

# Transformation of Mustahik into Muzakki Through Independent Entrepreneurship: A Study on the Financial Management of MSME in the Z-Chicken Program

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## **Keywords:**

*Productive Zakat; Financial Management; Micro and Small Enterprises (MSEs); Financial Literacy; Mustahik Empowerment*

## **Abstract**

*The purpose of this study is to explore the practice of mustahik financial management as MSE actors in the Z-Chicken productive zakat program organized by the National Amil Zakat Agency (Baznas) of Pangkep Regency, and assess the role of mustahik assistance to become muzakki. The background of this research is that the capital assistance program and production training that have been given to mustahik to become independent MSE actors still experience obstacles in their implementation. Namely, the inability of MSE actors to separate business and personal finances, as well as the lack of maximum assistance programs carried out by program organizers that have an impact on the sustainability of the beneficiaries' businesses. This research uses a **qualitative** approach of case studies, where the perpetrators are mustahik as the beneficiaries of the program and the Pangkep Regency Baznas as the program manager and companion. Data were obtained through interviews, observations, FGDs, and documentation, then analyzed with Miles and Huberman's interactive models, and tested for validity using triangulation of sources and methods. **The results** show that financial management practices are still weak, and turnover is often considered a profit without a separation between capital and margin. The main inhibiting factors include household financial literacy, low financial literacy, lack of record-keeping habits, and a culture of dependence on aid. Baznas' role in mentoring is more focused on technical, production, and digital marketing aspects, while the financial literacy aspect has not been optimal. Theoretically, this research strengthens the theory of microfinance and financial capabilities in the context of productive zakat, while practically providing recommendations for Baznas to integrate financial literacy training and sustainable mentoring into social economic empowerment programs.*

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## **INTRODUCTION**

The zakat-based economic empowerment program is a solution to poverty alleviation and community welfare empowerment, especially in Indonesia. With the largest Muslim population in Asia, it will be young for Indonesia to collect funds from the ummah through zakat. The management of financial instruments from zakat, which is large enough to be productive zakat is expected to be a solution to poverty alleviation and can transform mustahik into muzakki through an independent entrepreneurship development program for mustahik (Ismail et al., 2022). It is a challenge for the National Amil Zakat Agency (Baznas), because the distribution of productive

zakat is still relatively small compared to consumptive zakat. This has an impact on the mustahik to continue to get a helping hand from the muzakki (Siregar et al., 2021).

The increase in productive zakat cannot be separated from literacy in the financial sector. Putra & Lasmi (2025) Their research found the influence of financial literacy as a mediator in increasing access to financing and SME growth in Bali Province. Sultan et al (2023) Their research strengthened the role of financial literacy as a variable that can improve financial management capabilities and encourage MSME business performance in Makassar City. Other research conducted on the use of productive zakat by mustahik under the guidance of LAZISNU Tegal Regency shows that the productive zakat program can help improve the welfare of mustahik, it's just that it is necessary to strengthen the coaching and provision of training periodically, because the results found in the field a very basic obstacle by mustahik in the use of productive zakat is the lack of financial literacy. (Khotib & Masrukhan, 2025).

The level of financial literacy of MSEs in Indonesia is still in the low category, namely 38%, which has implications for business financial management that is less than optimal and has a negative impact on business performance. (Idrus Rastina, 2024). Furthermore (Sudirman and Nurfadilah 2024) Stated that the literacy level of SMEs in Makassar City is in the middle category in terms of financial literacy, with an average index of 0.78 measured from the variables of basic financial literacy and advanced financial literacy. These findings are an indication that financial literacy is still a serious challenge for MSME actors.

Baznas Pangkep Regency currently has a program for community economic empowerment based on productive zakat through Z-Chicken. This program is in the form of providing free carts, cooking utensils, and raw materials, as well as production training for mustahik who have an interest in becoming independent entrepreneurs, so that in the future it is hoped that mustahik can become muzakki. However, in the course of time, these business actors are faced with fundamental managerial obstacles. Namely, the absence of separation of personal finance from business finance, which has implications for the turnover of business capital, is not optimal.

This phenomenon creates a gap between program expectations and practice in the field. In fact, this productive zakat program is intended to reduce the dependence of mustahik to continue to get a helping hand from muzakki. Therefore, in-depth qualitative research is needed to explore information and photograph the behavior of mustahik management, and also on the side of the program implementer, namely Baznas Pangkep Regency, so that it is hoped that it will be able to be a recommendation to program implementers for more effective and targeted program improvement and management.

This research is limited by the focus of the research, so that the discussion and study do not go beyond the context to be researched. The focus of this research is:

1. Examining mustahik financial management practices as Z-Chicken business actors.
2. Identify the factors that hinder the separation of business and personal finances.
3. Assessing the role of Baznas in providing financial management assistance for business sustainability.

Based on the background and focus of research, it can be concluded that the research gap raised is the lack of research that examines the behavior of mustahik financial management as a micro business actor, and also the role of Baznas in assisting financial management for business sustainability. In the midst of a lot of research on productive zakat and financial literacy in Indonesia.

## **METHODS**

### **Research Design and informant**

This research is a qualitative research with the type of case study; the research paradigm used is interpretive. The choice of this method was made because it is suitable for accounting research that aims to deepen the understanding of accounting practices related to humans, culture, and religion. (Darmayasa & Aneswari, 2015).

This research is located in Pangkep Regency, where mustahik who are business actors as beneficiaries of productive zakat and parties from Baznas Pangkep Regency as program implementers are selected as informants because they are considered relevant to the purpose of this research. The consent of the informant is a crucial thing that is maintained by the researcher, so that the confidentiality of the identity of the participants is maintained and not published.

### **Data Collection and Analysis**

Data were obtained through semi-structured interviews, Focus Group Discussions (FGDs), field observations, and field documentation. Creswell & Poth (2016) The The Data collection technique aims to capture real experiences, perceptions, and habits of financial management, especially mustahik holistically. The data were analyzed using the Miles and Huberman interactive model, which included data reduction, data presentation, and conclusions drawn/verification. (Miles et al., 2020). The reliability of research data is maintained by triangulation, including both sources, methods, and member checking. (Creswell & Poth, 2018).

## **RESULTS AND DISCUSSION**

### **1. Zakat as an Instrument of Empowerment**

Zakat in Islam is not only seen as a means of worship and strengthening faith and belief in the creator (Allah SWT), but also plays a role as a socio-economic instrument for the welfare of the ummah. (Ismail et al., 2022). The role of zakat management in Indonesia through the National Amil Zakat Agency (Baznas), an institution that has been promulgated through Law Number 23 of 2011 concerning Zakat Management). Baznas Pangkep Regency is one of the Zakat Collection Units (UPZ) established to collect and distribute zakat, both consumptive zakat and productive zakat, to mustahik in need.

To encourage productive zakat and improve the welfare of mustahik so that they can become muzakki, Baznas, through Baznas Pangkep Regency, created an independent entrepreneurship program through Z-Chicken. This program is in the form of capital support, such as carts, equipment, and initial raw materials, accompanied by production training for mustahik who have an interest in becoming entrepreneurs. This phenomenon is the starting point for the analysis of Z-Chicken's business financial management by Mustahik, and also business financing by Baznas Pangkep Regency, because according to Siregar et al (2021) The effectiveness of productive zakat distribution is not only measured by the distribution of capital, but also by the ability to manage finances for business sustainability.

The transformation of zakat management, from consumptive to productive, shows a paradigm shift in the management of ummah funds at the Pangkep Regency Baznas. However, this breakthrough does not necessarily directly change the behavior of the zakat recipients themselves. From this, we can judge that Sharia instruments, such as productive zakat, require a modern management approach in their management so that their goals can be achieved. The value of religiosity is indeed an important instrument in helping to reduce the burden and also improve the welfare of the community, but without the integration of modern management, such as financial literacy, mustahik tends to be trapped in a pattern of dependence as a recipient of assistance. It is emphasized that the success of productive zakat cannot be separated from the balance between the theological and paraphysical foundations of contemporary financial management. (Ismail et al., 2022; Siregar et al., 2021).

## **2. Z-Chicken's Business Financial Management Practices**

In practice, there are many complaints by mustahik, as small and medium enterprises (MSEs) who have been given capital assistance and production training by the Pangkep Regency Baznas. Most of them complained about the lack of capital, and only enough for initial production and sales. Even though it has been conveyed by the person in charge of the program that this capital assistance is only valid at the beginning, for repeat orders of raw materials for mustahik, must be charged according to the price provisions set by Baznas through Z-Point. At the beginning of the

independent entrepreneurship program (Z-Chicken), many MSE actors could not afford to make repurchases and expected free raw material assistance. This happens because most of the daily turnover is used for personal needs such as household and children, without separating between capital and margin (profit). In addition, production management capabilities are also still very weak. MSE actors tend to produce excessive quantities of ready-to-eat fried chicken so that some do not sell, and in the end, they consume themselves. This condition causes double losses, namely, reduced capital and the absence of sufficient funds to order the next raw materials.

Findings in the field show that the separation of business and personal finances is almost never carried out. Most of these MSE actors think that the turnover they receive is their profit on their goods, the absence of calculation or determination of the Cost of Production, and the absence of capital reserves prepared. Financial records, such as sales and expenses, are not done by them either. One participant explained, "I use my business income for household needs, although I don't know how much of the difference I should set aside to buy raw materials and other business equipment". Direct observations carried out at several of their business premises also obtained information that there was no recording carried out, either recording the products produced that day or the products sold. Low financial literacy is the cause of financial management problems for SMEs. These findings are strengthened by research that states that low financial literacy of business actors can lead to inappropriate financial decision-making. (Lusardi & Mitchell, 2014; Son & Lasmi, 2025; Sultan et al., 2023). Financial recording, such as cash flow, profit calculation, and capital separation, is the key to the success of MSME businesses. (Kaban, 2024). The low financial literacy of SMEs in the Z-Chicken program by Baznas Pangkep Regency shows that there is a gap between the expectations of the productive zakat program and the financial behavior of SME actors.

The assumption that turnover is profit shows a fundamental gap in financial understanding by MSE actors. In fact, it is not the amount of initial capital that determines the success of the business, but how capital management is done properly and wisely. As in the framework of microfinance and financial capability theory, which explains that capital intervention will not have a significant impact without strengthening financial management capabilities, in this case, it is *mustahik*. This capability development assistance is important, so that the mindset of "turnover–profit–profit", which is the root of the problem that hinders business sustainability, can be changed and directed, as well as the ontology of turnover and profit itself. The practice that occurs in this field is a reflection of the low financial literacy of MSMEs in Indonesia, as a result of research. (Putra and Lasmi 2025; Sultan et al. 2023).

### **3. Factors Inhibiting the Separation of Business and Personal Finance**

The success or failure of a program cannot be separated from the factors that affect it. In the independent entrepreneurship program through Z-Chicken, several factors were identified that caused the inhibition of business and personal financial separation by MSE actors, including:

#### Household Necessities

The needs of SMEs' households are one of the obstacles in separating personal and business finances. Such as household daily consumption and children's needs often suck up daily income. Many of these MSE actors admit that they use their turnover for the daily needs of families, children, and others, without separating between capital and margin. The rest of the turnover that they have used is then intended to buy raw materials, so business capital is often not enough to buy materials according to their needs. One of the sources said, "Because of urgent household needs, such as children's and kitchen needs, we immediately use the income we earn for these needs, even though we don't know how much profit we made from our sales that day."

As mentioned earlier, urgent household needs encourage MSEs to use daily income for household consumption before separating capital from profits. This is consistent with the empirical evidence presented. by Ang et al (1995) That small business owners in general cannot separate business and personal risk, a study of 692 small businesses in the United States found that nearly 69 percent of owners must collateralize personal assets, such as homes and other assets, or provide personal guarantees, in order to obtain a business loan. In other words, the pressure of household needs that absorbs business income while increasing reliance on personal guarantees increases the risk of double-blindness: businesses and households. These findings support the importance of financial literacy and the separation of business and personal cash flows for the sustainability of SMEs.

#### **4. Limited Financial Literacy and Absence of Financial Recording Habits**

Basic concepts in business, such as Cost of Goods Sold (COGS), margins, and capital reserves, are still obstacles for MSE actors. For them, all of their income or turnover at one time is profit, regardless of the cost component of turnover. These results support research that states that the level of financial literacy of MSME actors in Indonesia is still at a low to medium average. (Idrus and Rastina 2024; Sultan et al. 2023). The limited financial literacy of MSME actors in Indonesia is still a challenge in realizing the independence of business actors, especially MSMEs. Pramestiningrum & Iramani (2020) In their research also found that bookkeeping literacy and budgeting literacy can improve the performance of MSMEs in East Java.

The limitations of financial literacy of MSE owners in Z-Chicken's business can be seen from the habit of recording daily transactions that are not neat. Many of these MSE actors only calculate the amount of daily turnover without recording and detailing their costs and expenses.

One of the FGD participants expressed their complaint that "we don't know what kind of recording model we should use, we also don't know how much capital and how much profit per portion, so we don't separate capital and profit". Realizing the improvement of the financial literacy skills of MSE actors in the Z-Chicken business is a big challenge. Besides the absence of an accounting education background from MSE actors, the basic thing is that the education level of MSE actors is the lowest in elementary school to the highest in secondary school. In fact, the level of education is an important and influential variable in financial management and resource use. (Susanti et al., 2018).

### **5. Mustahik Culture That Always Wants to Be Helped**

Mustahik's inability to manage business finances is not only influenced by his lack of financial literacy, educational background, and household needs. In this study, it was also found that cultural factors of dependence as zakat beneficiaries. Some MSE actors who are fostered using the productive zakat program consider productive zakat assistance with the same distribution mechanism as consumptive zakat, which continues to roll out at all times, not as initial capital for independence. This is reflected in expecting free raw material assistance for repeat orders, even though, at the beginning of the distribution of this productive zakat assistance, it was explained that capital is only given once at the beginning. Information from the deputy chairman of the Pangkep district Baznas who said that "they (the mustahik) are already comfortable with being given assistance, so they consider this program as assistance that they will continue to receive, even though it was explained at the beginning that this assistance only applies at the beginning, for subsequent orders they must already buy." He further said that "the mentality of the mustahik still needs to be improved so that they have the desire to move up a class."

The mindset to be able to change more independently in the future must be the concern of productive zakat beneficiaries. Minarni et al (2025) in their research strengthen the opinion that an independent mindset is the key to the success of the distribution of productive zakat. According to him, it is important to assist the mindset so that it is impossible to truly understand that productive zakat is a social investment that demands the independence of these beneficiaries. The consumptive mindset, where mustahik are already in the comfort zone to continue to receive assistance without excessive effort, is still an obstacle to the success of this productive zakat program in various regions in Indonesia (Herianingrum et al., 2024).

Household needs reflected in household financial culture, low financial literacy, and the absence of record-keeping habits, as well as mustahik mental issues that always want to be helped, show that obstacles are not only technical, but also cultural and behavioral. This emphasizes that economic empowerment programs cannot only be focused on providing capital and production

training. Factors such as culture and mindset must be touched through intensive mentoring; the availability of capital is not only the aspect that supports the sustainability of the business, but also on financial skills, habits, and discipline. (Pattnaik et al., 2024).

## 6. The Role of Baznas in Financial Assistance

Baznas Pangkep Regency, as the implementer of the program, provides initial capital assistance and training to be able to produce processed fried chicken dishes in accordance with the SOPs of the central Z-Chicken. In addition to that, Baznas Pangkep Regency also provides assistance in marketing strategies using social media in the hope that the products sold by mustahik as MSE actors, Z-Chicken products, can be known by the public or potential consumers and can increase their turnover. However, assistance such as the selection of the right business location and financial management has not been carried out; Mustahik, as fostered in this productive zakat program, is only asked for his readiness in running this Z-Chicken. To support the smooth and successful operation of the productive zakat program, intensive assistance, such as program governance, transparency, and sustainable multi-stakeholder collaboration, is needed so that this program truly fosters independence and social and economic empowerment. (Efendi, 2025).

## 7. Theory Integration and Implications

The four factors above reinforce the conclusion that access to capital does not automatically improve welfare if financial capabilities and self-reliance mindsets are not formed. Microfinance and Financial Capability Theory explains that the sustainability of a household economy is determined by well-trained financial management skills and behavior. (Pattnaik et al., 2024; Sherraden, 2013). In other words, strengthening financial literacy, recording habits, capital separation discipline, and changing the mindset from mustahik to muzakki giver are urgent steps that must be the focus of Baznas Pangkep Regency assistance.

## LIMITATIONS OF THE RESEARCH

This research is limited to one productive zakat implementation program, namely Z-Chicken under the guidance of Baznas Pangkep Regency, where the business actors are mustahik who usually receive the consumptive zakat program. The results of this study are not intended to generalize to other MSE actors, but only an in-depth study that can be a foothold for research and development of similar programs in other regions in Indonesia.

This study concludes that the mustahik financial management behavior in the Z-Chicken productive zakat program is still weak, mainly due to low financial literacy, lack of bookkeeping habits, and a mindset of dependence on assistance. Baznas assistance focuses on technical and marketing aspects, but has not integrated financial capability training. Therefore, the integration

of financial literacy, discipline in capital separation, and the transformation of the mustahik mindset to muzakki are very important for the success of the productive zakat program. These findings contribute to the strengthening of microfinance theory and financial capabilities in the context of Islamic social finance.

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