

The Effect Of Productive Zakat Fund Distribution On Improving Community Welfare Through Laz Dompot Dhuafa In Serang City

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Abstract

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This study aims to analyze the influence of the distribution of productive zakat funds on improving community welfare through the Dompot Dhuafa Zakat Institution (LAZ) in Serang City. Zakat is not only understood as an individual religious obligation, but also as a socio-economic instrument that plays a role in equalizing welfare and alleviating poverty. The study uses a descriptive method with a qualitative approach through observation, interviews, and documentation techniques, and is analyzed using the stages of data reduction, data presentation, and conclusion verification. The results show that the distribution of productive zakat in the form of business capital, mentoring, and training can increase the economic capacity of mustahik, strengthen production assets, and foster the independence of micro-enterprises. In addition to its economic impact, productive zakat also fosters business ethics, financial discipline, and social solidarity among beneficiaries. Although limited funds cause assistance to be partial, the integration of non-zakat funding sources such as infaq and sadaqah is an effective strategy in expanding the program's reach. With planned and data-driven institutional management, productive zakat has been proven to contribute to the socio-economic transformation of mustahik from recipients to potential zakat givers, thus functioning as a holistic and sustainable development instrument.

INTRODUCTION

The Islamic concept clearly demonstrates that zakat is the instrument for equalizing welfare from the wealthy to the less fortunate. Zakat is one of the pillars of Islam, obligatory for every Muslim who is able or possesses wealth that has reached the nisab (minimum threshold). Terminologically, zakat is wealth distributed by a Muslim or business entity to those entitled to receive it (mustahik) in accordance with Islamic law. Conceptually, zakat has both vertical and horizontal dimensions. Vertically, zakat is seen as an act of worship that can bring the payer closer to God. Horizontally, zakat can strengthen relationships between people, especially between the rich and the poor. Here, zakat aims not only to support the poor to meet their consumption needs, but, as confirmed by Imam an-Nawawi, has a more far-reaching and permanent goal: to eradicate poverty. (Qadir: 2001)

The Qur'an is abundant in His words, mentioning His praise for those who pay zakat earnestly and threatening those who deliberately neglect it (Hartatik: 2015). Therefore, zakat is an important instrument in the Islamic economic sector that drives the progress and prosperity of Muslims throughout the world. Therefore, zakat institutions and agencies need to be regulated and managed efficiently, systematically and sustainably (Hafiduddin: 2002). To achieve this, the government issued laws related to zakat management. With the existence of laws related to the distribution of productive zakat funds, it can ultimately help improve the welfare of mustahik and

their economic level will increase so that it can influence the transformation of zakat funds from a mustahik to a muzakki. (El-Madani: 2023)

Zakat, which has religious, social, and economic dimensions, is currently managed in Indonesia, both on a personal basis and professionally by zakat management institutions. The existence of zakat management institutions in Indonesia has gained regulatory power through the enactment of Law No. 38 of 1999 concerning Zakat Management.

The law aims to optimize zakat management, increasing public awareness of zakat payment and services, enhancing the function and role of religious institutions in efforts to achieve public welfare and social justice, and increasing the effectiveness and efficiency of zakat. The objectives stated in the zakat management law will be realized through sound management.

Zakat is a religious institution aimed at increasing justice and fostering togetherness, thereby achieving prosperity in accordance with religious values. Zakat can also improve community welfare as part of alleviating rampant poverty, as stipulated in Law No. 23 of 2011.

In general, the distribution of zakat funds is carried out by the mustahik zakat only on a consumptive zakat scale or the giving of zakat is carried out to the mustahik for daily needs in the form of large meals, side dishes and other kitchen needs. The distribution of zakat assets is only given to eight (8) ashnaf as the mustahik zakat whose direct distribution is stated in the Qur'an at-Taubah verse 60, so that the distribution of zakat like this is not a solution in eradicating poverty that occurs, but only limited to carrying out obligations in the form of zakat payments.

Consumptive zakat also does not encourage muzakki to help zakat recipients in reducing their poverty, because the needs of the community are very complex and urgent so that their priority is to meet daily needs and the funds received from zakat are immediately used up without any additional profit or sustainable income from the zakat funds distributed by zakat collection institutions.

This consumptive zakat does not provide a significant effect to mustahik in changing their lives from nothing to muzakki and the funds that have been given cannot change their lives as creative and productive individuals in their acceptance so that their standard of living does not change at all because consumption of needs becomes a priority scale for them. Therefore, in order for the mustahik of zakat to change their status from mustahik to muzakki, the pattern of zakat distribution must be changed from consumptive to productive, with the hope that the funds given the mustahik have the spirit to work and can change their lives for the better.

Nowadays, Domet Dhuafa as one of the Zakat Amil Institutions (LAZ) distributes productive zakat funds and its benefits and impacts are starting to be seen and felt by the mustahik and this is basically in accordance with the recommendations made by the Prophet Muhammad SAW in several narrations, one of which is the narration of Imam Muslim, when the Prophet Muhammad SAW gave his zakat to Umar bin Khattab ra, he stated:

"Take it and then use it (be productive) or give it to charity, if this kind of wealth comes to you, even though you didn't wait for it and it came straight to you, take it, otherwise don't follow your desires.:" (HR Muslim)

Domet Dhuafa, a Zakat Collection Institution under the supervision of the National Zakat Agency (BAZNAS), is a separate organization responsible for collecting, managing, and distributing zakat. This zakat institution is essentially an extension of Domet Dhuafa, which is headquartered in Jakarta. Domet Dhuafa in Serang City has implemented changes in its zakat

distribution, shifting from consumptive donations to productive zakat, as the people of Serang City contribute to poverty. These include food and non-food commodities.

Food commodities, such as rice, snacks, chicken eggs, instant noodles, cigarettes, and bread, are consumer goods. Non-food commodities, including housing, motorcycles and cars, electricity, and internet, contribute the most to Serang City's expenditure. These high-value items contribute to a rise in consumerism and consumptiveness among Serang City residents, which is not matched by adequate income quality and quantity.

Today, zakat management institutions have evolved into organizations engaged in the collection, management, and distribution of zakat. The institutional framework for zakat management in Serang City continues to evolve, beginning with the idea of establishing an independent zakat management institution, pioneered by Dompot Dhuafa. However, the law on zakat management and the proliferation of zakat management institutions have not yet yielded optimal results, particularly in improving the social lives of the dhu'afa.

In the initial phase, productive zakat must educate and train the beneficiaries to be ready for change, as poverty cannot be reversed unless the beneficiaries themselves begin with a change in their mentality. This process is known as zakat empowerment. Zakat assets that can be collected and stored long-term must empower the beneficiaries to the point where they can own their own businesses or expand existing ones. Consumptive zakat distribution programs serve only as short-term incentives, while productive zakat utilization programs should be prioritized. The broader meaning of zakat empowerment is to empower the beneficiaries so that they are no longer dependent on amil (collective zakat collectors).

Meanwhile, the potential for zakat in Serang City in 2026 comes from civil servants with a maximum potential estimated at Rp12 billion. This figure does not include the potential for zakat from corporations and the general public. Based on data published by the Serang City Central Statistics Agency, it is known that the number of traders in Serang City in 2023 was 10,326 traders, dominated by small traders (9,612 traders), followed by large traders (538 traders), and medium traders (176 traders). The details of the number of traders by sub-district throughout Serang City are outlined in the following table:

Number of Traders by District in Serang City in 2023

Subdistrict	Big	Intermediate	Small
Serang City	538	176	9,612
waterfall	30	-	741
Walantaka	31	33	686
Cipocok Jaya	197	48	2,757
Attack	233	49	4,006
Take a look	45	43	1,060
Kasemen	2	3	362

Source: BPS Serang City

Seeing such a large potential for zakat, on a regional scale in the Serang City area, there is certainly great hope that zakat can be empowered and utilized to improve the welfare of Muslims. This hope will not be realized if zakat management is not carried out professionally, especially in its distribution pattern. In fact, if the potential of zakat funds can be achieved 100% and its distribution is not consumptive, but rather productive, then poverty in Serang City can be reduced so that there will be a transformation of social strata towards a better direction within the Serang City community. Based on the explanation above, the researcher is interested in writing a journal about, "The Effect of Productive Zakat Fund Distribution on Improving Community Welfare through the Dompot Dhuafa Laz in Serang City."

METHODS

Types of research

This type of research is descriptive. Descriptive research is research used to obtain the most accurate possible picture of a particular individual, condition, symptom, or group (Wiyono, 2011).

Research Approach

The approach used in this research is a qualitative approach, A qualitative approach is a research method used to deeply understand social phenomena or human behavior. This approach produces rich and comprehensive descriptions in narrative form, based on the perspectives of informants, and is conducted in a natural context without environmental manipulation (Rijal Fadli, 2021). Qualitative research is a research process aimed at understanding social phenomena and human life issues by emphasizing the search for meaning and interpretation. This approach is contextual, conducted in a natural setting, using various methods, and presenting research results in a narrative and in-depth manner. The primary focus is on data quality and a holistic understanding of the phenomena being studied (Marinu Waruwu, 2023).

Data and Data Sources

Data is a key component in research, used to answer the research problem and achieve the research objectives. According to Sugiyono (2019), data is information obtained through the research process that can be analyzed to draw conclusions. Similarly, Arikunto (2013) states that data are all facts, figures, and information that can be used to compile research information.

Data sources are the origin or subject from which data is obtained in a study. According to Sugiyono (2019), data sources are divided into primary data sources and secondary data sources. Primary data sources are data sources obtained directly by researchers from research objects, while secondary data sources are data obtained indirectly through other parties or existing documents. In this study, the data used comes from: Primary data, including the results of interviews with LAZ Dompét Dhuafa and zakat fund beneficiaries. Secondary data, derived from zakat data published by Dompét Dhuafa and related institutions.

Data collection technique

The data in this study were collected through observation, interview and documentation techniques.

1. According to Uswatun Khasanah (2020), observation is a data collection technique carried out by observing and observing changes in various social phenomena that continue to grow and develop. The author's observations examined services provided, including the distribution process of productive zakat and its utilization.
2. According to Kriyantono (2020), an interview is a conversation between the researcher, who gathers information, and the informant, who possesses important information related to the research object. In this study, the interviews were conducted in a structured manner, using a pre-compiled list of questions. These questions focused on Dompét Dhuafa managers and beneficiaries.

3. According to Sugiyono (2019), documentation is a method used to obtain data and information in the form of books, archives, documents, written figures, and images, in the form of reports and descriptions that can support research. Through documentation studies, the author collects data through documents and images, complementing written data obtained through interviews. The author documented observations through photographs and videos.

Data Analysis Techniques

This research is descriptive, drawing primarily on the results of interviews and documentation studies. The data obtained will be analyzed qualitatively and described descriptively.

According to Patton (in Moleong, 2007), data analysis is the process of arranging data in sequence, organizing it into patterns, categories, and basic descriptions. This definition illustrates the importance of data analysis in terms of research objectives. The main principle of qualitative research is to discover theory from data. The data analysis technique used in this study utilizes the steps proposed by Burhan Bungin (2003), as follows:

1. **Data Collection:** Data collection is an integral part of data analysis. Data collection in this study involved interviews and documentation studies.
2. **Data Reduction:** Data reduction is defined as the process of selecting, focusing on simplifying, and transforming raw data that emerges from written field notes. Reduction is carried out from the beginning of data collection by creating summaries, coding, tracing themes, creating clusters, writing memos, and so on, with the aim of eliminating irrelevant data/information.
3. **Data Display:** Data display is the description of a set of structured information that allows for drawing conclusions and taking action. Qualitative data is presented in narrative text. It can also be presented in the form of matrices, diagrams, tables, and charts.
4. **Verification and Confirmation of Conclusions (Conclusion Drawing and Verification):** This is the final activity of data analysis. Drawing conclusions involves interpreting the meaning of the presented data. Between data display and conclusion drawing lies the activity of data analysis. In this sense, qualitative data analysis is a continuous, iterative, and ongoing effort. The issues of data reduction, data presentation, and conclusion drawing/verification represent success in sequence as a series of related analysis activities. Furthermore, the analyzed data is explained and interpreted in words to describe the facts in the field, their meaning, or to answer research questions, from which only the essence is then extracted.

RESULTS AND DISCUSSION

Productive Zakat Fund Distribution Practices

According to the Quran, the command to pay zakat on wealth from earned income aims to educate the community, especially those with excess wealth and means, to avoid selfishness and self-righteousness. Paying zakat fosters a spirit of sharing among fellow believers, fostering awareness that paying zakat is considered an indicator of a person's adherence to religious teachings. (Thohir: 2023)

The distribution of zakat funds is primarily focused on providing adequate food, drink, and clothing, as well as bringing happiness to the poor and needy, so they feel cared for. However, if this practice continues, with a consumptive distribution of zakat funds, those entitled to zakat will continually ask for and develop a desire to receive. Therefore, zakat management institutions must be able to map out priorities in zakat fund distribution.

Zakat fund management is a process that cannot be considered simple in its implementation because it requires careful planning and good coordination between various parties, starting from zakat fund collection, careful calculation of priorities, and its distribution. Zakat managers must be capable and meet various criteria as a zakat amil, namely understanding Islamic law, trustworthiness, benefit, justice, honesty, legal certainty, integration, and accountability. (Haidir: 2019)

Productive zakat is zakat given to the poor in the form of business capital or other things, which are used for productive businesses so that they can improve the standard of living of the community with the hope that a mustahik can then become a muzakki from the results of the business they develop (Abdullah: 2013). Therefore, the distribution of zakat funds should be prioritized to build productive businesses for zakat recipients so that they can generate income for mustahik and even absorb labor. In other words, the distribution of zakat must change from a consumptive pattern to a productive pattern. (Zainul Fuad: 2019)

Basically, providing assistance in the form of a decent life, assistance to the poor and needy is the duty of the state to its citizens and it is the main role that must be carried out by the government, therefore Yusuf al-Qardhawi highlighted this, what are the obligations of the government in providing services to improve the welfare of its people, then the role of zakat that must receive special attention from the government in managing zakat to improve the welfare of the community, namely: guaranteeing the continuity of sharia, equality of mustahik, maintaining the honor of mustahik without having to demean their position as people who have the right to receive zakat and the area of zakat ashnaf is not only the scope of individuals. (Qardhawi: 2002)

This zakat fund distribution practice is one of the programs of the Dompot Dhuafa Zakat Institution (LAZ) in Serang City to improve the economy of independent and creative communities. In this program, ZIS funds are distributed by providing micro, small, and medium-sized business owners with business capital for a specific period. In its distribution, LAZ Dompot Dhuafa sometimes collaborates with several social foundations that also act as supervisors of the empowerment of these business capital. This includes the distribution of capital from zakat funds to traveling vegetable vendors.

The capital status of zakat funds is essentially divided into two parts. Some are in the form of grants and others are in the form of qardhul hasan. However, in this case, the LAZ Dompot Dhu'afa Serang City is providing it freely as a right of the mustahik (recipients) and is not returned (a grant without conditions). It is hoped that with these funds, the mustahik (recipients) running MSMEs (Micro, Small, and Medium Enterprises) can transform their status into muzaki (recipients of zakat).

The Coffee LAZ and mobile vegetable programs have been running for quite some time. For Coffee LAZ, the program has been running for 2 years. Meanwhile, the mobile vegetable program has been running for 1 year. In addition to coffee and vegetable vendors, productive zakat funds from LAZ Dompot Dhuafa in Serang City are also distributed to creative economy improvement programs, such as providing capital to establish minimarkets such as Z-Mart in several Islamic boarding schools and providing financial assistance to small home industry groups producing banana, cassava, and melinjo chips. In addition to capital, for the chip industry business group, LAZ Dompot Dhuafa assistance in Serang City for them includes creating unique packaging to make their products look more attractive to consumers. LAZ Dompot Dhuafa in Serang City also helps them market their products to certain places without asking for a share of the profits. All profits from the sale of these products are returned by LAZ Dompot Dhuafa in Serang City to them in full.

Providing business capital to MSME traders

Article 6 of the Republic of Indonesia Law of 2011 regulates the distribution of productive zakat, stating that zakat distribution can be carried out based on a priority scale by taking into account the principles of equality, justice, and territoriality. Therefore, in order for the distribution of zakat funds to be effective and efficient, in accordance with Article 3 paragraph b of Law No.

23 of 2011, good data coordination is needed for zakat recipients/zakat mustahik and between zakat institutions, so a report must be made from each zakat institution to the National Zakat Agency. (Mahfudz: 2022)

In terms of providing business capital to MSME traders, capital provided from productive zakat funds is basically divided into two categories: conventional productive zakat funds and creative productive zakat funds. The first productive zakat distribution is carried out by means of zakat funds given to mustahik zakat in the form of productive goods and can be developed. For example, zakat funds given to mustahik in the form of business capital, so that zakat recipients can use their businesses creatively and independently, such as opening a barber shop, selling fruit independently, or for farming businesses using zakat funds. In contrast to creative productive zakat, the provision of business capital for MSMEs is carried out by providing business capital and the utilization of zakat can be implemented in the form of building social community activity projects as business capital for MSMEs so that MSMEs can expand their marketed business networks. (Asnaini: 2021)

The mustahik of zakat or what is called ashnaf zakat are basically entitled to receive zakat, whether all of them receive it equally (poor, poor, amilin, converts, gharim, riqab, fi sabilillah and ibnu sabil) or are there certain parts that are different from each other. In relation to the mustahik of zakat, the author assumes that those who are entitled to receive zakat as capital for MSMEs are only four ashnaf that are more worthy of being given, namely the poor, the poor, 'amil and converts, while the rest (riqab, gharim, fi sabilillah and ibnu sabil) are given zakat funds for consumptive needs, but the priority of the four is the poor and the poor.

The business capital distributed from zakat funds allocated to MSME traders by Dompot Dhuafa in Serang City has been structured to ensure that the formulated targets are appropriate and meet the expectations of the recipients. The distribution of productive zakat requires clear operational standards and thorough planning to ensure targeted and effective distribution. This reflects the importance of professional, data-driven institutional governance in zakat management. Productive zakat is understood not only as financial assistance but as an economic empowerment instrument oriented toward the independence of recipients. Therefore, its success is measured by its impact in reducing poverty and improving community welfare in a sustainable manner, particularly in Serang City.

Management in the management of zakat is very important for LAZ, especially those related to the provision in the form of distribution of business capital to MSMEs. Basically, the provision of zakat funds is a grant (a free gift and not because of a loan or debt), meaning that the provision of zakat funds distributed to MSMEs as business capital without any repayment by mustahik by paying attention to the priority scale of mustahik needs in the Serang City area. Because if these zakat funds are distributed not from the priority scale, meaning they are given to just anyone as long as they are poor and needy, the funds will not reach what is expected in zakat management.

There is also the provision of zakat funds as business capital for the development of MSMEs in the form of qardhul hasan. This means that these zakat funds are distributed to mustahik as additional business capital, which is expected to help develop their businesses. With qardhul hasan, zakat mustahik who have trading skills and business capabilities can develop their businesses so that in the future they can become new muzakki and can distribute their zakat funds through LAZ Dompot Dhuafa in Serang City.

LAZ Dompot Dhuafa applies a dualistic zakat distribution model: a consumptive and productive approach, based on the source and intended use of the funds. Periodic zakat, such as zakat fitrah, is distributed directly to meet the basic needs of those entitled to receive it, thus serving as short-term social relief. Meanwhile, zakat derived from wealth, such as zakat on gold, professions, property, and contributions from corporate donors, is directed more toward productive schemes, providing capital for MSMEs.

This model reflects an adaptive zakat management segmentation strategy, where the source of funds and the characteristics of zakat recipients determine the form of economic intervention provided. The productive approach demonstrates a long-term orientation aimed at increasing the economic capacity of those entitled to receive zakat and encouraging business independence. Thus, this practice represents the integration of zakat's functions as an instrument of social assistance and sustainable economic empowerment.

In essence, the zakat funds distributed for business capital for MSME traders are still in the form of additional capital and cannot provide full capital from the zakat funds collected by LAZ Dompot Dhuafa in Serang City. There are limitations in the institution's financial capacity to optimally distribute productive zakat to all MSMEs in need. This condition indicates that the demand for business capital assistance is greater than the availability of funds owned by LAZ Dompot Dhuafa in Serang City, so the institution implements a partial distribution strategy in the form of partial capital assistance. This approach reflects efforts to maintain program sustainability amidst limited resources, while also demonstrating the gap between the potential economic needs of the community and the ability of philanthropic institutions to meet them.

Furthermore, the use of non-zakat funds, such as infaq and sadaqah, as complementary sources demonstrates the flexibility of Islamic social fund management policies. This strategy reflects an integrated model of philanthropic funding sources aimed at expanding the reach of benefits and increasing the effectiveness of economic empowerment programs. Conceptually, this practice illustrates that the success of productive zakat is greatly influenced by the diversification of funding sources, fundraising capacity, and the institution's ability to manage distribution priorities amidst the high needs of the community.

Improving the Welfare of Zakat Beneficiaries

In improving the welfare of zakat recipients, Dompot Dhuafa in Serang City has taken steps as a reference in the distribution of productive zakat funds, including; First, Forecasting. Forecasting is carrying out careful planning, projecting, and making estimates before distributing zakat funds to zakat recipients. Second, Planning means planning and formulating zakat funds that have been collected for the needs of the community that are more mature in their distribution so that the collected funds are not distributed in vain. Planning itself focuses more on planning an action regarding what will be implemented so that the program that has been prepared can run well and according to careful planning such as the priority scale of productive zakat recipients due to limited funds available, determining the goals to be achieved until becoming a muzakki of a mustahik. Third, Organizing, which is organizing things that will and have been done as a form of reflection for a better future, including making standard regulations that must be obeyed together and finally, fourth, controlling is monitoring the progress of the program so that the program can be carried out well, even though maybe out of 10 things that can be done, 7 are better, so that with controlling, something that is not right or deviates from the agreed procedures can be addressed and detected properly. (Asnaini: 2018)

To gain a general overview of the improvement in the welfare of zakat recipients, the following are some of the results of interviews conducted by the author with zakat recipients. The authors discuss whether the productive zakat distributed by LAZ Dompét Dhuafa in Serang City is sufficient to provide welfare to the recipients. The positive psychological and social impacts of the productive zakat program on recipients, particularly in the form of increased motivation, a sense of appreciation, and growing economic optimism, have been demonstrated. The recipient selection process, conducted through direct home visits, demonstrates a field assessment approach aimed at ensuring the accuracy of distribution targets. This demonstrates the application of the principles of prudence and accountability in the management of zakat funds.

In addition to capital assistance, the provision of business mentoring and training demonstrates that the interventions are not solely charitable but rather based on an empowerment approach. This approach contributes to improving business capacity, managerial skills, and the economic sustainability of those who mustahik (recipients). Expressions of hope for future zakat payment indicate a shift in orientation from recipient to potential giver, which in Islamic economics is understood as an indicator of the success of productive zakat in promoting social mobility and economic independence.

The productive zakat program not only improves the economic capacity of those who mustahik (beneficiaries) but also shapes social behavior and moral values in business activities. The status of stalls as Dompét Dhuafa-assisted businesses reflects the existence of a sustainable mentoring mechanism that focuses not only on financial aspects but also on adherence to sharia principles. The prohibition on selling products deemed detrimental to society demonstrates the integration of Islamic business ethics into economic empowerment practices, enabling productive zakat to function as an instrument of both economic and moral transformation.

Furthermore, the habit of setting aside daily income demonstrates the development of financial literacy and discipline among beneficiaries. This indicates increased household managerial capacity and awareness of the importance of long-term financial planning. Social impacts are also evident in changes in family and neighborhood consumption patterns, such as the ban on cigarette sales, which has implications for the development of healthier lifestyles for family members and the surrounding community.

More broadly, the assertion of the ability to begin sharing with others signals the emergence of a new cycle of philanthropy at the grassroots level. This demonstrates that productive zakat has the potential to create a multiplier effect, where beneficiaries not only experience increased economic well-being but also experience a strengthening of social solidarity and independence. Thus, productive zakat can be understood as a holistic socio-economic development instrument, encompassing economic, ethical, and behavioral social aspects simultaneously.

Productive zakat capital assistance plays a significant role in increasing business capacity by strengthening production assets and service quality. Although the capital received is relatively limited, its appropriate use, such as purchasing service equipment and replenishing mobile phone inventory, demonstrates the efficient use of funds and the adaptability of business owners in optimizing available resources. This indicates that productive zakat can provide leverage for micro-enterprise growth when directed toward core business needs.

Beyond the economic aspect, the statement also reflects the social and ethical dimensions of the fostered businesses' practices. The policy of accepting payments according to customers' means without the practice of debt demonstrates a balance between profit-oriented and social concern, which aligns with the principles of Islamic economics based on welfare. Furthermore,

the recognition of the difference in product demand between vouchers and device sales indicates market awareness and the business owner's ability to read consumer trends.

Overall, these experiences demonstrate that productive zakat not only increases business income but also fosters professionalism, social sensitivity, and economic adaptability. Thus, productive zakat serves as an empowerment instrument that strengthens the competitiveness of micro-enterprises while instilling ethical business values in entrepreneurial practices.

Productive zakat makes a significant contribution to strengthening business capital and improving the quality of production facilities in the micro-enterprise sector. Although the amount of assistance is relatively limited, its focused use on purchasing core equipment and more comprehensive service equipment has resulted in increased business competitiveness and attracted more customers. This reflects the effectiveness of zakat funds in driving small-scale economic growth through the optimization of productive assets.

On the other hand, the practice of accepting payments according to customers' means without allowing debt demonstrates the integration of social values and business ethics into business operations. This approach demonstrates that the mentoring program is not solely focused on financial gain but also fosters social sensitivity in beneficiaries. Furthermore, recognizing the difference in market demand between vouchers and mobile phone sales demonstrates the business owner's adaptability in understanding market dynamics.

The formation of trust (*trust building*) community engagement with zakat management institutions through transparency mechanisms and tangible evidence of program impact in the field. Initial donor hesitation regarding fund distribution demonstrates the need for legitimacy and accountability from philanthropic institutions. However, when donors directly witness changes in the economic conditions of beneficiaries, positive perceptions emerge, encouraging continued participation in donation activities.

The existence of small donation boxes also demonstrates a micro-philanthropy-based fundraising strategy, where small contributions retain significant value when managed collectively. This phenomenon emphasizes that Islamic philanthropy relies not only on large donors but also on broader community involvement as a form of social solidarity.

Furthermore, observations of small traders who resumed trading after obtaining business capital indicate a direct impact of productive zakat on microeconomic recovery and sustainability. Conceptually, this demonstrates the multiplicative effect of zakat as an instrument of economic empowerment while strengthening social cohesion between givers and recipients. Thus, zakat serves not only as a mechanism for wealth redistribution but also as a means of building social relationships based on empathy, trust, and collective responsibility within society.

The improvement of the welfare of zakat mustahik businesses is seen in the study of micro science because it is related to MSME businesses, zakat is basically able to boost and improve the welfare of the community, especially for zakat mustahik. Moreover, if the zakat funds that have been collected by LAZ Dompot Dhuafa in Serang City can increase public awareness or philanthropists who have excess assets in distributing their zakat through a trusted Amil Zakat Institution and have a legal entity that has been recognized by the state even though its status belongs to the community (not a state zakat institution such as BAZNAS) or belongs to a community organization (belonging to an Ormas such as LAZISNu or LAZISMU), then without having to feel afraid, doubtful, worried or feel unsure that the funds that have been paid zakat can be managed well so that LAZ Dompot Dhuafa can provide the welfare of zakat mustahik in Serang City.

CONCLUSION

The distribution of productive zakat by Dompot Dhuafa Islamic Community Organization (LAZ) in Serang City demonstrates that zakat serves not only as an individual religious obligation but also as a strategic socio-economic instrument for improving community welfare. The paradigm shift from consumptive to productive distribution is a crucial factor in creating long-term impacts, particularly for MSMEs, as productive zakat can strengthen business capital, increase production capacity, and encourage the economic independence of beneficiaries. This success is supported by the implementation of institutional management, which includes systematic planning, organization, and program supervision, ensuring that fund distribution is more targeted and empowering.

On the other hand, despite financial capacity limitations that prevent full capital assistance, the institution is able to overcome this by integrating non-zakat funding sources such as alms and charity, as a form of policy flexibility. Empirically, productive zakat has a multidimensional impact, not only increasing micro-enterprise income but also fostering business ethics, financial discipline, and social solidarity among beneficiaries. Increased public trust and participation in micro-donations also strengthen the institution's legitimacy, allowing productive zakat to be understood as a holistic and sustainable socio-economic development instrument for poverty alleviation

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