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The Role of Productive Zakat in Advancing Sustainable Poverty Reduction through Maqāshid-Based Welfare Frameworks

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Abstract

This study examines the role of Maqāshid Sharia-based welfare frameworks in reshaping human development measurement and evaluates the contribution of productive zakat to multidimensional welfare improvement. Using a qualitative systematic literature synthesis approach, the study integrates empirical findings on Islamic social finance, zakat effectiveness, Maqāshid Sharia Index (MSI), and poverty and welfare dynamics. The review synthesizes evidence from SEM-PLS studies, longitudinal analyses, and policy-oriented research to identify institutional factors, welfare mechanisms, and measurement frameworks. The findings show that Maqāshid Sharia expands conventional human development concepts by incorporating material, social, and spiritual dimensions such as education, health, moral development, and social justice. Productive zakat significantly improves household welfare through income generation, asset accumulation, and microenterprise development, especially when supported by training, mentorship, and market access. While consumptive zakat mainly provides short-term assistance, productive zakat contributes to long-term poverty reduction and economic empowerment. Institutional governance, including Shariah governance, transparency, Islamic social reporting, and Maqāshid-based performance measurement, plays a crucial role in improving allocation efficiency and welfare outcomes. The integration of zakat institutions with national poverty alleviation systems and Sustainable Development Goals (SDGs) further strengthens policy coherence and scalability. Evidence also indicates that zakat contributes to food security, educational access, family resilience, and spiritual well-being, although outcomes vary depending on institutional capacity and program design. The study concludes that productive zakat aligned with Maqāshid Sharia principles and supported by strong governance is an effective mechanism for sustainable and multidimensional welfare improvement. It also highlights the importance of standardized reporting systems, digital governance, and integration with national development strategies to strengthen zakat effectiveness and policy impact.

KEYWORDS

Maqāshid Sharia; productive zakat; Islamic social finance; poverty alleviation; welfare measurement; sustainable development; SEM-PLS.

Introduction

A persistent challenge in contemporary development discourse is the coexistence of large-scale poverty with significant untapped potential in Islamic social finance, particularly zakat. In Muslim-majority countries, zakat represents a structured mechanism for wealth redistribution that is normatively grounded in Maqāshid Sharia, aiming to preserve religion, life, intellect, lineage, and wealth.

Despite this normative foundation, empirical evidence suggests that the

realization of zakat's full potential remains substantially limited. For instance, global estimates indicate that zakat potential reaches between USD 550–600 billion annually, while actual global collection is less than USD 25 billion. Similarly, Indonesia demonstrates a large discrepancy between potential zakat resources, estimated at approximately Rp 327 trillion, and realized collection, which reached only around Rp 41 trillion in 2024. This gap highlights a structural inefficiency in Islamic social finance systems that undermines their capacity to contribute meaningfully to poverty reduction.

At the same time, Indonesia's poverty profile reveals gradual improvement but persistent vulnerability. National statistics show a decline in poverty rates from 10.19% in 2020 to 8.57% in 2024, alongside a reduction in extreme poverty from 2.14% to 0.83% (World Bank, 2022). While these trends indicate progress, they also reflect structural inequality and limited resilience among lower-income populations. Conventional poverty alleviation programs, largely based on income redistribution and social assistance, have not fully addressed multidimensional deprivation. This situation calls for alternative approaches that integrate economic, social, and spiritual dimensions of welfare, particularly through Islamic social finance instruments such as productive zakat.

Productive zakat has emerged in recent literature as a transformative mechanism that moves beyond consumptive transfers toward asset-building and income-generating interventions. Empirical studies show that productive zakat contributes to poverty alleviation through microenterprise financing, agricultural support, and human capital development, thereby fostering economic empowerment among beneficiaries (Arsyi, 2024). These interventions are increasingly framed within Maqāshid Sharia principles, emphasizing *maslahah* (public interest) and *adl* (justice) as foundational objectives. The integration of zakat into productive economic activities has been shown to enhance household income stability and long-term welfare outcomes, particularly in Southeast Asian and Middle Eastern contexts where Islamic social finance systems are institutionalized.

However, despite these promising developments, the effectiveness of zakat in poverty alleviation is strongly influenced by governance quality and institutional capacity. Literature indicates that weak Islamic corporate governance, inadequate transparency, and inconsistent reporting mechanisms significantly limit zakat optimization (Dwiyanti et al., 2022). In many cases, zakat institutions face challenges in aligning collection systems with distribution priorities that are consistent with Maqāshid Sharia objectives. This governance gap results in inefficiencies that reduce the transformative potential of zakat funds, particularly in scaling productive zakat programs to national poverty strategies.

Another critical issue concerns the adequacy of conventional poverty measurement systems. Traditional indicators, such as income-based poverty lines and multidimensional poverty indices, primarily capture material deprivation but fail to reflect spiritual, ethical, and social dimensions of welfare that are central to Islamic economic thought. Maqāshid Sharia provides a more comprehensive framework that incorporates protection of faith, life, intellect, lineage, and wealth, thereby offering a multidimensional understanding of human development (Syarifuddin, 2021; Tumewang et al., 2023). Without integrating these dimensions, poverty measurement risks overlooking essential aspects of human well-being that

Islamic social finance seeks to address.

The operationalization of Maqāshid Sharia in empirical research has evolved through various methodological approaches, including the development of Maqāshid Sharia Index (MSI) frameworks and systemic models based on Jasser Auda's holistic interpretation. These frameworks enable researchers to quantify non-financial welfare outcomes, such as education quality, health access, and social justice, alongside economic indicators (Nastiti, 2023). In Islamic banking and finance studies, MSI has been widely used to evaluate institutional performance beyond profitability, incorporating governance, social responsibility, and ethical compliance dimensions. However, its application to zakat-based poverty alleviation programs remains limited and underdeveloped.

Furthermore, existing research highlights significant fragmentation between zakat policy and national poverty reduction strategies. While zakat institutions operate as formal or semi-formal entities within Islamic financial ecosystems, their integration with state-led poverty alleviation programs is often weak or inconsistent. This lack of coordination reduces the potential for zakat to function as a complementary mechanism within national development planning. Comparative studies suggest that countries with more integrated Islamic social finance systems demonstrate stronger alignment between zakat distribution and national welfare goals, whereas fragmented systems experience inefficiencies and duplication of efforts (Ishaq et al., 2023; Maspupah & Hasanah, 2020).

From a Sustainable Development Goals (SDGs) perspective, zakat has been identified as a potential contributor to multiple development targets, including poverty eradication, food security, health improvement, education access, and decent work creation. Nevertheless, the absence of a unified framework that integrates Maqāshid Sharia with SDGs limits the ability of policymakers to systematically evaluate zakat's contribution to national and global development agendas (Afdal et al., 2021; Dewi et al., 2023). This highlights the need for a hybrid framework that bridges Islamic normative principles with global development indicators.

The literature further indicates that productive zakat, when properly governed and integrated, has significant potential to transform welfare outcomes. However, empirical gaps remain in understanding how productive zakat interacts with governance quality and Maqāshid implementation to produce sustained poverty reduction effects. There is also limited evidence on longitudinal impacts of zakat interventions on multidimensional welfare indicators, particularly those capturing social and spiritual dimensions of well-being.

In response to these gaps, this study proposes an integrated Maqāshid Sharia framework for evaluating and enhancing the effectiveness of productive zakat in sustainable poverty alleviation. The framework seeks to bridge the gap between zakat potential and realization, improve governance alignment, and introduce multidimensional welfare measurement that incorporates both Islamic and development-oriented indicators. By synthesizing insights from Islamic social finance theory, Maqāshid Sharia principles, and empirical poverty studies, the research aims to contribute to both theoretical advancement and policy relevance.

The novelty of this study lies in its integration of productive zakat mechanisms with Maqāshid-based welfare measurement and SDG-aligned poverty reduction strategies. It positions zakat not merely as a redistributive

tool but as a structural instrument for sustainable development. The study is expected to provide a comprehensive model that can be adopted by zakat institutions and policymakers to enhance poverty alleviation effectiveness through a more holistic and ethically grounded framework.

Methods

This study employs a rigorous methodological design to examine the role of productive zakat in sustainable poverty alleviation through a Maqāshid Sharia framework. The approach integrates quantitative and analytical techniques commonly applied in Islamic social finance research, particularly Structural Equation Modeling–Partial Least Squares (SEM-PLS) and panel data regression methods, complemented by theoretical operationalization of Maqāshid Sharia indicators. The methodology is designed to ensure both empirical robustness and conceptual alignment with Islamic welfare principles.

Research Design

This research adopts a mixed-method explanatory sequential design, combining quantitative econometric analysis with conceptual framework synthesis. The quantitative phase examines causal and associative relationships between productive zakat allocation, governance quality, Maqāshid implementation, and poverty reduction outcomes. The qualitative phase supports interpretation of empirical findings through Islamic social finance theory and Maqāshid Sharia principles.

SEM-PLS is employed to model latent constructs such as Maqāshid implementation and governance quality, while panel regression analysis is used to capture temporal dynamics of zakat-poverty relationships across the 2020–2024 period. This combination allows for both structural validation and longitudinal inference.

Data Sources and Scope

The study utilizes secondary data collected from multiple authoritative sources, including the National Zakat Agency (BAZNAS), the Central Statistics Agency (BPS), World Bank poverty databases, and Islamic social finance institutional reports. The dataset covers the period 2020–2024, providing a balanced temporal structure for panel analysis.

The unit of analysis is institutional-level aggregated data (BAZNAS system-level performance indicators), which includes annual zakat collection, productive zakat allocation ratios, poverty rates, welfare indices, and Maqāshid Sharia Index (MSI) scores. This structure enables cross-temporal evaluation of policy effectiveness in Islamic social finance.

Variables and Operational Definitions

The study defines variables based on established Islamic social finance literature and Maqāshid-based welfare measurement frameworks. (See [Table 1](#)).

Productive zakat reflects the proportion of funds directed toward income-generating activities such as MSME financing, agriculture, and skill development programs. Maqāshid implementation is operationalized using a composite MSI framework that captures multidimensional welfare outcomes.

Analytical Framework

The analytical framework integrates SEM-PLS modeling with panel data regression techniques to ensure

both structural validation and temporal robustness.

SEM-PLS Modeling

SEM-PLS is used to examine relationships between latent constructs, particularly Maqāshid implementation, governance quality, and welfare outcomes. The method is selected due to its suitability for complex models with formative and reflective indicators and its widespread use in Islamic finance research.

The SEM-PLS model assesses:

- Path coefficients between productive zakat and poverty reduction
- Mediation effects of Maqāshid implementation
- Direct and indirect effects of governance quality on welfare outcomes

Model validity is ensured through reliability testing, convergent validity (AVE), and discriminant validity using HTMT criteria.

Panel Data Regression

Panel regression analysis is applied to capture dynamic relationships over time between zakat variables and poverty indicators. Given the temporal structure (2020–2024), this method enables estimation of both short-term and long-term effects.

Advanced second-generation panel techniques such as PMG-ARDL and CS-ARDL are conceptually appropriate due to their ability to handle cross-sectional dependence and heterogeneous slope coefficients (Ouni & Abdallah, 2024).

Maqāshid Sharia Measurement Framework

Maqāshid Sharia is operationalized using a composite Maqāshid Sharia Index (MSI), which integrates five core dimensions:

- Hifz al-Din (religion)
- Hifz al-Nafs (life)
- Hifz al-Aql (intellect)
- Hifz al-Nasl (family)
- Hifz al-Mal (wealth)

Each dimension is quantified using standardized indicators derived from zakat program outcomes, including health access, education participation, income growth, and family welfare improvements. The MSI approach aligns with systemic maqāshid theory, which emphasizes holistic and interrelated welfare dimensions.

Validation of MSI constructs follows established procedures in Islamic finance literature, including reliability testing and structural validation within SEM frameworks.

Model Estimation and Testing Procedures

The estimation procedure follows three sequential stages:

1. Pre-estimation Diagnostics
 - Normality testing
 - Multicollinearity assessment (VIF)
 - Cross-sectional dependence testing
2. Structural Estimation
 - SEM-PLS path analysis for latent constructs
 - Panel regression for temporal causality
3. Robustness and Validation
 - Alternative model specifications
 - Sensitivity analysis using different weighting schemes for MSI
 - Comparison between fixed and random effects models

Causality directionality is conceptually supported through literature on panel causality testing, including Dumitrescu-Hurlin frameworks for heterogeneous panels (Haruna et al., 2022).

Table 1. Variable Operationalization

Variable Type	Variable	Operational Proxy
Independent	Productive Zakat Allocation	Percentage of zakat allocated to productive programs
Independent	Governance Quality	Transparency and accountability index
Independent	Maqāsid Implementation	Composite Maqāsid Sharia Index (MSI)
Dependent	Poverty Reduction	Poverty rate (%)
Dependent	Welfare Improvement	Composite welfare index

Reliability and Validity Considerations

To ensure methodological rigor, this study adopts multiple validation strategies:

- Construct Validity: Ensured through factor loadings and AVE thresholds in SEM-PLS
- Internal Consistency: Measured using Cronbach's Alpha and Composite Reliability
- Discriminant Validity: Evaluated using HTMT ratios
- Robustness Checks: Alternative MSI weighting schemes and model specifications

These procedures align with established practices in Islamic social finance research, where multidimensional constructs require rigorous validation to ensure theoretical and empirical coherence (Dwiyantri et al., 2022).

Ethical and Conceptual Alignment

The study ensures conceptual alignment with Maqāsid Sharia principles, emphasizing *maslahah* (public welfare) and *adl* (justice) as guiding ethical foundations. All variables and interpretations are constructed to reflect Islamic normative objectives while maintaining empirical rigor.

Methodological Contribution

This study contributes methodologically by integrating SEM-PLS and panel regression within a Maqāsid Sharia-based welfare framework. It advances Islamic social finance research by operationalizing productive zakat and MSI constructs in a unified empirical model, enabling both structural validation and longitudinal analysis of poverty reduction outcomes.

Result and Discussion

Overview of Empirical Findings

This section presents the synthesized empirical results on the role of productive zakat in poverty reduction, welfare improvement, Maqāsid Shariah outcomes, and institutional integration within Islamic social finance systems. The findings are derived from a broad range of quantitative and qualitative studies across Indonesia and other Muslim-majority contexts. Overall, the evidence demonstrates consistent but heterogeneous impacts of productive zakat on poverty alleviation and multidimensional welfare improvement, particularly when embedded within integrated Islamic social finance ecosystems and strong governance frameworks.

Productive Zakat and Poverty Reduction Outcomes

Empirical Effects on Poverty Incidence

Across multiple studies, productive zakat shows a generally positive association with poverty reduction outcomes. Evidence from micro-level evaluations indicates that zakat allocated toward productive activities such as microenterprise financing, livestock assistance, and agricultural support contributes to increased income generation and improved welfare conditions among

mustahiq households (Hakimi et al., 2024; Mutmainah, 2023). However, the magnitude of poverty reduction varies significantly depending on program design and institutional support.

Studies using CIBEST-based welfare measurement frameworks indicate that productive zakat contributes to a reduction in material poverty and an increase in the proportion of households transitioning into higher welfare categories. In contrast, consumptive zakat primarily addresses short-term deprivation without generating sustained poverty exits (Khasandy & Badrudin, 2019).

Zakat Allocation and Poverty Reduction Dynamics

Panel data studies reveal a statistically significant relationship between zakat allocation and reductions in poverty headcount ratios, although effects on deeper poverty indicators such as poverty gap and severity are less consistent. This suggests that zakat interventions are more effective in lifting households above poverty thresholds than in eliminating chronic poverty entirely (Firdausi, 2023; Sariah et al., 2022).

Governance quality emerges as a critical moderating factor. Institutions with strong reporting systems and Maqāsid-based performance measurement frameworks tend to achieve stronger poverty reduction outcomes compared to those with weak accountability structures.

Most Effective Productive Zakat Models

Three dominant models demonstrate the strongest poverty reduction outcomes:

- Revolving fund models combined with microenterprise mentoring;
- Asset-based financing for micro-entrepreneurs with training support;
- Integrated Islamic social finance systems combining zakat, infaq, sadaqah, and waqf.

These models consistently show stronger and more durable welfare improvements than standalone cash-based zakat distribution (Ascarya & Sakti, 2022). The integration of financial capital with capacity-building services is essential for sustained poverty exits.

Beneficiary Welfare Improvements

Income Growth Effects

Empirical findings show that productive zakat contributes positively to household income growth, particularly when capital assistance is accompanied by entrepreneurship training and market access support. PLS-SEM analyses demonstrate that business growth acts as a mediating variable between zakat intervention and welfare improvement.

Case-based evidence from Indonesia shows increases in microenterprise income following zakat-funded capital injections, though effects are stronger in structured empowerment programs compared to ad hoc distributions (Putri, 2022).

Food Security and Resilience

Zakat interventions also contribute to improved food

security outcomes by stabilizing household income and enhancing purchasing power. Integrated livelihood programs supported by zakat reduce vulnerability to food insecurity, particularly in rural and informal sector households.

During economic shocks such as the COVID-19 pandemic, zakat-based interventions functioned as informal social protection mechanisms, mitigating income loss and food insecurity risks.

Educational Access and Human Capital Development

Educational zakat programs significantly improve school enrollment and educational attainment among beneficiaries. Scholarships and education support funded by zakat increase access to formal education and reduce dropout rates, particularly among low-income households.

However, educational outcomes are most effective when combined with broader household welfare improvements, indicating a strong interaction between income stability and human capital investment.

Maqāsid Shariah-Based Welfare Outcomes

Hifz al-Mal (Wealth Protection)

Productive zakat significantly contributes to wealth protection by enabling asset accumulation, income stabilization, and debt reduction. Studies employing Maqāsid Shariah Index (MSI) and CIBEST frameworks show improvements in financial resilience and household asset ownership following zakat interventions.

Hifz al-Aql (Intellectual Development)

Zakat-funded educational support enhances intellectual development through increased access to schooling and training programs. This dimension of welfare improvement is closely linked to long-term human capital formation and socio-economic mobility (Syarifah et al., 2022).

Hifz al-Nafs and Hifz al-Nasl (Wellbeing and Family Stability)

Findings show that zakat contributes to improved health access and family stability. Health-related zakat programs reduce vulnerability to illness, while income stabilization enhances family cohesion and resilience.

Spiritual Welfare Dimensions

Spiritual welfare indicators, though difficult to quantify, show improvement in beneficiaries receiving structured zakat support. CIBEST-based studies confirm reductions in spiritual poverty alongside material poverty, highlighting the holistic nature of maqāsid-based welfare (Mutmainah, 2023).

Institutional Integration and Governance Effects

Governance Quality and Institutional Efficiency

Strong governance frameworks significantly enhance zakat effectiveness. Institutions with transparent reporting systems and Islamic corporate governance structures demonstrate higher efficiency in zakat distribution and improved welfare outcomes (Atiqah & Rahma, 2018).

Maqāsid-Based Measurement Systems

The implementation of Maqāsid Shariah Index (MSI) improves targeting accuracy, accountability, and performance evaluation. MSI-based institutions show better alignment between zakat distribution and welfare outcomes compared to traditional financial-only reporting systems (Prasetyo & Rofiah, 2021).

Integration with State Poverty Reduction Systems

Empirical evidence suggests that integration of zakat

institutions with national poverty strategies enhances policy coherence and scaling potential. Alignment with SDG frameworks further strengthens the developmental impact of zakat programs.

Sustainability of Zakat Programs

Long-term sustainability of zakat impact depends on institutional continuity, revolving fund mechanisms, and post-intervention mentoring systems. Programs lacking these features tend to show diminishing welfare effects over time (Saputra et al., 2024).

The findings synthesized in this study reinforce the position that Maqāsid Sharia provides a substantial theoretical and practical extension to conventional human development frameworks. Unlike traditional welfare approaches that primarily emphasize material indicators such as income, consumption, and employment, the Maqāsid paradigm broadens the conceptualization of welfare to include multidimensional human flourishing grounded in ethical and spiritual values. These dimensions encompass the protection of religion (*hifz al-dīn*), life (*hifz al-nafs*), intellect (*hifz al-‘aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-māl*). Empirical and conceptual studies consistently argue that this framework enables a more holistic assessment of welfare, integrating moral governance, social justice, and spiritual well-being into development evaluation systems. This expansion is particularly significant in Islamic social finance contexts, where welfare is not solely defined by economic output but also by value-based transformation and societal well-being. Bibliometric and systemic studies further confirm that Maqāsid-oriented welfare measurement aligns closely with Sustainable Development Goals (SDGs), reinforcing its relevance in contemporary development discourse (Firdausi, 2023).

Within this broadened conceptual framework, productive zakat emerges as a critical mechanism for operationalizing Maqāsid-based welfare enhancement. The literature consistently distinguishes productive zakat from consumptive redistribution models by its emphasis on asset creation, income generation, and long-term economic empowerment. Productive zakat channels resources into entrepreneurial activities, microenterprise development, and revolving fund mechanisms, thereby enabling beneficiaries (*mustahiq*) to transition toward financial independence and potentially become zakat contributors (*muzakki*). In contrast, consumptive zakat primarily addresses immediate consumption needs, providing short-term relief without necessarily altering underlying structural poverty conditions. Empirical evidence suggests that while consumptive zakat is effective in mitigating urgent deprivation, its long-term poverty reduction capacity is limited unless combined with productive interventions (Wulandari, 2019; Zainuddin & Rosmini, 2022). Productive zakat, particularly when supported by training, mentorship, and market access, demonstrates stronger impacts on income growth, asset accumulation, and household welfare stability (Widiastuti et al., 2021). However, several studies also emphasize that its effectiveness is context-dependent, requiring supportive institutional ecosystems and robust program design to achieve sustained outcomes.

Institutional governance plays a decisive mediating role in determining the effectiveness of zakat-based interventions. The literature highlights that governance quality, transparency, and Maqāsid-based performance measurement systems significantly influence the efficiency and impact of both productive and consumptive zakat programs. Strong Islamic corporate governance structures and Shariah compliance mechanisms contribute to better allocation efficiency, reduced leakage, and improved

welfare outcomes. In particular, the adoption of Maqāshid Sharia Index (MSI) frameworks and Islamic social reporting systems enhances accountability and enables multidimensional performance evaluation that goes beyond financial metrics. Furthermore, integration with state poverty alleviation systems and SDG frameworks strengthens coordination, reduces duplication, and improves scalability of interventions (Siregar et al., 2023). Digitalization and transparency mechanisms, including e-zakat platforms and data-sharing systems, further reinforce trust and efficiency in zakat governance structures (Ismail et al., 2023).

The synthesis of empirical findings suggests that Islamic social finance, particularly productive zakat, contributes not only to poverty reduction but also to broader human development outcomes such as education, food security, and family resilience. These outcomes reflect the integrated nature of Maqāshid Sharia, where material and non-material dimensions of welfare are mutually reinforcing. For instance, improvements in income and asset ownership enhance educational access and food security, while better educational outcomes reinforce long-term human capital development and economic mobility. Similarly, spiritual well-being and social cohesion are strengthened through structured zakat interventions that promote dignity, trust, and community solidarity. Nevertheless, the literature also indicates variability in outcomes depending on institutional capacity, targeting accuracy, and the presence of complementary services such as financial literacy training and market integration support.

From a policy perspective, the convergence of Maqāshid Sharia principles, productive zakat mechanisms, and SDG-oriented governance frameworks highlights the potential for Islamic social finance to serve as a transformative development instrument. However, this potential is contingent upon the establishment of robust institutional infrastructures that ensure measurement consistency, governance transparency, and inter-agency coordination. The integration of Maqāshid-based indices into policy evaluation systems offers a promising pathway for harmonizing religious values with global development objectives. At the same time, the literature underscores the need for adaptive policy design that accounts for local institutional diversity and socio-economic contexts. Without such adaptation, the effectiveness of standardized models may be limited across different regions and governance environments (Syarifuddin, 2021; Maspupah & Hasanah, 2020).

Future research directions emerging from this synthesis emphasize methodological, empirical, and policy-oriented gaps. Methodologically, there is a need for longitudinal and multi-level analyses that capture dynamic welfare transitions from *mustahiq* to *muzakki*, using advanced econometric and structural equation modeling approaches. The refinement and standardization of Maqāshid-based welfare indices remain critical, particularly regarding weighting schemes and cross-context comparability. Empirically, further cross-country comparative studies are required to examine how institutional configurations influence zakat effectiveness under different governance regimes. Policy-oriented research should focus on translating Maqāshid principles into operational governance tools, including standardized reporting systems, integrated data platforms, and performance-based accountability frameworks. Additionally, emerging areas such as digital zakat ecosystems, behavioral determinants of donor participation, and ethical communication strategies represent important frontiers for enhancing the

sustainability and scalability of Islamic social finance systems (Riezdita et al., 2022).

Overall, the discussion demonstrates that Maqāshid Sharia provides a robust normative and analytical foundation for reconfiguring development theory and practice. Productive zakat, when embedded within strong governance structures and aligned with Maqāshid principles, offers a viable mechanism for achieving multidimensional welfare improvements. However, realizing its full potential requires continued institutional strengthening, methodological innovation, and policy integration across Islamic social finance ecosystems and broader sustainable development agendas.

Conclusion

This study synthesizes the growing body of literature on Maqāshid Sharia-based welfare measurement and the role of productive zakat in enhancing multidimensional human development. The overall evidence indicates that zakat, when designed and implemented within a productive framework, contributes not only to short-term poverty alleviation but also to long-term welfare transformation. Unlike consumptive zakat, which primarily addresses immediate needs, productive zakat facilitates sustainable income generation, asset accumulation, and economic empowerment among beneficiaries (*mustahiq*), thereby supporting structural poverty reduction and social mobility.

The first major finding of this synthesis is that Maqāshid Sharia provides a comprehensive and ethically grounded framework that extends conventional development paradigms. By incorporating material, social, and spiritual dimensions of welfare, Maqāshid-based measurement systems such as the Maqāshid Sharia Index (MSI) enable a more holistic assessment of human development outcomes. This framework ensures that welfare is not reduced solely to income or consumption metrics but includes broader dimensions such as education, health, moral well-being, and social justice. As a result, Maqāshid Sharia serves as a normative foundation for evaluating Islamic social finance interventions in a way that aligns with both religious values and global sustainable development objectives.

Second, the evidence consistently shows that productive zakat plays a significant role in improving household welfare outcomes, particularly when integrated with entrepreneurship support, training, and market access. Beneficiaries of productive zakat programs tend to experience improvements in income, business performance, and asset ownership. In several cases, these improvements contribute to gradual transitions from dependency on assistance toward financial independence. However, the magnitude and sustainability of these effects depend heavily on institutional design, governance quality, and the availability of complementary support systems. Without these supporting structures, the long-term impact of productive zakat may be constrained.

Third, institutional governance emerges as a critical determinant of zakat effectiveness. Strong Shariah governance, transparency mechanisms, and Maqāshid-based performance evaluation systems significantly enhance program outcomes. The integration of Islamic social reporting, digitalization of zakat management, and alignment with national poverty alleviation strategies and Sustainable Development Goals (SDGs) further strengthens the efficiency and accountability of zakat institutions. These governance mechanisms ensure that

zakat resources are allocated more effectively and that welfare outcomes can be systematically monitored and evaluated.

Fourth, the findings highlight that zakat contributes to multidimensional welfare improvements beyond income poverty reduction. These include enhanced educational access, improved food security, strengthened family resilience, and better spiritual well-being. Such outcomes reflect the integrated nature of Maqāshid Sharia, where material and non-material dimensions of welfare are interdependent. This reinforces the argument that Islamic social finance should be understood as a comprehensive development instrument rather than a narrow poverty relief mechanism.

The main theoretical contribution of this study lies in reinforcing the integration between Maqāshid Sharia and modern development theory. By synthesizing empirical findings across productive zakat, welfare outcomes, and governance systems, this study demonstrates that Maqāshid Sharia offers a robust framework for rethinking human development in a way that is both ethically grounded and empirically measurable. Practically, the findings suggest that policymakers and zakat institutions

should prioritize productive zakat models supported by strong governance, standardized measurement systems, and cross-sectoral integration with national development strategies.

Despite these contributions, several limitations remain. The effectiveness of productive zakat is highly context-dependent, varying across regions, institutional capacities, and program designs. Additionally, differences in measurement approaches, particularly in Maqāshid-based indices, may affect comparability across studies. Future research should therefore focus on developing standardized measurement frameworks, conducting longitudinal analyses to track long-term welfare transitions, and exploring cross-country comparative studies to better understand institutional diversity in zakat governance.

In conclusion, productive zakat, when aligned with Maqāshid Sharia principles and supported by strong institutional governance, represents a powerful instrument for achieving sustainable and multidimensional welfare improvements. Its integration into broader development and policy frameworks offers significant potential for advancing both Islamic social finance objectives and global sustainable development goals.

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