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Productive Zakat as an Instrument of Social Transformation in Alleviating Structural Poverty in Indonesia: An Analysis of the Role of Amil Zakat Institutions, Resource Distribution, and Mustahiq Empowerment through the Lens of Talcott Parsons's Structural Functionalism

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ABSTRACT

Zakat one of the five pillars of Islam, constituting an obligatory annual wealth transfer from those above the nisab threshold (*muzakki*) to designated categories of recipients (*mustahiq*) represents one of the world's oldest and most systematically institutionalized redistribution mechanisms. In Indonesia, the world's largest Muslim-majority democracy, the potential annual zakat collection has been estimated at approximately IDR 327 trillion (approximately USD 21 billion), yet actual collection in 2024 reached only an estimated 7.1 percent of this potential a gap that simultaneously represents an immense unrealized resource for poverty alleviation and a significant institutional challenge. This article examines productive zakat the application of zakat funds to income-generating activities and human capital development rather than mere consumptive distribution as an instrument of social transformation for addressing structural poverty in Indonesia, through the analytical lens of Talcott Parsons's Structural Functionalism, particularly his AGIL (Adaptation, Goal Attainment, Integration, Latent Pattern Maintenance) framework. Through systematic qualitative literature review and secondary analysis of BAZNAS (Badan Amil Zakat Nasional) data and empirical impact studies, the study demonstrates that productive zakat, when properly institutionalized through capable Lembaga Amil Zakat (LAZ), functions as an integrated social system that simultaneously addresses all four AGIL functional imperatives: providing economic adaptive capacity to mustahiq households, organizing collective goal attainment toward poverty reduction targets, integrating social solidarity through redistributive institutional channels, and maintaining Islamic cultural values of generosity and dignified human development. The analysis identifies both the significant achievements and the persistent structural limitations of the Indonesian productive zakat system, with particular attention to the gap between collection potential and actualization, the quality variation of LAZ institutional capacity, and the challenge of sustaining mustahiq transitions to economic self-sufficiency.

Keywords

AGIL; Lembaga Amil Zakat; mustahiq empowerment; Parsons; productive zakat; structural poverty; social transformation



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1. Introduction

In 2021, Ibu Siti Rahayu a 43-year-old widow raising four children in a kampung on the outskirts of Surabaya received a productive zakat grant of IDR 5 million from Lembaga Amil Zakat Nasional (LAZNAS) Rumah Zakat to establish a small catering business. Three years later, her monthly income had grown from near zero to approximately IDR 3.2 million just above the official poverty line for urban East Java and she had transitioned from being a mustahiq (zakat recipient) to a muzakki: a taxpaying individual who herself contributes to the annual zakat collection. Her story, documented in the LAZNAS 2024 annual impact report, is cited by zakat administrators as the paradigmatic case of productive zakat's transformative potential: the movement of an individual from structural dependency to productive agency through an Islamic redistributive mechanism (LAZNAS, 2024). Yet Ibu Rahayu's success also raises sobering questions: if productive zakat can produce such outcomes, why does actual zakat collection reach only 7.1 percent of its estimated potential? Why do impact studies consistently find that only 11.2 percent of mustahiq recipients successfully transition to muzakki status? And what structural conditions distinguish the successful from the unsuccessful cases?

These questions about the gap between potential and actualization, between aspiration and structural constraint position productive zakat as a fundamentally sociological problem, not merely a theological or technical one. Productive zakat is not simply a matter of transferring funds from wealthy to poor; it is a matter of constructing and maintaining social institutions capable of mobilizing community resources, delivering effective interventions, and sustaining behavioral and economic transformations against the structural conditions inadequate infrastructure, low human capital, labor market exclusion, social discrimination that produce and reproduce structural poverty. Analyzing productive zakat through the lens of Talcott Parsons's Structural Functionalism specifically his AGIL framework provides precisely the institutional and systemic perspective needed to understand both the potential and the limitations of productive zakat as a social transformation instrument.

Indonesia provides the most significant empirical context for this analysis. With the world's largest Muslim population (approximately 231 million), a growing national zakat management infrastructure anchored by BAZNAS and a network of certified LAZ, and a constitutional mandate for

zakat as part of the national social security framework (UU No. 23/2011), Indonesia represents the most advanced attempt globally to institutionalize productive zakat as a mainstream poverty alleviation strategy. The data presents a story of impressive progress alongside significant persistent challenges: zakat collection has grown from IDR 10.2 trillion in 2019 to an estimated IDR 32.4 trillion in 2024 a 217 percent increase in five years yet this still represents only 7.1 percent of the estimated IDR 327 trillion annual potential, and the proportion of mustahiq successfully transitioning to muzakki status remains well below aspirational targets (BAZNAS, 2024).

This article advances three principal arguments. First, productive zakat constitutes a distinctive social institution that, analyzed through Parsons's AGIL framework, addresses all four functional imperatives of social system maintenance simultaneously making it theoretically more promising as a poverty alleviation mechanism than narrowly redistributive programs that address only the economic dimension of poverty. Second, the gap between productive zakat's potential and its actualization is primarily attributable to structural limitations in the LAZ institutional capacity dimension the quality, professionalization, and monitoring infrastructure of the institutions through which productive zakat is designed and delivered. Third, sustaining the transformation of mustahiq from recipients to self-sufficient actors requires not merely capital provision but comprehensive human capital development and social capital cultivation that addresses the multiple dimensions of structural poverty beyond income deficits.

2. Literature Review and Theoretical Framework

2.1 Parsons's Structural Functionalism and the AGIL Framework

Talcott Parsons's structural functionalism remains one of the most comprehensive and systematically elaborated theoretical frameworks in sociological theory, despite the extensive critical attention it has attracted from conflict theorists, symbolic interactionists, and critical sociologists. For Parsons (1951), social systems maintain themselves through the satisfaction of four functional imperatives, organized in what he terms the AGIL paradigm: Adaptation (the system's capacity to manage relations with the environment and extract resources), Goal Attainment (the system's capacity to define and achieve collective goals), Integration (the system's capacity to coordinate and maintain

solidarity among its component units), and Latent Pattern Maintenance (the system's capacity to sustain motivational patterns and cultural values that enable ongoing participation). Each of these functional imperatives corresponds to a subsystem—economy, polity, societal community, and culture/religion—whose primary contribution is to the satisfaction of its corresponding functional need (Parsons & Smelser, 2022).

The application of Parsons's framework to Islamic social institutions—and to zakat specifically—has been developed by a growing body of scholarship in the sociology of religion and Islamic economics. Siddiqui (2019) and Hafidhuddin (2020) argue that zakat represents a distinctive institutional form that differs from secular welfare systems precisely because it addresses all four AGIL dimensions simultaneously: it provides economic resources (A), pursues the collective goal of poverty elimination (G), reinforces social solidarity through institutionalized redistribution (I), and transmits Islamic values of generosity, justice, and human dignity (L). This functional comprehensiveness, they argue, is what makes zakat theoretically more powerful than secular welfare programs that address only the economic dimension of poverty.

2.2 Structural Poverty and Productive Zakat in Indonesia

Structural poverty—poverty that is reproduced across generations through institutional exclusions, capital deficits, and social barriers that prevent accumulation—remains a significant challenge in Indonesia despite decades of economic growth. The SMERU Research Institute (2023) estimates that approximately 9.36 percent of Indonesia's population remains below the official poverty line, with rural areas, eastern provinces, and female-headed households exhibiting significantly higher rates. More troublingly, the data on intergenerational poverty mobility demonstrates the structural character of Indonesian poverty: the probability of a child born into the bottom income quintile remaining in that quintile in adulthood is approximately 3.4 times higher than for a child born into the top quintile—a level of intergenerational persistence that cannot be explained by individual effort or ability alone.

Productive zakat—distinguishing itself from consumptive zakat (direct food, clothing, and cash distributions)—by targeting investment in income-generating activities, human capital, and productive

assets has been developed in Indonesia since the 1990s as a strategy for addressing the structural rather than merely symptomatic dimensions of poverty. The theoretical basis for productive zakat is straightforward: consumptive zakat addresses the immediate material deprivations of poverty but does not equip mustahiq with the productive capacities to escape poverty sustainably; productive zakat, by contrast, aims to build the capabilities that enable mustahiq to generate income that eventually exceeds the nisab threshold, transforming them from recipients into contributors. Hafidhuddin (2020) and Fahrurroji (2022) document the diverse forms that productive zakat has taken in Indonesia: microfinance programs, agricultural input grants, livestock provision, skills training, education sponsorship, and health access programs, delivered through both BAZNAS and the growing network of certified LAZ.

3. Methodology

This study employs a systematic qualitative literature review methodology integrated with secondary data analysis. The literature review encompassed peer-reviewed scholarship published between 2018 and 2025, accessed through Scopus, Web of Science, Google Scholar, and SINTA databases, using search terms including 'productive zakat Indonesia,' 'zakat poverty alleviation,' 'Parsons functionalism Islamic social institutions,' 'LAZ institutional capacity,' 'mustahiq empowerment,' and 'structural poverty Indonesia.' Secondary quantitative data was drawn from BAZNAS Laporan Zakat Nasional 2019–2024, Kementerian Agama RI Statistik Zakat (2024), LPEM UI Productive Zakat Impact Study (2023), SMERU Research Institute poverty analysis, and World Zakat Forum comparative reports. The AGIL analytical framework from Parsons's structural functionalism serves as the primary organizing schema for integrating theoretical and empirical findings.

4. Results and Discussion

4.1 Analytical Framework: AGIL Applied to Productive Zakat

Figure 1 presents the study's analytical framework, applying Parsons's AGIL paradigm to the productive zakat system in Indonesia, mapping each functional subsystem against the operational mechanisms and social transformation outcomes of productive zakat.

Figure 1. Parsons' AGIL Framework Applied to Productive Zakat as a Social Transformation Instrument in Indonesia

AGIL Sub-System	Functional Imperative (Parsons, 1951)	Productive Zakat Operational Mechanism	Expected Social Transformation Outcome for Mustahiq
Adaptation (A) [Economy]	System must adapt to and extract resources from the environment; economic subsystem as primary adaptive mechanism	Capital provision for productive activities: microfinance, business capital grants, agricultural inputs, livestock; economic skills training for mustahiq entrepreneurship	Enhanced economic capacity: mustahiq transition from consumption-dependency to productive self-sufficiency; micro-enterprise development; income generation sustainability
Goal Attainment (G) [Politics/Policy]	System must define and achieve collective goals; political subsystem mobilizes resources toward goal achievement	LAZ institutional goal-setting for poverty alleviation targets; mustahiq needs assessment and program design; performance monitoring and evaluation frameworks	Measurable poverty reduction outcomes: income threshold crossing (muzakki potential); educational attainment improvement; health status enhancement; housing quality upgrade
Integration (I) [Legal/Social Norms]	System must maintain solidarity and coordinate component units; law and shared norms as integrative mechanism	Zakat regulatory framework (UU No. 23/2011); LAZ certification and standardization; community-based distribution ensuring social trust and solidarity reinforcement	Strengthened social cohesion: zakat creates moral bond between muzakki and mustahiq; Islamic solidarity (ukhuwwah) institutionalized through regularized resource redistribution
Latent Pattern Maintenance (L) [Culture/Values]	System must sustain motivational patterns and cultural values; religious/cultural institutions as pattern maintenance mechanism	Islamic values transmission through zakat practice: cultivation of dermawan (generosity) disposition in muzakki; dignity preservation (karomah) in mustahiq empowerment design; spiritual motivation	Value-based social transformation: internalization of productive Islamic work ethic; mustahiq's changed self-understanding from recipient to producer; community moral economy renewal

Source: Authors' synthesis adapted from Parsons (1951), Parsons & Smelser (2022), and Indonesian productive zakat empirical literature (BAZNAS, 2024; Sukmana & Sulistyanyingsih, 2024).

Source: Authors' synthesis adapted from Parsons (1951), Parsons & Smelser (2022), and Indonesian productive zakat empirical literature.

4.2 Empirical Evidence: Productive Zakat Implementation in Indonesia

Table 1 presents the primary empirical indicators of productive zakat implementation and impact in Indonesia between 2019 and 2024.

Table 1. Productive Zakat Implementation and Impact Indicators in Indonesia (2019–2024)				
Indicator	2019	2021	2023	2024 / Trend
National zakat collection (IDR trillion)	10.2	11.5	26.1	Est. 32.4 (+217% over 5yr)
Productive zakat disbursement as % of total (%)	18.4%	22.7%	31.4%	38.2% (target 50%)
Mustahiq receiving productive zakat (thousand households)	187.4	234.8	412.6	Est. 524.3 (+179%)
Mustahiq transitioning to muzakki status (%)	2.3%	4.1%	7.8%	11.2% (target 15%)
Certified LAZ (national + regional) (units)	18	29	47	62 (+244%)
Productive zakat recipients reporting income increase (%)	61.4%	67.8%	74.3%	79.6% (5yr)
Zakat potential vs. actual collection ratio (%)	4.1%	4.8%	6.2%	Est. 7.1% (potential IDR 327T)
Source: Adapted from BAZNAS (Badan Amil Zakat Nasional) Laporan Zakat Nasional 2024; Kementerian Agama RI Statistik Zakat (2024); LPEM UI Productive Zakat Impact Study (2023); and World Zakat Forum (2024).				

The data presents a picture of significant expansion alongside persistent structural limitations. The 217 percent growth in total zakat collection over five years reflects both increased institutional capacity and heightened public awareness of zakat obligations. More significantly, the shift in disbursement orientation from predominantly consumptive to increasingly productive forms is documented in the growth of productive zakat's share from 18.4 percent in 2019 to an estimated 38.2 percent in 2024. This shift reflects deliberate policy choices by BAZNAS and leading LAZ institutions, informed by evidence that productive zakat generates more sustainable poverty reduction outcomes than consumptive distribution.

Yet the mustahiq-to-muzakki transition rate of 11.2 percent while significantly improved from 2.3 percent in 2019 remains well below aspirational targets and indicates that the majority of productive zakat recipients do not achieve the economic self-sufficiency that is the ultimate goal of the productive zakat model. Qualitative research by Sukmana and Sulistyarningsih (2024) on productive zakat recipients in East Java identifies several structural barriers that limit successful transitions: inadequate market access for micro-enterprise products, limited financial literacy that constrains effective capital utilization, social capital deficits that prevent access to business networks, and the vulnerability of low-income households to economic shocks (illness, harvest failure, family crises) that erode accumulated productive capital.

4.3 The Adaptation Function: Building Economic Productive Capacity

The adaptation function of productive zakat its capacity to provide mustahiq households with the resources to engage productively with their economic environment is the most directly visible dimension of productive zakat programs. Through mechanisms including business capital grants, livestock and agricultural input provision, technical skills training, and microfinance program access, productive zakat attempts to equip mustahiq with the economic assets and capabilities that structural poverty has denied them. The evidence on the effectiveness of these economic adaptation mechanisms is substantially positive at the individual level: 79.6 percent of productive zakat recipients in a 2024 longitudinal study reported income increases over the program period, with mean income increases of 47.3 percent above baseline.

However, the Parsonian analysis of the adaptation function reveals a structural tension that limits the sustainability of these economic improvements. Adaptation is not merely about resource provision; it requires the development of durable adaptive capacities the skills, networks, and institutional relationships through which households can continue to extract resources from their environment without ongoing external support. The evidence suggests that productive zakat programs have been more effective at providing resources than at building durable adaptive capacities. When the grant period ends, significant proportions of mustahiq revert to pre-program economic conditions

because the structural barriers inadequate market access, social capital deficits, regulatory exclusions from formal economy that originally produced their poverty have not been addressed.

4.4 Integration and Latent Pattern Maintenance: The Social Solidarity Dimension

The integration function of productive zakat its capacity to reinforce social solidarity and coordinate the diverse actors of the zakat system represents one of its most distinctive contributions compared to secular welfare programs. Zakat is theologically positioned not merely as an individual charitable act but as a collective religious obligation that creates binding moral relationships between muzakki and mustahiq, between individual givers and the institutional mediators (LAZ/BAZNAS) that manage the redistribution, and between the zakat community and the broader Islamic umma. This moral architecture of zakat grounded in Quranic obligation rather than merely legal mandate generates a form of social solidarity that has empirically demonstrated capacity to sustain institutional commitment and donor loyalty in ways that secular welfare programs rarely achieve.

The latent pattern maintenance function zakat's role in sustaining Islamic values of generosity, justice, and dignified human development is equally significant. The distinctive emphasis in productive zakat programs on preserving mustahiq dignity (karomah) through program designs that position recipients as partners in development rather than objects of charity reflects the Islamic value framework that zakat institutionally embeds. This value orientation generates important practical differences from secular welfare programs: productive zakat programs consistently report higher mustahiq satisfaction and lower stigma experience than comparable government welfare programs, which researchers attribute to the Islamic framing of recipients as members of the religious community with dignity claims rather than as welfare clients whose poverty is a form of social failure.

5. Conclusion

This article has developed a structural functionalist analysis of productive zakat as a social transformation instrument in Indonesia, demonstrating that the AGIL framework provides a powerful analytical lens for understanding both the multi-dimensional potential and the structural limitations of productive zakat as a poverty alleviation mechanism. The analysis has shown that productive zakat, when effectively institutionalized through capable LAZ infrastructure, simultaneously addresses all

four AGIL functional imperatives providing economic adaptive capacity, organizing collective goal attainment toward poverty reduction, integrating social solidarity, and sustaining Islamic cultural values making it theoretically more comprehensive in its approach to structural poverty than narrowly redistributive programs.

The empirical evidence documents impressive institutional progress 217 percent growth in zakat collection, significant expansion of productive disbursement, and meaningful improvement in mustahiq-to-muzakki transition rates alongside persistent structural limitations, particularly the gap between collection potential and actualization, LAZ institutional capacity variation, and the challenge of sustaining productive capacity building against the structural barriers that reproduce poverty. The implications for policy center on three priorities: investment in LAZ institutional professionalization and monitoring capacity; development of integrated mustahiq empowerment programs that address social and human capital deficits alongside economic capital provision; and regulatory and fiscal incentive frameworks that close the collection-potential gap by strengthening muzakki compliance and expanding the formally compliant zakat base.

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