/42>.

²⁹ Binyam Zewde Alemayehu, Paul Steffens, and Scott R. Gordon, "The Formation and Role of Religious Social Capital in Driving Entrepreneurial Action," *Journal of Business Venturing Insights* 20 (November 2023): e00426, <https://doi.org/10.1016/j.jbvi.2023.e00426>.

³⁰ Daniel Andrew, Willem J. Schoeman, and Lucius Js Botes, "Faith Communities and Social Cohesion: The Case of Congregations in the Apostolic Faith Mission of South Africa," *Stellenbosch Theological Journal* 7, no. 2 (January 2022), <https://doi.org/10.17570/stj.2021.v7n2.a8>.

³¹ Sutomo Sutomo et al., "Religious-Sociocultural Networks and Social Capital Enhancement in Pesantren," *Jurnal Pendidikan Islam* 10, no. 1 (June 2024): 137–48, <https://doi.org/10.15575/jpi.v10i1.19997>.

education, agriculture, economy, and culture. Consequently, pesantren become strategic actors in strengthening grassroots social solidarity and local development.

Furthermore, religious institutions contribute to broader social cohesion by bridging differences across social, cultural, and ethnic groups ³². Faith communities can facilitate intergroup interaction, reduce prejudice, and encourage tolerance through collective engagement and shared moral values. Research on congregational networks shows that religious organizations are capable of creating both “bonding” social capital within communities and “bridging” social capital between diverse groups . This dual function is essential for maintaining social harmony in multicultural societies. Therefore, religious institutions should not merely be understood as places of worship, but also as important social infrastructures that cultivate trust, civic engagement, community resilience, and social integration.

Method

This study employs a qualitative research design to explore the socio-economic and spiritual impacts of the Kampung Zakat program and the Pemberdayaan Ekonomi Umat (PEU) initiative. A qualitative approach is considered appropriate as it enables an in-depth understanding of participants’ experiences, perceptions, and behavioral changes within their social and religious contexts. Data were collected through multiple techniques, including semi-structured interviews, direct observation, and documentation review, complemented by remote communication via telephone and WhatsApp to ensure flexibility and data completeness. The informants consisted of key stakeholders and beneficiaries, including members of the Kampung Zakat management team, recipients of housing assistance, beneficiaries of orphan support programs, village officials, and representatives from relevant institutions such as the Ministry of Religious Affairs, National Zakat Agency (BAZNAS), Amil Zakat Institutions (LAZ) and micro-enterprise sectors (UMKM). These diverse informants were selected purposively to capture a comprehensive perspective on program implementation and its impacts.

The research was conducted in Sidoarjo Regency, specifically in the Kampung Zakat area of Desa Tanjek Wagir, Kecamatan Krembung. This location was selected based on several considerations. First, the area represents a targeted intervention site officially designated under the Kampung Zakat program, making it a relevant case for examining policy implementation at the grassroots level. Second, the village's socio-economic characteristics, including a predominance of low-income households and agricultural labourers, provide a suitable context for assessing the effectiveness of zakat-based empowerment initiatives. Third, the presence of integrated programs, ranging from housing assistance and educational support to economic empowerment through KUA, offers a comprehensive setting to analyze multidimensional impacts, including economic improvement and spiritual transformation. These factors collectively justify the selection of Sidoarjo as a case study that reflects both the challenges and potential of zakat-driven community development in Indonesia.

Result

Program Structure and Distribution of Benefits

The findings of this study indicate that the Kampung Zakat program in Desa Tanjek Wagir represents a structured and collaborative intervention model

³² Saeed Ahmed and Muhammad Adnan, “Building Bridges between Different Religious Communities,” *Tanazur* 5, no. 2 (2024): 204–28.

involving government institutions, zakat agencies, and local religious networks. The implementation of the program demonstrates an integrated approach to community welfare by combining social assistance, educational support, and religious institutional strengthening within a single framework. Rather than focusing solely on direct financial distribution, the program attempts to address multiple dimensions of poverty and social vulnerability simultaneously. This multidimensional approach reflects the growing transformation of zakat management in Indonesia from a purely charitable orientation toward a broader community empowerment model.

The program implementation was primarily concentrated in three major sectors: basic infrastructure improvement through housing renovation (*bedah rumah*), educational and social support for orphaned children, and strengthening of religious educational institutions through incentives for TPQ teachers. The housing assistance program targeted families living in inadequate and vulnerable housing conditions, with each beneficiary household receiving approximately IDR 25,000,000 for home renovation. In addition, the program provided educational and welfare assistance for 27 orphaned children, each receiving IDR 500,000. Meanwhile, five TPQ institutions received incentives amounting to IDR 2,500,000 each to support teachers and strengthen religious learning activities within the community.

Table 1. Distribution of Kampung Zakat Assistance Programs

Jenis Program	Jumlah Penerima	Nilai Bantuan
Bedah Rumah	2 unit	Rp 25.000.000 / rumah
Santunan Anak Yatim	27 anak	Rp 500.000 / anak
Insentif Guru TPQ	5 lembaga	Rp 2.500.000 / TPQ

Source: Processed from Interview Data

The distribution pattern of these programs demonstrates that zakat allocation within Kampung Zakat has moved beyond a purely consumptive model toward a semi-productive and socially integrative approach. The assistance provided was not limited to fulfilling immediate material needs but also aimed to strengthen educational access, religious institutions, and community welfare structures. Support for TPQ institutions, for example, contributed to sustaining religious education and strengthening local spiritual networks, while assistance for orphaned children functioned as both social protection and educational support. This finding indicates that the Kampung Zakat model attempts to integrate social welfare, educational empowerment, and religious development into a single intervention mechanism.

The findings also reveal that the scale of intervention remains relatively limited compared to the broader structural challenges faced by the community. Field observations identified that approximately 91 houses in the village still lacked proper sanitation facilities and adequate living conditions. This condition illustrates a significant gap between the available institutional resources and the magnitude of poverty-related problems within the area. While the Kampung Zakat program has generated positive impacts for selected beneficiaries, the scope of assistance remains insufficient to comprehensively address structural poverty and infrastructural deprivation at the community level. This suggests that zakat-based interventions require stronger institutional capacity, larger funding mobilization, and more sustainable collaborative strategies in order to achieve broader and long-term social transformation.

Empowerment Dynamics: From Assistance to Capacity Building

The findings of this study indicate that the Program Pemberdayaan Ekonomi Umat (PEU) implemented through the Office of Religious Affairs (KUA) reflects a significant shift from a consumptive assistance approach toward a community-based economic empowerment model. The program does not merely provide financial support in the form of business capital amounting to IDR 10,000,000 for beneficiaries, but also integrates entrepreneurship training, mentoring, and capacity development. This approach demonstrates that zakat is increasingly positioned not only as a charitable redistribution mechanism but also as a strategic instrument for community economic development. Within this framework, mustahiq are no longer treated as passive recipients of aid, but rather as economic actors with the potential to become self-reliant and productive members of society.

Field findings reveal that the beneficiaries are primarily involved in small-scale household and informal businesses, including meatball tofu production (*tahu bakso*), baby and children's hijab production, fruit juice businesses, coconut drink (*es degan*) vending, lontong noodle businesses, and traditional snack production such as *getuk*. These business sectors were selected because they align closely with the socio-economic conditions of the local community and possess relatively sustainable market potential with limited capital requirements. In addition to receiving financial assistance, beneficiaries also participated in business management training, product development workshops, and marketing guidance. This indicates that the program adopts a systematic empowerment strategy aimed at improving both the technical and managerial capacities of micro-entrepreneurs.

Table 2. Types of Micro-Enterprises Supported under the PEU Program

Type of Business	Form of Support	Development Potential
Meatball tofu (<i>tahu bakso</i>)	Capital + training	Expansion of production scale
Hijab for Baby/children	Capital + training	Product diversification
Fruit juice	Capital + training	Marketing enhancement
Coconut drink (<i>es degan</i>)	Capital + training	Distribution expansion
Lontong noodle	Capital + training	Business standardization
Traditional <i>getuk</i> snacks	Capital + training	Product branding

Source: Processed from Interview Data

From the perspective of empowerment theory, the program has entered the capacity building stage, where beneficiaries begin to gain access to productive resources, entrepreneurial knowledge, and economic skills ³³. Prior to joining the program, many beneficiaries experienced limited access to business capital and lacked opportunities for economic development. The PEU initiative has provided them with the opportunity to establish or expand small businesses that were previously difficult to sustain due to financial constraints. In this regard, zakat functions not only as a redistributive instrument but also as a mechanism for strengthening the socio-economic capacities of vulnerable communities.

³³ Asni et al., "Fostering Economic Self-Reliance via Asset-Based Community Development (ABCD) in Entrepreneurial Practices," *Journal of Community Service: In Economics, Bussiness, and Islamic Finance* 2, no. 1 (December 2024): 1–9, <https://doi.org/10.24239/jcsebif.v2i1.3930.1-9>; Moh Ali Fauzi et al., "Empowering Communities through Skills Training to Improve Local Economy," *BISMA Bimbingan Swadaya Masyarakat* 7, no. 1 (2025).

Nevertheless, the findings also indicate that the transition toward full economic independence has not yet been completely achieved. Most businesses remain at the micro-enterprise level and continue to depend significantly on external support. Several challenges were identified, including limited market access, insufficient branding and digital marketing capabilities, and the absence of long-term business monitoring systems. These conditions suggest that zakat-based economic empowerment requires sustained intervention beyond initial capital assistance and short-term training. Continuous mentoring and institutional support are essential to ensure the long-term sustainability and growth of beneficiaries' businesses.

Furthermore, the program has also generated important psychological and social transformations among beneficiaries. Before receiving assistance, many mustahiq experienced economic dependency and lacked confidence in their entrepreneurial abilities. Following participation in the program, beneficiaries demonstrated increased motivation, self-confidence, and awareness regarding the importance of improving their family livelihoods through independent economic activities. This finding suggests that empowerment should not be understood solely in economic terms, but also as a process of strengthening personal agency, social confidence, and community resilience.

The PEU program has successfully initiated a transition in the position of mustahiq from passive aid recipients toward becoming early-stage economic actors. Although the program has not yet fully transformed beneficiaries into muzakki, it demonstrates a more progressive and sustainable direction compared to traditional consumptive zakat distribution models. These findings indicate that the effectiveness of productive zakat depends heavily on the existence of a broader support ecosystem involving training, mentoring, market access, institutional networking, and long-term monitoring mechanisms. Therefore, zakat-based empowerment should be approached as a multidimensional strategy integrating economic, social, and institutional dimensions simultaneously.

Discussion

The findings of this study demonstrate that the Kampung Zakat and PEU programs represent an important transformation in the orientation of zakat management in Indonesia, shifting from short-term charitable distribution toward a more empowerment-centered approach. This transformation reflects broader developments in Islamic social finance, where zakat is increasingly utilized as a strategic instrument for socio-economic development rather than merely as consumptive assistance. Previous studies have emphasized that productive zakat contributes significantly to poverty alleviation and economic resilience by improving beneficiaries' entrepreneurial capacity and access to productive resources. The present study confirms these findings by showing that the PEU program has enabled mustahiq to initiate and develop small-scale economic activities through a combination of financial assistance, training, and mentoring. This indicates that empowerment-oriented zakat programs possess greater potential for creating sustainable socio-economic impacts compared to conventional aid-based models.

However, the findings also reveal that empowerment is not an instantaneous process but rather a gradual transition requiring continuous institutional support. Although beneficiaries experienced improvements in economic activity and self-confidence, most businesses remain highly dependent on external assistance and have not yet reached the stage of economic independence. This finding supports

empowerment theory, which conceptualizes empowerment as a multidimensional and long-term process involving access to resources, participation, knowledge development, and institutional strengthening. The transition from *mustahiq* to *muzakki* therefore cannot be understood solely through increased income levels, but must also involve the development of entrepreneurial sustainability, market integration, and economic resilience. In this regard, the study suggests that productive zakat programs require stronger post-assistance monitoring and long-term mentoring mechanisms to prevent dependency and ensure business continuity.

Another important finding concerns the central role of religious institutions, particularly *pesantren* and TPQ-based networks, in strengthening community empowerment. The study demonstrates that *pesantren*-based institutions function not only as educational centers but also as important repositories of social capital that facilitate trust, cooperation, and collective participation within society. This finding aligns with previous studies arguing that *pesantren* possess strong socio-cultural legitimacy and grassroots networks capable of mobilizing community participation in social and economic development. Through TPQ activities, religious learning, and community engagement, these institutions create moral and social environments that strengthen solidarity among beneficiaries. Consequently, the success of Kampung Zakat cannot be separated from the embedded role of local religious institutions in fostering social cohesion and sustaining program legitimacy within the community.

The findings also highlight the importance of social capital in the implementation of zakat-based empowerment programs. Religious institutions create networks of trust, reciprocity, and shared values that facilitate cooperation between beneficiaries, program managers, and supporting institutions. Previous literature suggests that religious communities function as important sources of social and spiritual capital because they provide moral frameworks, collective identities, and supportive social networks. In the context of this study, the involvement of KUA, *pesantren*, TPQ, and community leaders contributed significantly to increasing beneficiaries' trust in the program and encouraging active participation. This indicates that the effectiveness of Islamic social finance initiatives depends not only on financial resources but also on the strength of institutional relationships and community-based social networks.

A particularly significant contribution of this study lies in its identification of the spiritual dimension of empowerment. Most previous zakat studies primarily focus on economic indicators such as income generation, business development, or poverty reduction. In contrast, this study demonstrates that material assistance also contributes to spiritual transformation among beneficiaries. Improved living conditions, increased participation in religious activities, stronger engagement with TPQ programs, and enhanced motivation for self-improvement indicate that zakat-based empowerment generates multidimensional outcomes extending beyond economic welfare. This finding supports the Islamic social finance perspective that welfare should be understood holistically by integrating material, social, and spiritual wellbeing. In this sense, zakat functions not only as an economic instrument but also as a mechanism for strengthening dignity, religious consciousness, and social responsibility among beneficiaries.

This study argues that Kampung Zakat represents a hybrid empowerment model integrating economic assistance, religious institutions, social capital, and spiritual development into a single community-based framework. The program illustrates how *pesantren*-centered empowerment can create a more holistic and

sustainable approach to poverty alleviation within Muslim communities. Nevertheless, the sustainability of such programs depends heavily on institutional collaboration, long-term mentoring, market accessibility, and policy support. Therefore, future zakat empowerment initiatives should move beyond fragmented charitable interventions toward integrated ecosystem-based models that strengthen not only economic productivity but also social resilience and spiritual wellbeing simultaneously.

Conclusion

This study demonstrates that the Kampung Zakat and Program Pemberdayaan Ekonomi Umat (PEU) initiatives in Sidoarjo represent an important transformation in the practice of zakat management, shifting from short-term charitable assistance toward a more empowerment-oriented approach. The findings reveal that productive zakat programs implemented through financial assistance, entrepreneurship training, and mentoring have contributed to improving the economic capacities of beneficiaries. Through support for micro-enterprises such as food production, beverage businesses, and small-scale home industries, mustahiq were provided with opportunities to develop productive economic activities and strengthen their livelihoods. However, the study also found that most beneficiaries remain at the stage of early economic empowerment, where long-term sustainability, market access, and business development continue to require institutional support and continuous mentoring.

Another important finding of this research is the significant role of pesantren-based institutions and religious networks in strengthening community empowerment. Institutions such as TPQ and local religious organizations function not only as educational centers but also as sources of social and spiritual capital that foster trust, solidarity, and community participation. The involvement of religious institutions increased the legitimacy and acceptance of the Kampung Zakat program within society, while also strengthening moral and spiritual transformation among beneficiaries. The study indicates that empowerment within the context of Islamic social finance should not be understood solely in economic terms, as improvements in material welfare were also accompanied by changes in self-confidence, religious engagement, and social responsibility. This finding reinforces the argument that zakat possesses multidimensional functions that integrate economic, social, and spiritual wellbeing simultaneously.

This study argues that Kampung Zakat represents a hybrid community-based empowerment model integrating productive zakat, religious institutions, social capital, and spiritual development within a collaborative governance framework. The involvement of multiple stakeholders, including KUA, BAZNAS, LAZ, village authorities, and pesantren networks, enabled the program to address community needs in a more holistic manner. Nevertheless, the sustainability of zakat-based empowerment programs depends heavily on long-term institutional collaboration, market integration, business monitoring, and continuous community mentoring. Therefore, future zakat initiatives should move beyond fragmented charitable interventions toward integrated empowerment ecosystems capable of promoting sustainable socio-economic transformation and strengthening community resilience in Muslim societies.

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