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Empowering Productive Zakat through Capability Building for the Improvement of the Welfare of Mustahik (Case Study at the Cirebon City and Regency Baznas)

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ABSTRACT

Productive zakat has increasingly become an important instrument for poverty alleviation by transforming the role of zakat from consumptive assistance into a sustainable empowerment mechanism. The success of productive zakat programs depends not only on the provision of business capital but also on strengthening the capabilities of mustahik to improve their entrepreneurial competence, financial management, and economic independence. This study aims to analyze the empowerment of productive zakat through capacity strengthening in improving the welfare of mustahik at the National Amil Zakat Agency (BAZNAS) of Cirebon City and Cirebon Regency. This study employed a qualitative case study approach. Data were collected through in-depth interviews, observation, and documentation involving BAZNAS administrators, program facilitators, and productive zakat beneficiaries. The collected data were analyzed using the interactive model of data analysis, including data reduction, data display, and conclusion drawing to identify patterns of empowerment and their implications for mustahik welfare. The findings indicate that productive zakat contributes positively to improving the economic welfare of mustahik through business capital assistance accompanied by entrepreneurial mentoring, financial literacy, and capacity-building activities. Strengthened capabilities enable beneficiaries to enhance business productivity, increase household income, and gradually achieve greater economic self-reliance. Nevertheless, differences in mentoring intensity, managerial capacity, and market accessibility remain challenges affecting the sustainability of productive zakat outcomes. The study concludes that strengthening the capabilities of mustahik is a fundamental component in optimizing the effectiveness of productive zakat programs. Sustainable mentoring, entrepreneurship development, and collaboration among stakeholders should be enhanced to maximize the long-term impact of zakat empowerment programs and support the transformation of mustahik into economically independent members of society.

1. Introduction

Poverty remains one of the most persistent socio-economic challenges in many developing countries, including Indonesia. Although various government and community-based programs have contributed to poverty alleviation, income inequality and limited access to productive economic opportunities continue to affect the welfare of vulnerable groups. Within this context, Islamic social finance has emerged as an important complementary instrument for promoting inclusive economic development. Among its various instruments, zakat occupies a strategic position because it serves not only as a mechanism for wealth redistribution but also as an instrument for empowering disadvantaged communities through sustainable economic activities (Karunia & Amir, 2024). This development has encouraged a gradual shift in zakat management from short-term charitable assistance toward productive empowerment aimed at strengthening the economic independence of mustahik. In Indonesia, the institutionalization of zakat management has been strengthened through the enactment of Law Number 23 of 2011 concerning Zakat Management. The establishment and development of the National Amil Zakat Agency (BAZNAS) have contributed to improving the governance, accountability, and distribution of zakat funds. In addition to consumptive assistance, BAZNAS has increasingly developed productive zakat programs that provide business capital, entrepreneurship development, mentoring, and other forms of assistance intended to strengthen the productive capacity of mustahik. This transformation reflects the growing recognition that poverty alleviation cannot rely solely on financial transfers but requires continuous interventions that enable beneficiaries to develop the knowledge, skills, and capabilities necessary to manage productive activities sustainably (Hosen et al., 2024; Minarni et al., 2025).

The implementation of productive zakat is particularly relevant because financial assistance alone does not necessarily result in sustainable improvements in household welfare. Many beneficiaries continue to face limitations in entrepreneurial knowledge, financial literacy, business management, market access, and decision-making capabilities. These conditions may affect their ability to utilize productive capital effectively and maintain business continuity. Consequently, the effectiveness of productive zakat depends not only on the amount of capital distributed but also on the extent to which zakat institutions provide structured mentoring, business development, skills enhancement, and continuous supervision (Mustofa & Khotib, 2023). Productive zakat should therefore be understood as an integrated empowerment process in which financial resources are accompanied by interventions designed to strengthen the capabilities of beneficiaries.

This approach can be observed in the productive zakat programs implemented by BAZNAS of Cirebon City and BAZNAS of Cirebon Regency. Both institutions have developed economic empowerment initiatives that combine productive capital assistance with entrepreneurship development, mentoring, and business development activities. BAZNAS Cirebon Regency, for example, implements the *Cirebon Sejahtera* program, which focuses on strengthening the productive capacity of mustahik through business assistance. Meanwhile, BAZNAS Cirebon City has developed productive initiatives such as Z-Mart and Z-Coffee that seek to encourage entrepreneurship while creating opportunities for beneficiaries to participate in productive economic activities. These programs demonstrate an institutional effort to transform mustahik from recipients of charitable assistance into individuals who are increasingly capable of managing productive economic activities independently. The comparative characteristics of these programs also indicate differences in implementation orientation and empowerment mechanisms between the two institutions.

Previous studies have generally demonstrated that productive zakat can contribute to poverty reduction, income generation, business development, and improvements in the socio-economic conditions of mustahik. Productive capital assistance accompanied by entrepreneurial support has also been associated with greater business sustainability and economic independence (Santoso et al., 2024). However, much of the existing research evaluates the effectiveness of productive zakat primarily through economic outcomes, including income growth, poverty reduction, and business performance. Comparatively less attention has been given to the processes through which beneficiaries develop the capabilities required to utilize productive resources, overcome business challenges, and sustain their economic activities over time.

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Furthermore, studies on productive zakat tend to emphasize the distribution and utilization of financial assistance, while capacity strengthening is often treated as a supporting component rather than as a central dimension of empowerment. In practice, capacity strengthening involves several interconnected dimensions, including entrepreneurial competence, financial literacy, managerial capability, decision-making, networking, innovation, and adaptive capacity. These capabilities influence the extent to which beneficiaries can transform productive capital into sustainable economic activities. Therefore, examining productive zakat through a capacity-strengthening perspective can provide a more comprehensive understanding of how zakat empowerment contributes to long-term welfare improvement (Hardana et al., 2022; Nasrul et al., 2025). The existing gap provides a basis for examining how productive zakat empowerment is implemented and how capacity strengthening operates within the empowerment process. Rather than measuring the effectiveness of productive zakat solely from the amount of assistance distributed or changes in income, this study focuses on the processes through which BAZNAS develops the capabilities of mustahik through mentoring, entrepreneurship development, financial literacy, business assistance, and institutional support. The comparative examination of BAZNAS Cirebon City and BAZNAS Cirebon Regency is expected to reveal similarities and differences in the implementation of productive zakat empowerment and the ways in which these institutional approaches contribute to the development of beneficiary capabilities. The existing study similarly identifies these two institutions as the research sites and positions capacity strengthening as the mechanism connecting productive zakat with improvements in mustahik welfare.

The novelty of this study lies in positioning capacity strengthening as a central mechanism in the relationship between productive zakat empowerment and mustahik welfare. Previous studies have predominantly focused on economic outcomes, whereas this study emphasizes the capability-development processes that enable beneficiaries to utilize productive assistance more effectively and sustainably. By examining entrepreneurship development, financial literacy, business mentoring, institutional networking, and continuous support as interconnected components of empowerment, the study provides a broader perspective on productive zakat as a sustainable community empowerment strategy rather than merely a mechanism for financial redistribution. Based on this research gap, the study addresses the following research questions:

1. How is productive zakat empowerment implemented through capacity-strengthening programs at BAZNAS Cirebon City and BAZNAS Cirebon Regency?
2. How does capacity strengthening contribute to improving the socio-economic welfare and economic independence of mustahik at BAZNAS Cirebon City and BAZNAS Cirebon Regency?

Accordingly, this study aims to examine the implementation of productive zakat empowerment through capacity strengthening and to explore its contribution to improving the welfare and economic independence of mustahik at BAZNAS Cirebon City and BAZNAS Cirebon Regency. The findings are expected to contribute to the development of knowledge concerning productive zakat and community empowerment while providing practical insights for BAZNAS and other zakat management institutions in designing more sustainable empowerment programs. The emphasis on continuous mentoring, entrepreneurship development, financial literacy, institutional networking, and evaluation is consistent with the findings already presented in the manuscript.

2. Literature Review

2.1 Productive Zakat as an Instrument of Economic Empowerment

Zakat is one of the fundamental pillars of Islam that functions not only as an act of worship but also as a mechanism for promoting social justice and equitable wealth distribution. In the contemporary context of Islamic social finance, zakat has evolved beyond its traditional consumptive function toward productive utilization aimed at empowering beneficiaries economically. Productive zakat refers to the allocation of zakat funds for income-generating activities that enable mustahik to establish or develop sustainable livelihoods. Rather than providing temporary financial relief, productive zakat seeks to strengthen the productive capacity of beneficiaries so that they can gradually achieve economic independence and improve their quality of life (Afina & Cahyono, 2024).

The productive zakat approach is closely aligned with the principles of sustainable development because it emphasizes long-term welfare rather than short-term consumption. Through business capital assistance, entrepreneurial training, mentoring, and institutional support, productive zakat encourages beneficiaries to participate actively in economic activities capable of generating continuous income. This transformation reflects the broader objective of Islamic social finance, namely empowering disadvantaged communities while reducing structural poverty and economic inequality (Dushkova & Ivlieva, 2024; Kurniawan et al., 2023). Previous studies have consistently demonstrated that productive zakat contributes positively to income growth, business sustainability, employment creation, and poverty reduction. Nevertheless, the effectiveness of productive zakat is influenced by several supporting factors, including beneficiary readiness, institutional capacity, continuous mentoring, and the integration of financial assistance with capability development. Consequently, productive zakat should be understood not merely as financial support but as a comprehensive empowerment strategy that integrates economic, social, and human capital development.

2.2 Capacity Strengthening in Community Empowerment

Capacity strengthening refers to a systematic process of enhancing individuals' knowledge, skills, competencies, attitudes, and institutional capabilities to enable them to solve problems independently and adapt to changing socio-economic conditions. Within community empowerment programs, capacity strengthening is considered a critical determinant of sustainable development because economic assistance alone is insufficient to produce long-term improvements in welfare. From the perspective of community development, capacity strengthening encompasses several dimensions, including entrepreneurial competence, financial literacy, business management skills, innovation, leadership, networking, and decision-making abilities. These dimensions enable individuals to utilize available resources more effectively while increasing their resilience against economic uncertainty. Therefore, empowerment programs that combine financial assistance with structured capacity-building activities generally achieve more sustainable outcomes than programs relying solely on capital distribution (Streimikiene et al., 2021; Harsono et al., 2025).

In the context of productive zakat, capacity strengthening serves as the mechanism through which beneficiaries transform financial assistance into productive economic activities. Entrepreneurship training, mentoring, market facilitation, financial management education, and continuous business supervision allow mustahik to improve business performance while gradually reducing dependence on social assistance. Consequently, strengthening beneficiaries' capabilities represents an essential component in maximizing the long-term effectiveness of productive zakat programs.

2.3 Mustahik Welfare

Welfare is a multidimensional concept that extends beyond income or material prosperity to include the fulfillment of basic needs, economic security, social participation, and opportunities for self-development. Within Islamic economics, welfare encompasses both material and spiritual

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dimensions, emphasizing balanced development that supports human dignity and social justice. Accordingly, the success of productive zakat should not be evaluated solely based on increased income but also through broader improvements in beneficiaries' quality of life and economic resilience (Ghosh et al., 2024). The welfare of mustahik can be reflected in several indicators, including increased household income, business sustainability, improved financial stability, enhanced access to education and healthcare, greater economic independence, and reduced vulnerability to poverty. Productive zakat programs are expected to contribute to these outcomes by enabling beneficiaries to generate sustainable livelihoods rather than relying continuously on charitable assistance. Furthermore, welfare improvement is closely associated with beneficiaries' ability to maintain productive economic activities over time. Therefore, sustainable welfare requires continuous capacity development, supportive institutional environments, and effective monitoring mechanisms to ensure that productive zakat generates lasting socio-economic impacts.

2.4 Conceptual Framework

This study is based on the assumption that productive zakat functions as an instrument of community empowerment rather than merely a mechanism of wealth redistribution. The effectiveness of productive zakat depends on the extent to which zakat institutions strengthen the capabilities of mustahik through entrepreneurship development, financial literacy, business mentoring, managerial improvement, and institutional assistance. Enhanced capabilities subsequently increase beneficiaries' capacity to manage productive enterprises, generate sustainable income, and improve household welfare (Dirie et al., 2024). Accordingly, this research positions capacity strengthening as the central mechanism linking productive zakat to improvements in mustahik welfare. The conceptual relationship underlying this study assumes that productive zakat provides the initial economic resources, while capacity strengthening enhances beneficiaries' ability to utilize those resources effectively. As beneficiaries develop stronger entrepreneurial competencies and business management skills, their productivity and economic resilience improve, ultimately contributing to sustainable welfare enhancement. Based on this conceptual framework, the study investigates how productive zakat programs implemented by BAZNAS Cirebon City and BAZNAS Cirebon Regency facilitate capacity strengthening among mustahik and how these empowerment processes contribute to improving their socio-economic welfare.

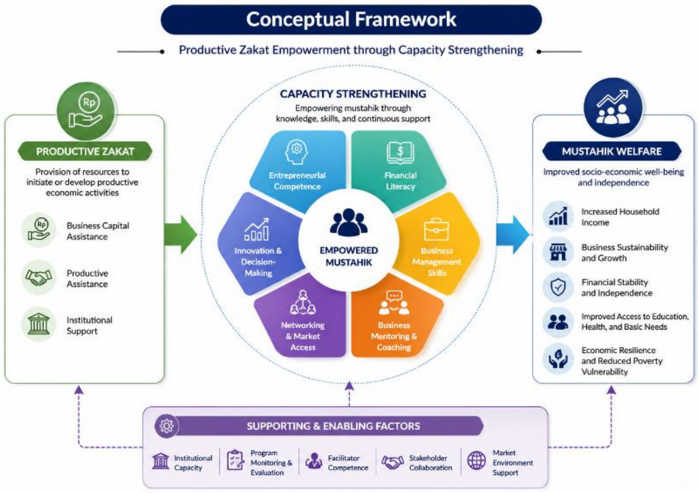

Figure 1. Conceptual Framework of Productive Zakat Empowerment through Capacity Strengthening

Productive zakat provides initial resources through business capital assistance, productive support, and institutional assistance. These resources are strengthened through the development of entrepreneurial competence, financial literacy, business management skills, mentoring and coaching, networking and market access, as well as innovation and decision-making capabilities. The capacity-strengthening process is supported by institutional capacity, program monitoring and evaluation, facilitator competence, stakeholder collaboration, and market support. The development of these capabilities enables mustahik to manage productive activities more effectively, strengthen business sustainability and financial independence, increase household income, and improve their socio-economic welfare. Accordingly, capacity strengthening serves as the central mechanism through which productive zakat contributes to sustainable welfare improvement.

3. Methodology

This study employed a qualitative research approach using a multiple case study design to examine the implementation of productive zakat empowerment through capacity strengthening and its contribution to improving the welfare of mustahik. A qualitative approach was considered appropriate because the study sought to understand the experiences, processes, institutional practices, and empowerment mechanisms underlying productive zakat programs. The research was conducted at BAZNAS Cirebon City and BAZNAS Cirebon Regency, both of which have implemented productive zakat programs directed toward strengthening the productive capacity and economic independence of mustahik. The two cases were examined comparatively to identify similarities and differences in program implementation, capacity-strengthening strategies, and welfare outcomes.

The study involved 24 informants selected through purposive sampling. To obtain balanced perspectives from the institutional and beneficiary sides, each research site involved 12 informants consisting of two BAZNAS administrators, two program facilitators, and eight mustahik beneficiaries. BAZNAS administrators were selected because of their direct involvement in the planning, management, distribution, monitoring, or evaluation of productive zakat programs. Program facilitators were selected based on their involvement in mentoring, business assistance, capacity strengthening, and monitoring of beneficiaries. Mustahik informants were selected from beneficiaries who had received productive zakat assistance and participated in the empowerment activities examined in the study.

Table 1. Composition of Research Informants

Research Site	BAZNAS Administrators	Program Facilitators	Mustahik Beneficiaries	Total
BAZNAS Cirebon City	2	2	8	12
BAZNAS Cirebon Regency	2	2	8	12
Total	4	4	16	24

Source: Developed by the authors based on the research design.

The inclusion criteria were established to ensure that the selected informants possessed direct knowledge or experience relevant to the research questions. BAZNAS administrators were included when they had direct responsibility or substantive knowledge concerning productive zakat management and empowerment. Program facilitators were included when they were directly involved in mentoring, business development, monitoring, or capacity-strengthening activities. Mustahik were included when they had received productive zakat assistance and had participated in the related empowerment or capacity-strengthening activities. Individuals whose roles were unrelated to

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productive zakat management or who had no direct experience with the empowerment activities under investigation were excluded.

Table 2. Inclusion and Exclusion Criteria of Informants

Informant Category	Inclusion Criteria	Exclusion Criteria
BAZNAS administrators	Directly involved in productive zakat planning, management, distribution, monitoring, or evaluation	Personnel without direct involvement or sufficient knowledge of productive zakat programs
Program facilitators	Directly involved in mentoring, business assistance, capacity strengthening, or beneficiary monitoring	Personnel not involved in productive zakat empowerment or mentoring activities
Mustahik beneficiaries	Received productive zakat assistance and participated in empowerment, mentoring, or capacity-strengthening activities	Zakat recipients who had not received productive assistance or had no direct experience with the empowerment activities examined

Source: Developed by the authors based on the research design.

In addition to interview data, the study utilized administrative records of productive zakat beneficiaries as documentary evidence. The BAZNAS Cirebon Regency dataset for 2025 contains 20 recorded beneficiaries under the *Cirebon Sejahtera* program, all categorized as *miskin* and receiving entrepreneurship-oriented productive assistance in the form of a productive grant. The records also contain beneficiary characteristics, including gender, date of birth, family status, number of dependents, asnaf category, and income information. All 20 recorded beneficiaries were male, 19 were heads of household, and one was recorded as a family member, with household dependents ranging from one to five persons. The data further show that the beneficiaries were engaged in the productive livestock category through the *Cirebon Sejahtera* program. These administrative records were used to provide contextual information regarding the characteristics of the beneficiary population and to complement the qualitative findings.

The BAZNAS Cirebon City administrative data contain 35 recorded recipients of business capital assistance during 2021–2024. The records document beneficiaries receiving assistance through several productive empowerment schemes, including business capital assistance and the M2M program. The data include beneficiary names, locations, years of assistance, types of assistance, and business information where available. These records provide supporting evidence concerning the continuity and distribution of productive zakat assistance at the city level. The administrative records were not treated as the number of interview informants but were used as documentary evidence to strengthen the interpretation of the qualitative findings.

Data were collected through three complementary techniques. First, in-depth interviews were conducted with the 24 selected informants to obtain detailed information concerning productive zakat implementation, capacity-strengthening activities, mentoring processes, challenges, and perceived changes in beneficiaries' economic conditions. Second, non-participant observation was conducted to examine productive zakat activities, mentoring practices, business development processes, and interactions between program facilitators and beneficiaries. Third, documentation analysis was conducted using institutional reports, program records, beneficiary databases, statistical information, program guidelines, and other relevant documents. The use of administrative beneficiary data strengthened the contextual interpretation of information obtained through interviews and observations. The original research design also employed interviews, observation, and documentation as complementary data-collection techniques.

Source and method triangulation were applied to strengthen the credibility and trustworthiness of the findings. Source triangulation was conducted by comparing information obtained from BAZNAS administrators, program facilitators, and mustahik beneficiaries. Method triangulation was conducted by comparing interview findings with observations and documentary evidence. Differences or inconsistencies identified between sources were examined further during the analysis process to ensure that the findings represented the conditions and experiences observed across the two research sites. This approach is consistent with the study's original methodological design, which cross-checked interview information against observational and documentary evidence.

The collected data were analyzed using the interactive model developed by Miles, Huberman, and Saldaña, consisting of data condensation, data display, and conclusion drawing and verification. During data condensation, interview transcripts, observation notes, and documentary information were selected, categorized, and coded according to the research questions. The condensed data were then organized into thematic displays covering three principal analytical areas: productive zakat implementation, capacity-strengthening strategies, and changes in mustahik welfare. Conclusions were subsequently drawn and continuously verified by comparing information across informant categories, research sites, and documentary sources. This process enabled the researchers to identify patterns in the implementation of productive zakat and examine how capacity strengthening contributed to the economic welfare and independence of mustahik.

The multiple case study design also enabled a comparative examination of the two BAZNAS institutions. BAZNAS Cirebon City implemented productive empowerment initiatives including Z-Mart, Z-Coffee, and business capital assistance, with an orientation toward developing community-based business ecosystems. BAZNAS Cirebon Regency emphasized the *Cirebon Sejahtera* program, which integrates productive business assistance with continuous mentoring and supervision. These differences provided an empirical basis for examining how institutional approaches shape the implementation of capacity strengthening and the sustainability of productive zakat empowerment.

Overall, the methodological design enabled the study to examine productive zakat not only in terms of financial assistance and economic outcomes but also through the institutional processes, mentoring mechanisms, and capacity-strengthening activities that support beneficiary independence. The combination of 24 purposively selected informants, direct observation, interviews, and administrative documentation provides a comprehensive basis for understanding the relationship between productive zakat, capacity strengthening, and mustahik welfare across the two BAZNAS research sites.

4. Results And Discussion

A. Implementation of Productive Zakat Empowerment Programs at BAZNAS Cirebon City and BAZNAS Cirebon Regency

The findings demonstrate that BAZNAS Cirebon City and BAZNAS Cirebon Regency have gradually shifted productive zakat management from a predominantly consumptive orientation toward a more structured model of economic empowerment. Productive zakat is implemented through a sequence of beneficiary identification, eligibility verification, program planning, productive capital distribution, mentoring, monitoring, and evaluation. This process indicates that the institutions do not position zakat assistance merely as a one-time transfer of financial resources, but as an intervention intended to strengthen the productive capacity of mustahik and support their transition toward greater economic independence.

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The selection of beneficiaries constitutes an important initial stage in the empowerment process. Prospective beneficiaries are considered based on their economic condition, productive potential, entrepreneurial commitment, and eligibility as zakat recipients. Such selection indicates that productive zakat is directed toward beneficiaries who are expected to utilize the assistance for productive activities rather than merely for short-term consumption. The approach is consistent with the basic premise of productive zakat that financial resources should create opportunities for beneficiaries to establish or strengthen sustainable livelihoods. The implementation strategies, however, differ between the two institutions. BAZNAS Cirebon Regency emphasizes the *Cirebon Sejahtera* program, which combines productive business assistance with continuous mentoring and periodic supervision. BAZNAS Cirebon City, meanwhile, has developed programs such as Z-Mart and Z-Coffee alongside business capital assistance, emphasizing entrepreneurship and the development of community-based business opportunities. Thus, although both institutions pursue economic independence as the ultimate objective, their institutional approaches reflect different mechanisms of empowerment. From the beneficiary perspective, productive assistance is perceived as more meaningful when capital is accompanied by guidance. One mustahik from BAZNAS Cirebon City explained:

"*Bantuan modal memang membantu memulai atau mengembangkan usaha, tetapi pendampingan membuat kami lebih tahu bagaimana menggunakan bantuan itu untuk usaha*." (P-M3, Mustahik BAZNAS Cirebon City)

This statement indicates that the value of productive zakat is not limited to the financial resources received. The beneficiary's experience suggests that assistance becomes more useful when accompanied by knowledge and guidance concerning its utilization. The finding reinforces the argument that productive zakat should be understood as an empowerment mechanism in which financial resources and human capability development operate simultaneously. A similar perspective emerged from the institutional side. A facilitator described the importance of continued interaction with beneficiaries:

"*Setelah bantuan diberikan, kami tetap memantau perkembangan usahanya dan melihat kendala yang mereka hadapi, karena tidak semua penerima bisa langsung menjalankan usaha dengan baik*." (P-F1, Program Facilitator, BAZNAS Cirebon Regency)

The statement demonstrates that the implementation of productive zakat involves a post-distribution process. Monitoring provides an opportunity for BAZNAS to identify problems that emerge after capital distribution and to provide assistance according to the conditions of individual beneficiaries. This finding is important because it demonstrates that empowerment is not completed when financial assistance is distributed; rather, distribution constitutes the starting point for a longer process of capability development.

The distinction between the two BAZNAS institutions also demonstrates that productive zakat empowerment can be adapted to local socio-economic contexts. BAZNAS Cirebon City's Z-Mart and Z-Coffee initiatives emphasize community-based business ecosystems, whereas BAZNAS Cirebon Regency's *Cirebon Sejahtera* places greater emphasis on integrated assistance and continuous mentoring. This flexibility supports Hussin et al. (2024), who emphasize the importance of contextual adaptation in Islamic social finance interventions. The finding further suggests that institutional effectiveness should not be assessed only according to the amount of zakat distributed, but also according to the ability of institutions to design empowerment mechanisms that correspond to beneficiaries' needs and local economic conditions.

The findings also support the empowerment perspective of Raimi et al. (2024), which emphasizes increasing people's ability to control resources, develop self-reliance, and participate actively in improving their welfare. In the present study, capital assistance provides beneficiaries with access to productive resources, while mentoring, supervision, and institutional support strengthen their ability to use those resources. Therefore, empowerment emerges from the interaction between access to resources and the development of capabilities, rather than from financial assistance alone.

This finding reinforces previous studies that associate productive zakat with income generation, business sustainability, and poverty reduction. However, the present study extends this literature by showing that institutional processes after distribution are equally important. Beik and Arsyianti (2016), for example, emphasize the importance of continuous interaction between zakat institutions and beneficiaries. The findings from Cirebon provide empirical support for this proposition while demonstrating that mentoring and monitoring function as mechanisms that connect financial assistance with actual changes in beneficiaries' productive capacity.

The implementation process can therefore be understood through a capacity development perspective. Capacity development theory emphasizes that empowerment involves strengthening people's ability to use available resources, respond to changing conditions, make decisions, and act with greater independence (Zahara et al., 2023). The Cirebon findings extend this perspective by demonstrating that institutional support is an important condition for translating financial resources into individual capacity. Capital provides the opportunity to act, but mentoring and institutional support enable beneficiaries to learn how to act effectively.

Accordingly, productive zakat empowerment at the two BAZNAS institutions can be interpreted as a process with three interconnected stages: resource provision, capability development, and economic utilization. The first provides the material basis for productive activity; the second develops the knowledge and competencies required to utilize resources; and the third converts these resources and capabilities into sustainable economic activity. This interpretation moves the analysis beyond the conventional distinction between consumptive and productive zakat by highlighting the institutional learning and empowerment processes that determine whether productive assistance generates sustainable outcomes.

B. Capacity Strengthening Strategies in Productive Zakat Programs

The findings demonstrate that capacity strengthening represents the central mechanism through which productive zakat is transformed from financial assistance into a sustainable empowerment intervention. Both BAZNAS Cirebon City and BAZNAS Cirebon Regency recognize that productive capital alone does not guarantee business sustainability when beneficiaries have limited entrepreneurial knowledge, financial management skills, business planning capabilities, or confidence in making economic decisions. Capacity strengthening is therefore implemented through interconnected activities involving entrepreneurship development, financial literacy, business mentoring, institutional networking, and continuous monitoring. The first major strategy is continuous business mentoring. Rather than ending the intervention after capital distribution, facilitators maintain interaction with beneficiaries through business consultations, monitoring, and problem-solving assistance. The mentoring process covers business planning, product development, financial recording, marketing, and responses to operational difficulties. This process allows beneficiaries to obtain practical knowledge while directly confronting the problems that arise in their businesses. One beneficiary explained the practical value of this process:

"*Dulu kalau ada masalah dalam usaha saya sering bingung harus mulai dari mana. Setelah ada pendampingan, saya bisa berdiskusi dan mencari solusi sebelum masalahnya menjadi lebih besar.*" (P-M7, Mustahik BAZNAS Cirebon Regency)

This account illustrates that mentoring contributes not simply to the transfer of technical information but also to the development of problem-solving capacity. The beneficiary becomes

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increasingly able to identify problems and consider possible solutions. In this sense, mentoring represents a process of capacity development because it strengthens the ability to respond to real situations rather than merely increasing theoretical knowledge.

This finding is consistent with capacity development theory, which views capacity as a multidimensional construct involving knowledge, skills, attitudes, motivation, organizational abilities, and social capital (Zahara et al., 2023). The Cirebon findings strengthen this perspective by demonstrating that these dimensions develop through repeated interaction between facilitators and beneficiaries. Capacity is therefore not simply transferred by an institution; it develops through practice, feedback, and adaptation. Entrepreneurship training constitutes the second major capacity-strengthening strategy. Training activities introduce beneficiaries to business planning, customer management, production efficiency, pricing, marketing, innovation, and business sustainability. The purpose is to strengthen entrepreneurial competence and encourage beneficiaries to perceive their businesses as sustainable economic activities rather than temporary sources of income. A program facilitator explained:

"*Pelatihan tidak hanya membahas bagaimana memulai usaha, tetapi juga bagaimana menghitung biaya, menentukan harga, melayani pelanggan, dan mempertahankan usaha.*" (P-F2, Program Facilitator, BAZNAS Cirebon City)

The finding is consistent with Hasibuan and Juliati Nasution (2024), who emphasize entrepreneurship development as an important component of business competence. However, the present study extends this finding by demonstrating that entrepreneurship training becomes more effective when integrated with mentoring. Training provides general knowledge, whereas mentoring enables beneficiaries to apply and adjust that knowledge to their specific business conditions. Capacity strengthening therefore occurs through the interaction between knowledge acquisition and practical application. Financial literacy represents another important dimension. The findings indicate that beneficiaries initially faced difficulties in financial planning, bookkeeping, and distinguishing household finances from business finances. Financial guidance provided by BAZNAS gradually encouraged beneficiaries to adopt simple bookkeeping, improve cash-flow management, and develop greater financial discipline. One beneficiary described the change as follows:

"*Sebelumnya uang usaha sering tercampur dengan kebutuhan rumah tangga. Setelah diarahkan untuk mencatat pemasukan dan pengeluaran, saya jadi lebih tahu apakah usaha benar-benar menghasilkan atau tidak.*" (P-M10, Mustahik BAZNAS Cirebon Regency)

This finding supports Herlita and Khaliq (2021), who emphasize the importance of financial management in reducing financial instability among micro-enterprises. More importantly, the finding demonstrates that financial literacy functions as a capability rather than merely a technical skill. The ability to record transactions becomes meaningful when beneficiaries can use that information to make decisions concerning purchasing, pricing, reinvestment, and business expansion. The institutional networking component further broadens the scope of capacity strengthening. BAZNAS does not operate solely through direct financial assistance but also facilitates relationships with other institutions, business networks, and potential markets. Such relationships can expand beneficiaries' access to information, training, promotional opportunities, and economic resources. An administrator explained:

"*Kami berusaha membuka hubungan dengan pihak lain agar mustahik tidak hanya mendapatkan bantuan, tetapi juga memiliki akses terhadap jaringan dan peluang pengembangan usaha.*" (P-A1, BAZNAS Cirebon City)

This finding expands the understanding of capacity strengthening from an individual-level process to an institutional and relational process. Beneficiaries' capacity to sustain a business depends not only on their individual knowledge and skills but also on their access to networks, markets, information, and institutional resources. This is consistent with the literature reviewed in the study, which identifies networking and social capital as important dimensions of community capacity. Monitoring and evaluation provide an additional mechanism for sustaining capacity development. Periodic monitoring enables BAZNAS to identify variations in beneficiary progress and determine whether additional intervention is required. A BAZNAS administrator stated:

"*Setiap penerima memiliki perkembangan yang berbeda, jadi hasil monitoring digunakan untuk menentukan pendampingan atau bantuan lanjutan yang sesuai dengan kondisi usaha mereka.*" (P-A2, BAZNAS Cirebon Regency)

This finding is particularly significant because it challenges the assumption that all beneficiaries require identical forms of assistance. The existing literature identifies differences in educational background, business experience, and entrepreneurial motivation as factors affecting the speed of business development. The present findings therefore support a more adaptive approach in which capacity strengthening is adjusted according to beneficiaries' changing needs.

Taken together, the findings demonstrate that capacity strengthening at the two BAZNAS institutions consists of a mutually reinforcing set of interventions rather than isolated activities. Entrepreneurship training develops business knowledge; financial literacy strengthens economic decision-making; mentoring facilitates practical application; networking expands access to external resources; and monitoring enables institutional adaptation. This integrated structure is consistent with Nazara et al. (2022), who emphasize that capacity strengthening should involve interconnected interventions aimed at developing sustainable individual and institutional capabilities.

The findings also support previous research indicating that beneficiaries receiving structured mentoring tend to demonstrate stronger business performance than those receiving financial assistance alone. The present study extends this evidence by showing that financial literacy and institutional networking are not secondary components, but part of the same capability-development process. This finding corresponds with Dwi Fajar Ramadhoni et al. (2025), who emphasize the importance of broader empowerment mechanisms in responding to market challenges and business uncertainty.

From the perspective of the capability approach, the findings provide a further explanation of why capacity strengthening matters. Productive capital constitutes a resource, but the possession of resources does not automatically mean that beneficiaries have the substantive ability to use them effectively. Capacity strengthening expands the ability of mustahik to convert resources into meaningful economic opportunities. In this study, the ability to manage finances, make business decisions, adapt products, respond to customers, and identify new market opportunities represents an expansion of beneficiaries' capabilities. This distinction is important because welfare improvement should not be reduced to income growth alone. The findings indicate improvements in business continuity, financial management, decision-making, entrepreneurial confidence, and economic resilience. These dimensions correspond to a broader understanding of welfare in which individuals' ability to sustain and improve their livelihoods is itself an important outcome.

The findings therefore suggest that capacity strengthening functions as the primary mechanism connecting productive zakat with sustainable welfare. Financial assistance creates the initial opportunity for beneficiaries to engage in productive activities, while capacity strengthening enables them to manage, adapt, and develop those activities. This relationship explains why beneficiaries who receive continuous mentoring and institutional support are more likely to experience sustainable business development than beneficiaries who rely exclusively on capital assistance.

The theoretical contribution of this finding lies in shifting the analytical focus from "how much zakat is distributed" toward "what beneficiaries become capable of doing with the resources they

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receive." This perspective strengthens the capability-oriented interpretation of productive zakat because it places human agency, learning, adaptation, and decision-making at the center of empowerment. At the same time, it extends the existing productive-zakat literature by demonstrating that sustainable welfare is produced through an interaction between financial resources, institutional support, and developed human capabilities.

Overall, the evidence confirms that capacity strengthening is not a complementary activity added to productive zakat programs but a core mechanism of empowerment. The integration of entrepreneurship development, financial literacy, mentoring, networking, and evaluation strengthens the ability of mustahik to manage productive activities, respond to economic uncertainty, and gradually reduce dependence on external assistance. This finding reinforces the argument that sustainable productive zakat requires investment in human capabilities alongside financial resources.

C. The Contribution of Capacity Strengthening to Mustahik Welfare Improvement

The findings demonstrate that capacity strengthening implemented through productive zakat programs contributes to the improvement of mustahik welfare at both BAZNAS Cirebon City and BAZNAS Cirebon Regency. The improvement observed in this study extends beyond an increase in household income and includes greater business continuity, improved financial management, stronger entrepreneurial competence, increased decision-making ability, and greater confidence in managing productive economic activities. These findings indicate that welfare improvement should be understood as a multidimensional process in which economic outcomes develop alongside changes in beneficiaries' capabilities.

One of the most visible changes concerns the improvement of entrepreneurial competence. Through entrepreneurship training and continuous mentoring, beneficiaries acquired practical knowledge related to business planning, customer management, production efficiency, product development, and marketing. These competencies enabled beneficiaries to manage their businesses more systematically and respond more effectively to changes in consumer demand. The findings are consistent with Suri (2021), who emphasizes the importance of entrepreneurial competence in supporting the development and sustainability of small businesses. A mustahik beneficiary described the change in practical terms:

"*Setelah mendapatkan pendampingan, saya lebih paham bagaimana mengatur usaha, mencari pelanggan, dan menentukan apa yang perlu diperbaiki supaya usaha tetap berjalan.*" (P-M5, Mustahik BAZNAS Cirebon City)

The statement indicates that the impact of capacity strengthening is reflected not merely in what beneficiaries receive, but in what they become capable of doing. The beneficiary's ability to identify business problems, respond to customers, and determine improvements represents an expansion of practical economic capability. This distinction is important because productive zakat should not be evaluated solely according to the amount of capital distributed, but also according to whether the assistance expands beneficiaries' ability to manage their livelihoods independently.

Another significant finding concerns financial management. Before participating in productive zakat programs, some beneficiaries had limited experience in systematic financial planning and bookkeeping. Financial literacy activities provided by BAZNAS encouraged beneficiaries to record business transactions, manage cash flow, and distinguish business resources from household expenditure. These changes improved the efficiency of capital utilization and strengthened financial discipline, supporting the findings of Herlita and Khaliq (2021). One beneficiary explained:

"*Dulu uang usaha sering tercampur dengan kebutuhan rumah. Setelah belajar mencatat pemasukan dan pengeluaran, saya jadi lebih tahu berapa uang yang bisa dipakai untuk usaha dan berapa yang harus disimpan.*" (P-M11, Mustahik BAZNAS Cirebon Regency)

This finding illustrates that financial literacy operates as a capability rather than merely as knowledge. The ability to keep financial records becomes meaningful when beneficiaries use that information to make decisions concerning expenditure, savings, reinvestment, and business development. Thus, the financial literacy component of productive zakat strengthens beneficiaries' capacity to convert financial resources into more sustainable economic activity.

The study also identified improvements in business resilience. Beneficiaries demonstrated greater ability to respond to changes in consumer demand, market conditions, and operational difficulties. Rather than depending exclusively on additional financial assistance, some beneficiaries used knowledge obtained through mentoring to modify products, improve services, develop alternative marketing channels, and adjust business strategies. This adaptive capacity is particularly important for micro-enterprises because their sustainability is highly dependent on their ability to respond to external changes. A program facilitator stated:

"*Kami melihat ada penerima yang awalnya hanya menjalankan usaha seperti biasa, tetapi setelah beberapa kali pendampingan mereka mulai mencoba produk baru dan mencari cara lain untuk mendapatkan pelanggan.*" (P-F3, Program Facilitator, BAZNAS Cirebon City)

The finding strengthens the capacity development perspective because capacity is demonstrated through the ability to adapt, not merely through the acquisition of knowledge. Zahara et al. (2023) emphasize that capacity development involves knowledge, skills, motivation, organizational abilities, and social capital. In the present study, these dimensions become visible when beneficiaries use acquired knowledge to modify their business strategies in response to changing circumstances.

Table 3. Contributions of Capacity Strengthening to Mustahik Welfare

Dimension of Welfare	Observed Changes After Capacity Strengthening
Economic welfare	Increased household income and improved business continuity
Entrepreneurial competence	Better business planning, marketing, and operational management
Financial capability	Improved bookkeeping, cash flow management, and financial discipline
Business resilience	Greater adaptability to market changes and operational challenges
Social empowerment	Increased confidence, self-reliance, and participation in productive economic activities

Source: Processed by the authors based on field findings (2026).

Table 3 demonstrates that the contribution of productive zakat extends beyond direct financial benefits. Economic improvement is accompanied by changes in entrepreneurial competence, financial capability, business resilience, and social empowerment. The interrelationship among these dimensions indicates that welfare improvement is a cumulative process. Increased income may strengthen household economic security, while improved financial capability helps preserve business capital; stronger entrepreneurial competence supports business continuity; and increased confidence encourages beneficiaries to make decisions independently.

The social dimension is particularly important because several informants indicated that their perception of themselves changed after participating in productive zakat programs. They increasingly viewed themselves as individuals capable of improving their economic circumstances rather than simply as recipients of charitable assistance. This change represents an important form of empowerment because it concerns agency and self-reliance. One mustahik expressed this transformation as follows:

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"*Sekarang saya tidak hanya berpikir tentang mendapatkan bantuan. Saya lebih ingin usaha saya berkembang supaya bisa memenuhi kebutuhan keluarga dari hasil usaha sendiri.*" (P-M14, Mustahik BAZNAS Cirebon Regency)

This statement illustrates the movement from dependency toward agency. From the perspective of the capability approach, welfare is not simply a condition of possessing material resources but the ability to use those resources to pursue valued ways of living. Suhandi (2023) similarly emphasizes that empowerment should expand people's opportunities and capabilities to improve their quality of life. Productive zakat contributes to this process by providing resources while simultaneously strengthening beneficiaries' ability to use those resources productively.

The findings also support community empowerment theory, which emphasizes participation, self-reliance, decision-making, and control over available resources. Putri Wahyuning Tyas (2024) highlights the importance of strengthening individuals' ability to manage resources and actively participate in improving their socio-economic conditions. In the Cirebon context, the integration of financial assistance, mentoring, education, and institutional support demonstrates how these principles operate in practice.

Compared with previous studies, the present research offers a broader understanding of productive zakat effectiveness. Earlier studies have predominantly evaluated productive zakat using indicators such as income growth, poverty reduction, or business performance. These indicators remain relevant, but the findings of this study indicate that the sustainability of these outcomes is closely related to beneficiaries' capacity to manage and develop their businesses independently. This finding is consistent with Rochmawati and Humaidi (2023), while the importance of entrepreneurial competence, financial literacy, and adaptive capability is also consistent with Sardini and Imsar (2022) and Nafiah (2015).

The present study nevertheless extends these studies by identifying capacity strengthening as the process connecting resources to welfare outcomes. Financial assistance provides the material opportunity to establish or develop an enterprise, but the ability to manage finances, make decisions, adapt products, maintain customers, and respond to market changes determines whether that opportunity can produce sustainable welfare. This relationship can be understood through the capability approach. Productive zakat initially provides resources, but resources alone do not guarantee welfare. Beneficiaries must possess the capabilities necessary to convert those resources into productive functioning. In this study, business management, financial literacy, entrepreneurial competence, adaptive capacity, and confidence represent such capabilities. Welfare therefore emerges through the conversion of productive resources into sustainable economic functioning.

This finding also provides a more critical interpretation of the conventional productive-zakat model. If success is measured only through the amount of capital distributed or short-term increases in income, the process through which beneficiaries become economically independent remains invisible. The present findings demonstrate that the more important question is whether beneficiaries develop the ability to sustain and expand their economic activities without continuous dependence on external assistance.

The findings further support Harjulianti et al. (2023), which indicates that continuous mentoring and institutional support are associated with more stable business development. In the present study, beneficiaries receiving more consistent guidance demonstrated greater ability to apply business knowledge, manage financial resources, and respond to operational challenges. Thus, capacity strengthening functions as a mechanism that increases the likelihood that productive zakat will produce durable rather than temporary welfare outcomes.

Overall, capacity strengthening should therefore be positioned as a central component of productive zakat welfare policy. The contribution of productive zakat is not limited to transferring financial resources from muzakki to mustahik; it also lies in creating opportunities for beneficiaries to develop knowledge, skills, agency, and economic resilience. This broader interpretation strengthens the argument that productive zakat can function as a sustainable empowerment instrument when financial resources are systematically combined with human capability development.

D. Challenges and Strategic Efforts in Optimizing Productive Zakat Empowerment

Although productive zakat programs at BAZNAS Cirebon City and BAZNAS Cirebon Regency have generated positive welfare outcomes, the findings also reveal several challenges that affect the effectiveness and sustainability of empowerment. These challenges originate from differences in beneficiaries' capabilities, limitations in mentoring resources, restricted market access, weaknesses in financial management, and insufficient institutional collaboration. Rather than indicating the failure of productive zakat, these challenges demonstrate that empowerment is a dynamic process requiring continuous institutional adaptation. The first challenge concerns differences in entrepreneurial capacity among beneficiaries. Although beneficiaries receive productive capital and mentoring, they do not possess identical educational backgrounds, business experience, motivation, or managerial abilities. Some beneficiaries are able to apply the knowledge acquired during mentoring relatively quickly, whereas others require longer and more intensive assistance. This finding is consistent with Mehilda et al. (2021), who highlight the influence of individual characteristics on the development of productive enterprises. A facilitator explained:

"*Kemampuan penerima berbeda-beda. Ada yang cepat memahami dan langsung mencoba, tetapi ada juga yang membutuhkan pendampingan lebih sering karena masih belum percaya diri mengambil keputusan dalam usaha.*" (P-F4, Program Facilitator, BAZNAS Cirebon Regency)

This finding has important implications for the design of empowerment programs. A standardized intervention assumes that beneficiaries have relatively similar needs, whereas the field evidence demonstrates considerable variation. From the perspective of capacity development, this means that interventions should be adaptive rather than uniform. Capacity is context-dependent, and the type of assistance required by an experienced entrepreneur may differ substantially from that required by a beneficiary who is only beginning to develop a business.

The second challenge is the sustainability and intensity of mentoring. Continuous mentoring is identified as an important determinant of program effectiveness, but limitations in human resources, time, and institutional capacity can reduce the frequency of assistance. As the number of beneficiaries increases, individualized mentoring becomes more difficult. Consequently, some beneficiaries may receive intensive support during the initial phase but less frequent assistance during subsequent stages of business development. One administrator noted:

"*Tantangannya adalah menjaga pendampingan tetap berjalan ketika jumlah penerima bertambah, karena waktu dan tenaga pendamping juga terbatas.*" (P-A3, BAZNAS Cirebon City)

This finding suggests that institutional capacity is as important as beneficiary capacity. Productive zakat programs cannot sustainably strengthen beneficiaries' capabilities if the institutions themselves lack sufficient mentoring personnel and organizational systems. Therefore, capacity development should be understood as a two-level process: strengthening the capacity of mustahik and strengthening the institutional capacity of BAZNAS to support them.

The third challenge concerns market accessibility. Many beneficiaries operate micro-scale businesses and have limited access to broader marketing networks, digital platforms, business partnerships, and consumers outside their immediate communities. Capital assistance can enable beneficiaries to start or expand businesses, but without sufficient market access, increased production

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does not automatically generate increased income. This condition was also reflected in the experience of a beneficiary:

"*Modal membantu untuk menambah barang atau memperbaiki usaha, tetapi mencari pelanggan baru masih menjadi kendala, terutama kalau hanya mengandalkan pelanggan di sekitar tempat usaha.*" (P-M15, Mustahik BAZNAS Cirebon Regency)

The finding reinforces Furqani et al. (2018), who emphasize the importance of integrating productive zakat beneficiaries into broader economic networks. It also extends the capability perspective by demonstrating that individual capability alone is insufficient when the external opportunity structure remains limited. A beneficiary may possess the skills necessary to manage a business, but those skills cannot generate optimal welfare if access to customers, markets, information, and networks remains restricted.

The fourth challenge concerns financial management. Despite financial literacy activities, some beneficiaries continue to experience difficulties in maintaining consistent records, separating household and business expenditures, and managing working capital. The findings suggest that financial literacy cannot be treated as a single training event. It needs to become a repeated practice reinforced through mentoring and monitoring. This is consistent with ZA et al. (2025), who identify financial management as an important factor in the sustainability of small enterprises.

The fifth challenge relates to institutional collaboration. Productive zakat empowerment involves a wider ecosystem that includes local government, educational institutions, business communities, financial institutions, entrepreneurs, and community organizations. Stronger collaboration could expand access to training, technology, digital marketing, business incubation, and market opportunities.

From this perspective, BAZNAS should not function only as a distributor of zakat funds. It should increasingly operate as an orchestrator of an empowerment ecosystem, connecting beneficiaries with institutions and resources that cannot be provided by BAZNAS alone. This interpretation expands the conventional role of zakat institutions from financial administrators to institutional facilitators of capability development. Based on these challenges, several strategic efforts can be formulated. First, BAZNAS should develop an adaptive capacity-strengthening model based on beneficiaries' characteristics, business sectors, and stages of business development. Beneficiaries with established businesses may require assistance in market expansion and digitalization, whereas new entrepreneurs may require more basic support in financial management, production, and customer management. Second, institutional mentoring capacity should be strengthened through collaboration with professional facilitators, successful entrepreneurs, academics, business communities, and relevant government agencies. A multi-stakeholder mentoring model would reduce dependence on limited internal personnel while providing beneficiaries with more diverse expertise. Third, digital economic empowerment should be incorporated more systematically into productive zakat programs. Digital marketing, electronic payment systems, social media promotion, marketplace utilization, and online business management can expand beneficiaries' market access. This strategy is particularly relevant because one of the major constraints identified in the study is the limited reach of conventional markets. Fourth, monitoring and evaluation should be redesigned to assess not only financial outputs but also capability development. Evaluation indicators should include improvements in entrepreneurial competence, financial literacy, business resilience, market access, decision-making, and economic independence. Such indicators would be more consistent with the capability-oriented framework adopted in this study.

Table 4. Challenges and Strategic Efforts in Optimizing Productive Zakat Empowerment

Identified Challenge	Strategic Effort	Expected Improvement
Differences in entrepreneurial capacity	Adaptive and personalized mentoring based on beneficiary needs and business development stage	Improved entrepreneurial competence and decision-making
Limited mentoring resources	Multi-stakeholder mentoring involving facilitators, entrepreneurs, academics, and community organizations	Greater continuity and intensity of mentoring
Limited market accessibility	Digital marketing, marketplace utilization, business networking, and market partnerships	Wider market access and increased business opportunities
Weak financial management practices	Continuous financial literacy and practical bookkeeping assistance	Better financial discipline and capital management
Limited institutional collaboration	Development of partnerships with government, educational institutions, business communities, and financial institutions	Expanded access to knowledge, technology, financing, and markets
Uneven monitoring and evaluation	Capability-based monitoring indicators covering business, financial, adaptive, and welfare outcomes	More accurate assessment of long-term empowerment outcomes

Source: Processed by the authors based on field findings (2026).

Table 4 demonstrates that the challenges identified in productive zakat implementation are interconnected with the strategies required to address them. Differences in beneficiary capacity require adaptive mentoring; limited institutional personnel require collaboration; market limitations require networking and digitalization; and weaknesses in financial management require continuous rather than one-time financial education. Consequently, the optimization of productive zakat requires a systemic approach rather than isolated program interventions.

From the perspective of capacity development theory, these findings demonstrate that sustainable empowerment depends on the interaction of individual capacity, institutional capacity, and enabling environments. Strengthening the individual skills of mustahik is insufficient if institutional mentoring is weak or market opportunities remain inaccessible. Conversely, institutional support will have limited impact if beneficiaries do not develop the capabilities necessary to utilize available opportunities. Productive zakat therefore operates within a broader ecosystem in which individual and institutional capacities must develop simultaneously.

The findings also provide an important extension to the capability approach. The capability approach emphasizes substantive opportunities rather than resources alone. In this study, access to productive capital represents an initial resource, but substantive economic opportunity depends on beneficiaries' capacity to use the resource, institutional support to guide its utilization, and market conditions that allow the resulting business activity to generate value. Thus, productive zakat effectiveness is shaped by both internal capabilities and external conversion conditions.

This interpretation also helps explain why the same amount or type of productive assistance may produce different outcomes among beneficiaries. Differences in prior business experience, confidence, financial literacy, mentoring intensity, and market access affect beneficiaries' ability to

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convert assistance into sustainable economic functioning. Therefore, program effectiveness should not be judged solely from uniform output indicators but from the extent to which the intervention expands beneficiaries' actual opportunities to achieve sustainable livelihoods.

The findings complement previous research by demonstrating that the sustainability of productive zakat depends not only on effective fund distribution but also on institutional innovation, collaborative governance, continuous mentoring, and market integration. While earlier studies have predominantly focused on the economic effects of productive zakat, this study highlights the importance of examining the institutional and capability mechanisms through which those economic effects are produced.

Accordingly, the challenges identified in this study should not be interpreted simply as weaknesses in productive zakat implementation. They represent areas for institutional learning and program refinement. By developing differentiated mentoring, strengthening institutional capacity, expanding market networks, incorporating digital economic skills, and implementing capability-oriented evaluation, BAZNAS Cirebon City and BAZNAS Cirebon Regency can strengthen the sustainability of productive zakat empowerment. The broader implication is that productive zakat should be managed as a dynamic empowerment system rather than a distribution program. Its effectiveness depends on the continuous interaction between financial resources, human capabilities, institutional support, and economic opportunities. This perspective provides a broader contribution to the productive zakat literature by positioning capacity strengthening as both an outcome of empowerment and a mechanism through which sustainable welfare can be achieved.

5. Conclusion

This study demonstrates that productive zakat has evolved beyond its traditional function as a charitable distribution mechanism into a comprehensive instrument for community economic empowerment. The implementation of productive zakat programs by BAZNAS Cirebon City and BAZNAS Cirebon Regency reflects a strategic shift toward sustainable empowerment through the integration of business capital assistance, entrepreneurship development, financial literacy, continuous mentoring, and institutional support. The findings indicate that capacity strengthening plays a central role in determining the effectiveness of productive zakat by enhancing beneficiaries' entrepreneurial competence, business resilience, financial management, and economic independence. Consequently, improvements in mustahik welfare are not merely reflected in increased income but also in strengthened capabilities that enable beneficiaries to sustain and develop productive economic activities over the long term.

The study further reveals that the sustainability of productive zakat programs depends on continuous mentoring, adaptive empowerment strategies, and collaborative institutional support. Although several challenges remain, including variations in beneficiaries' capacities, market accessibility, and mentoring resources, these constraints provide opportunities for improving productive zakat governance. Therefore, BAZNAS should strengthen capacity-building programs through more intensive entrepreneurship training, personalized mentoring, digital business development, and stronger partnerships with government institutions, universities, financial institutions, and the private sector. Future studies are recommended to employ mixed-method or quantitative approaches involving broader research locations to measure the long-term impact of productive zakat empowerment on poverty reduction, economic resilience, and the transformation of mustahik into future muzakki.

Author contribution statement

Dody Dahwana Putra: Conceptualization; methodology; investigation; data collection; formal analysis; validation; data curation; writing—original draft preparation; writing review and editing; visualization; supervision of the research process; and final approval of the manuscript.

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