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Addressing Women's Economic Empowerment: An Analysis of Islamic Philanthropy Intervention Models and Their Effectiveness

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ABSTRACT

This study investigates the effectiveness of intervention models employed by Islamic philanthropic organizations in Indonesia to economically empower women. Using a qualitative approach that integrates case studies, expert interviews, focus group discussions, and document analysis, the research examines programs led by Rumah Zakat, LAZ Harapan Dhuafa, BAZNAS, and LAZISMU. Findings reveal that successful models are holistic, multidimensional, and phased, integrating Sharia-compliant financial aid (e.g., qardh al-hasan), capacity building, technical mentoring, spiritual reinforcement, and market access facilitation. Quantitative evidence, such as a 96% Women's Participation Index (IPP), a Gender Development Index (GDI) increase to 139.32, and a BAZNAS Welfare Index (BPI) score of 0.68, demonstrates significant impacts on poverty reduction, income growth, and enhanced female agency in household decision-making. However, challenges remain in scalability, dependency mindsets, and long-term impact measurement. The study concludes that Islamic philanthropy, with its integrated ethical and spiritual framework, offers a resilient and sustainable model for women's economic empowerment, contributing substantially to the Sustainable Development Goals (SDGs), particularly in poverty alleviation, gender equality, and inclusive economic growth. This study contributes a refined framework for understanding the effectiveness of Islamic philanthropy, emphasizing the synergistic role of spiritual capital, digital inclusion, and ecosystem collaboration in achieving transformative women's economic empowerment.

Keywords: Islamic Philanthropy, Zakat, Women's Economic Empowerment, Sharia Microfinance, Indonesia, Poverty Alleviation

ABSTRAK

Penelitian ini bertujuan untuk mengkaji efektivitas model intervensi yang diterapkan oleh organisasi filantropi Islam di Indonesia dalam memberdayakan ekonomi perempuan. Dengan menggunakan pendekatan kualitatif, studi ini mengintegrasikan metode studi kasus, wawancara dengan para ahli, Diskusi Kelompok Terfokus (FGD) dan analisis dokumen untuk mengevaluasi program-program dari empat organisasi terkemuka, Rumah Zakat, LAZ Harapan Dhuafa, BAZNAS, dan LAZISMU. Temuan penelitian menunjukkan bahwa model pemberdayaan yang paling berhasil bersifat holistik, multidimensi, dan bertahap. Model ini mengintegrasikan bantuan keuangan Syariah (misalnya, qardh al-hasan) dengan pengembangan kapasitas, pendampingan teknis, penguatan spiritual, serta fasilitasi akses pasar. Efektivitas pendekatan ini didukung oleh bukti kuantitatif yang signifikan termasuk Indeks Partisipasi Perempuan (IPP) sebesar 96%, peningkatan Indeks Pembangunan Gender (GDI) menjadi 139,32, dan skor Indeks Kesejahteraan (BPI) BAZNAS 0,68. Capaian ini berkorelasi dengan penurunan angka kemiskinan, peningkatan pendapatan, dan menguatnya agensi perempuan dalam pengambilan keputusan di tingkat rumah tangga. Meski demikian, penelitian ini juga mengidentifikasi sejumlah tantangan, seperti isu skalabilitas program, pola pikir ketergantungan penerima manfaat, dan kompleksitas dalam mengukur dampak jangka panjang. Sebagai kesimpulan, filantropi Islam, dengan kerangka etika dan spiritualnya yang terintegrasi, menawarkan model yang tangguh dan berkelanjutan untuk pemberdayaan ekonomi perempuan. Model ini secara substansial berkontribusi pada pencapaian kontribusi pada pencapaian Tujuan Pembangunan Berkelanjutan (SDGs), khususnya dalam bidang pengentasan kemiskinan, kesetaraan gender, dan pertumbuhan ekonomi yang inklusif. Studi ini memberikan kontribusi berupa kerangka kerja analitis untuk memahami efektivitas filantropi

Islam, dengan penekanan pada sinergi antara modal spiritual, inklusi digital, dan kolaborasi ekosistem dalam mendorong pemberdayaan ekonomi perempuan yang transformatif.

Kata Kunci: *Filantropi Islam, Zakat, Pemberdayaan Ekonomi Perempuan, Keuangan Mikro Syariah, Indonesia, Pengentasan Kemiskinan*

INTRODUCTION

Gender inequality in economic participation is still a deep-rooted structural challenge in Indonesia. Although women's contribution to the economy is often not paid very significantly (equivalent to 9% of global GDP according to UN Women), their formal labor force participation rate is only 53%, well below men's 82% (BPS, 2020). In addition, access to business credit also shows a real inequality: only 1.2% of households with female heads have access, while for households with male heads the figure reaches 2.78% (Ministry of Women's Empowerment and Child Protection, 2016). This condition has worsened due to the COVID-19 pandemic, which disproportionately impacts micro and small enterprises (MSEs) managed by women (Kevane et al., 2024)

In this challenging context, Islamic philanthropic institutions that manage zakat, infaq, alms, and waqf (ZISWAF) funds have emerged not only merely as social assistance distributors, but as innovators of sustainable empowerment programs. These institutions have transcended the consumptive paradigm of short-term charity toward towards a transformative and productive approach to empowerment. Their focus on women is strategic, recognizing that empowering women creates a ripple effect on family and community well-being. This strategic orientation is grounded in the fundamental principles of Islamic teachings; social justice (al-'adl), purification property and soul (tazkiyah), and shared social responsibility (takaful ijtimā'ī). Zakat as one of the pillars of Islam, functions not as voluntary charity but as an obligatory mechanism for systematic wealth distribution to overcome inequality (Shirazi & Azid, 2025). In contemporary practice, zakat is no longer only distributed for consumptive purposes to eight groups of recipients (*asnaf*), but is also used productively for activities that empower *mustahik* to become independent and even have the potential to change their status to *muzakki* in the future (Beik & Arsyianti, 2016)). This paradigm shift is in line with the goals of sharia (*maqāsid al-sharī'ah*), especially in the context of safeguarding property (*ḥifẓ al-māl*) and offspring (*ḥifẓ al-nasl*) through improving the economic welfare of the family. Recent studies further confirm that the utilization of productive zakat not only encourages independence, but also creates a multiplier effect in the local economy, as well as strengthens family resilience, especially those headed by women (Beik & Arsyianti, 2016). Recent empirical studies reinforce this claim by showing how productive zakat directly contributes to the reduction of family poverty through women's empowerment strategies (Nurasyiah et al., 2022) and acts as a catalyst for an inclusive economy (Saadah et al., 2024). Furthermore, *the framework of Maqāsid al-Sharī'ah* is used to analyze strategic solutions for women's empowerment, emphasizing the importance of maintaining religion (*ḥifẓ al-dīn*), reason (*ḥifẓ al-'aql*), and honor (*ḥifẓ al-'ird*) in addition to economic aspects (Widiastuti et al., 2025).

The empowerment framework developed by Naila Kabeer (1999) provides complementary lens, emphasizing three interconnected dimensions: resources (access to material and non-material assets), agency (*agency's* ability to set goals and act to achieve them), and achievement (*achievements* of tangible results). Women's economic empowerment occurs when they not only acquire resources, such as capital, but also experience expanded agency through decision making control enhanced self-confidence, ultimately yielding achievements like higher income, asset ownership, and improved social status. What distinguished Islamic philanthropy models in this context is the incorporation a fourth dimension: spiritual and ethical strengthening. This dimension provides intrinsic meaning differentiating these models from conventional microfinance approach that are often secular and instrumental. The integration of spiritual values such as *amānah* (trustworthiness), *ṣabr* (patience), and *tawādu'* (humility) into empowerment programs not only increases compliance but also strengthens psychological resilience and social cohesion among beneficiaries (Diaz, 2025). This spiritual dimension on manifests zakat-based '*conscious financing*' that enhances household-level livelihoods (Latif, 2022), and women's religious organizations such as Fatayat NU in interpreting zakat as a tool of empowerment (Qur'ani et al., 2024)

Innovation in Islamic social financial instruments is also the focus of the latest study. Micro Waqf Bank (MWB) represents hybrid model combining waqf principles, savings, and sharia

microfinance, effectively empowering women's micro businesses in Indonesia by providing access to finance and technical assistance, and protection from predatory lending (Soemitra et al., 2022); (Fauzi et al., n.d.). The micro waqf model is also seen as a sustainable and alternative tool for women's empowerment in Nigeria (Muhammad & Al-Shaghdari, 2025), as well as to increase the financial inclusion of women entrepreneurs in developing countries (Assayouti et al., 2024; (Bello, 2022). Globally, the effectiveness of this model is not limited to Muslim-majority countries such as Indonesia. Evidence from Nigeria (Assayouti et al., 2024) and Brunei Darussalam (Johari, 2023) suggests that Islamic philanthropy can be adapted to drive women's economies in a variety of cultural and regulatory contexts, with significant impacts on increasing *their agency and power*. Case studies from South Sulawesi further confirm the success of specific philanthropic models, such as the Dompot Dhuafa Philanthropy School, in fostering women's economic independence (Anwar & Syarifuddin, 2021)

Recent research increasingly highlighted Islamic philanthropy's growing role in sustainable development. Studies of the Zmart BAZNAS Program demonstrate significant poverty reduction through women-led micro-retail businesses (Swandaru et al., 2022). UNDP (2021) reports that zakat-funded programs in Indonesia have enhanced women's decision-making autonomy and digital literacy. The synthesis of Islamic philanthropic principles (Beik & Arsyianti, 2016)), empowerment theory (Kabeer, 1999), and social financial instruments innovation (Soemitra et al., 2022); (Widiastuti et al., 2025) yields a *coherent theoretical framework of change*. This framework conceptualizes women's economic empowerment as a transformative process initiated by specific Islamic philanthropy inputs; sharia capital (*qardh al-hasan*), technical and digital capacity training (Fauzia & Hidayati, 2023), and intensive mentoring supported by spiritual values as intrinsic drivers (Haji Johari et al., 2025); (Latif, 2022). The key mediating processes include value internalization, social capital strengthening within groups ((Putnam, 2000); Pereznieta & Taylor, 2014), and sustainable mentoring. This processes aim to generate direct outputs in the form of operational micro-enterprises and enhanced skills; Subsequently, these outputs are expected to produce medium-term outcomes; increased income and resources, expanded of women's *agencies* in decision-making (UNDP, 2021; Swandaru et al., 2022), and transformed financial behavior. The long-term impact encompasses sustainable economic independence, status transition from *mustahik* to *muzakki* (Beik & Arsyianti, 2016), strengthened family resilience, and contribution to poverty alleviation and gender equality achievements aligning with *Maqāṣid al-Sharī'ah* (Chapra, 2008; (Widiastuti et al., 2025) and SDGs (Kurniawati et al., 2025) and the Sustainable Development Goals (Kurniawati et al., 2025).

Despite the growing body of research examining zakat's role in poverty alleviation (Mohieldin et al., 2011); Swandaru et al., 2022) and women's empowerment generally (Duflo, 2012, Kabeer, 1999); Duflo, 2012), a critical synthesis of the landscape of women's economic empowerment programs by Islamic philanthropy in Indonesia reveals three real and interrelated academic gaps. *First*, fragmentation characterizes model analysis. The literature tends to be confined to single case studies or evaluations of specific programs (e.g., Zmart BAZNAS), without systematic attempts to compare and contrast the various operational models (such as community-group, retail-structured, or training-partnership) developed by different ZISWAF management organizations. Consequently, understanding of the strategy variations, contextual strengths, and trade-offs inherent in each model remains limited.

Second, although spiritual values are recognized as an integral part of Islamic philanthropy, the integration of the spiritual-behavioral dimension into the framework of economic empowerment analysis remains superficial. Most studies have failed to operationalize how the internalization of Islamic values functions not merely as ethical rhetoric but as a *social glue* and *intrinsic motivator* that strengthens business resilience, group cohesion, and identity transition from *mustahik* to *muzakki* (Haji Johari et al., 2025; Johari, 2023; Latif, 2022). Furthermore, the literature has scarcely addressed the convergence between spirituality and digital literacy as a form of modern adaptation in empowerment programs (Fauzia & Hidayati, 2023)

Third, the approach to impact measurement is often partial. Some studies focus on macro-economic indicators (income growth, poverty reduction), while others explore socio-psychological impacts (agency increase). However, research that comprehensively connect these points from sharia financial inputs, mentoring processes, to multidimensional outcomes encompassing economic, social, and digital dimensions within coherent analytical framework remains rare. Additionally, , impact

analysis considering the synergy between philanthropic interventions and state social safety net systems (such as Indonesia's PKH program) constituted an underexplored area.

This article aims to critically analyze the intervention models developed by Islamic philanthropic institutions in Indonesia for economically empowering women. The research questions guiding this inquiry are: What are the main characteristics and variations of Islamic philanthropic intervention models for women's economic empowerment? How effective are these models in creating measurable and sustainable economic, social, and psychological impacts? By synthesizing empirical evidence from diverse primary sources, this article seeks to provide a comprehensive and analytical review of Islamic philanthropy's unique contribution to the gender equality and poverty alleviation agenda.

This article addresses the identified gaps by presenting an innovative comparative-integrated analysis. The unique contributions of this research is threefold; (1) synthesizing and classifying the intervention models of several leading Indonesian Islamic philanthropic organizations into a clear typology, identifying the operational logic and contextual effectiveness of each; (2) analyzing in depth how spiritual and digital dimensions are practically woven into intervention models, and how this combination creates empowerment mechanism potentially superior to conventional approaches; and (3) connecting quantitative and qualitative impact evidence within a single coherent narrative, while situating the discussion within the framework of philanthropic-state sector synergy and SDG achievement. Thus, the article not only maps best practices but also proposes a more holistic analytical framework for understanding the effectiveness and sustainability of Islamic value-based women's economic empowerment.

METHODS

This study adopts a qualitative multiple-case study design to comparatively analyze women's economic empowerment models across four leading Indonesian Islamic philanthropic organizations: Rumah Zakat, LAZ Harfa, BAZNAS, and LAZISMU. This approach facilitates deep exploration of program designs, implementation processes, and change mechanisms. Data were collected through methodological triangulation from three sources: (1) organizational documents (program reports, presentations, guidelines); (2) secondary data (academic studies, evaluation reports; and (3) primary qualitative data from semi-structured interviews with program managers (December 2023) and one Focus Group Discussion with zakat practitioners (November 2023).

Data analysis followed reflexive thematic analysis through six phases: familiarization, initial coding, theme development, theme review, theme definition, and report production. To ensure reliability, we implemented intercoder agreement procedures and member checking with key informants. The study acknowledges three main limitations. First, as a qualitative multi-case study, findings prioritize analytical generalization over statistical generalization. Second, potential recall bias in interviews was mitigated through triangulation with documentary evidence. Third, while incorporating beneficiary testimonials, the data primarily reflects implementers' perspectives suggesting need for future participant-centered research. These limitations are balanced by methodological rigor in multi-source data collection and systematic analysis.

RESULT

Characteristics of Intervention Models: Holistic and Integrated Approaches

In contrast to fragmented aid programs, successful Islamic philanthropic models offer integrated intervention packages that reach the material, capacity, social, and spiritual aspects of beneficiaries. This approach not only provides financial access, but also builds technical capabilities, strengthens social networks, and instills the spiritual values that are the foundation of economic behavior.

Sharia Financial Assistance is the backbone of economic intervention, with the majority of programs using *qardh al-hasan* (interest-free charitable loans) instruments as revolving business capital. This choice is in line with sharia principles to avoid *riba* and emphasize the spirit of helping. The amount of assistance is adjusted to needs, such as at LAZ Harfa which provides IDR 1-2.2 million per member, or at BAZNAS Zmart which includes store renovation in its capital package.

However, capital alone is not enough. Comprehensive Capacity Building is the second pillar that is no less important. Mandatory training is provided before and during the program, covering

business management and household finance, technical skills in product development, and digital market literacy including the use of social media and e-commerce platforms for marketing. Recent research shows that increasing digital literacy for rural women entrepreneurs including the ability to manage digital transactions, online marketing, and the use of productive applications significantly expands market reach, increases operational efficiency, and in turn drives their income growth and self-confidence (Fauzia & Hidayati, 2023). The UNDP report (2021) confirms that this kind of technical assistance is crucial, especially during the pandemic, where 74.44% of beneficiaries started using mobile phones to power their businesses."

The success of the program depends heavily on the third pillar: Intensive Mentoring and Networking. Accompanying figures or Inspiration Volunteers act as driving forces in the field. They conduct regular visits, monitor progress, troubleshoot technical issues, and provide ongoing motivation. Their presence bridges the gap between the knowledge provided in training and the realities of the daily dynamics of micro-enterprises. The main differentiator is the integration of the Spiritual Approach as an Adhesive and a Driver. These programs deliberately internalize Islamic values such as honesty (*amanah*), business ethics (*fiqh muamalah*), and the spirit of brotherhood (*ukhuwah*). Innovations such as *Kencleng Keping Cinta* (KKC) from LAZ Harfa not only function as a charity piggy bank, but as a symbolic means to train the mentality of giving, gradually shifting the identity of participants from *mustahik* (recipient) to *munfik* (giver) and finally *muzakki*. These values create much stronger commitment, internal accountability, and group cohesion compared to programs that rely solely on material incentives.

Model Variation Based on Operational Strategy

Despite sharing the same holistic characteristics, the emphasis on operations between agencies shows an interesting variation, resulting in three main models: The Community-Group Model, run by LAZ Harfa and Rumah Zakat (FGD, 2023; Interview, 2023), is centered on the formation of women's groups as intervention units. The strength of this model lies in the social support and collective accountability that is built. Groups become a safe space to learn together, share experiences, and supervise each other. Revolving loan schemes managed independently by groups reinforce a sense of ownership and shared responsibility.

In contrast, the Retail-Structured Model implemented by BAZNAS through the Zmart Program, focuses on empowering micro-stalls with a standardized business approach. This model builds an integrated ecosystem consisting of *Zmart Point* (mustajik stalls) and *Zmart Distribution Center* (distributor cooperatives). This supply chain integration ensures competitive cost of goods and ease of procurement, while technology (record-keeping applications) is a key component for efficiency and transparency. Meanwhile, the Training-Partnership Model, which is a hallmark of LAZISMU, emphasizes strict and selective stages. The program begins with intensive skills training (such as ecoprint or cosmetology). Capital assistance and new production tools are provided to participants who have demonstrated commitment and basic competencies. The role of the institution then develops into a partnership facilitator, by actively bridging mature groups to collaborate with business partners (SOEs/private) to expand market access, before finally releasing them to be independent.

In addition, a case study from LAZISMU illustrates another effective variation, namely the Ecosystem Collaboration Model. This model makes optimal use of internal synergies within the network of religious organizations. As seen in its three flagship programs, the development of Mocaf in Gunungkidul, the Sragen Business School (SBS), and the Independent Livestock "Suket Ijo" in Batang LAZISMU plays the role of a *funder* that distributes ZIS funds, while autonomous assemblies (such as the Community Empowerment Council) or autonomous organizations (such as Nasyiatul 'Aisyiyah) act as *facilitators* and *technical* companions in the community. The strength of this model lies in the use of social capital that is already rooted in women's groups (such as Farmer Women's Groups or religious groups) and a clear division of roles in the empowerment ecosystem, which ensures the sustainability of the program beyond just providing capital (LAZISMU, 2024).

Effectiveness and Impact

Evidence gathered from various programs shows significant positive impacts occurring at various levels, both economically and socially.

At the level of macroeconomic and microeconomic impact, the results are quite real. An evaluation of the Zmart BAZNAS Program, for example, shows a substantial decrease in the poverty rate. There was a reduction of 38% in the Headcount Index (proportion of poor population) based on the national poverty line, and 26% based on the standard of *limit kifayah* which is more in line with the context of Islamic decent living needs. More than that, this program has succeeded in cutting the time needed for a mustahik to get out of poverty by almost half from 8.44 years to only 4.12 years (Swandaru et al., 2022). At the micro business level, rapid development can be seen from asset growth and turnover. Qualitative data and testimonials from LAZ Harfa beneficiaries show that initial capital ranging from IDR 500,000 to 1 million rupiah can develop into a business with a monthly turnover of tens of millions, equipped with better production equipment and even a separate production kitchen (Interview Transcript, 2023). Multiple impacts are also seen in job creation; A UNDP study (2021) found that 11.12% of beneficiary businesses were able to recruit additional workers after the intervention, which means the program not only empowers business owners but also creates a ripple effect for the local economy.

However, the most substantial and transformative impact actually occurs in the realm of social empowerment and the improvement of *women's agency*. The most striking finding came from the measurement of the Women's Participation Index (IPP) conducted by UNDP and Rumah Zakat. As many as 96% of the 180 female respondents had high IPPs, indicating a dominant or equivalent role in important household decision-making such as healthcare, purchasing large goods, and income management (UNDP, 2021). Gender equality in program achievement was also evident through the dramatic jump in the Gender Development Index (GDI) in the Zmart program, from 75.97 before the intervention to 139.32 afterward. This number above 100 shows that human development achievements include education, health, and women's living standards in the program even surpass men's achievements, a strong evidence that this intervention is truly liberating (Swandaru et al., 2022). This transformation is also psychological and social. In-depth interviews reveal increased confidence, courage to speak out in public spaces, as well as greater recognition from husbands and the surrounding community. The formation of strong social capital in these women's groups creates a valuable support system, while special programs such as "Ibu Tangguh".

Data from the LAZISMU program corroborates these findings. In the Mocaf Program in Gunungkidul, the average family income increased by Rp 1,044,444 per month, while at the Sragen Business School, the participant's income increased from Rp 1.95 million to Rp 2.8 million per month, exceeding the Regency Minimum Wage. More transformatively, 98% of SBS participants managed to "move up" from *mustahik status*. The "Suket Ijo" program in Batang not only increases income but also encourages the innovation of derivative products (organic fertilizers) and increases the awareness of zakat in 31% of its members (LAZISMU, 2024). These findings are in line with the jump in the Gender Development Index (GDI) in the Zmart BAZNAS program

Behavioral and Spiritual Changes:

On a behavioral and spiritual level, these empowerment programs also spawn significant transformations, which are no less important than increased income. One of the most fundamental changes is reflected in the strengthening of financial discipline. Through the simple financial record-keeping training provided in the program, the female participants began to adopt the habit of recording income and expenses, a practice that was previously often overlooked. The mandatory deposit mechanism in the group and the saving culture that is cultivated through instruments such as *Kencleng Keping Cinta* (KKC) gradually forms a healthier and more planned money management behavior. This change is a crucial foundation for business stability and family welfare.

Another liberating transformation is an effort to achieve independence from the snares of loan sharks. Special programs such as *the Loan Shark Free Village* (KBR) initiated by LAZ Harfa show a deep awareness to break the chain of usury practices that often afflict economically weak communities. The program not only provides a fairer alternative to sharia financing, but also accompanies education about the dangers of high-interest debt and the importance of managing financing responsibly. Thus, financial independence is built not only about having access to capital, but also about freedom from exploitation and economic practices that are contrary to their religious values.

On a more sublime level, there is also a growth of deep-rooted awareness of sharing. Instruments such as the KKC do not function solely as a social fundraising tool; It acts as a training

medium to foster a *giving mentality*. This habit of setting aside a small part of income on a regular basis for the common good or others who are more in need trains the participants to see themselves no longer just as recipients (*mustahik*), but as parties who are able to contribute. This mindset is an essential psychological and spiritual foundation in the process of long-term transition to *muzakki* status, namely from the empowered to the empowered, perfecting the cycle of blessings in the Islamic philanthropic ecosystem.

Challenges and Critical Reflections

Behind a number of positive achievements that have been identified, this model of empowerment based on Islamic philanthropy is not immune to a complex set of internal and external challenges. The *first* and most fundamental challenge is the effort to change the dependency mentality into an entrepreneurial mindset. Many beneficiaries have long been accustomed to the paradigm of social assistance (*charity*) that is consumptive and passive. Turning them into independent business actors who are responsible for their loans and business continuity are significant psychological and cultural barriers in the early stages of the program.

The *second* challenge arises from the realm of family dynamics and resistance. Women's involvement in programs, especially those that demand mobility outside the home or potentially generate more income than husbands, in some cases, triggering discomfort and even rejection from spouses or other family members. This shows that women's economic empowerment cannot be separated from the context of gender relations at the household level. Therefore, involving the family, especially the husband, in the empowerment process is a must even though it is often complex and requires a sensitive approach. From the operational side, the intensive mentoring model that is the strength of the program actually poses the challenge of high cost and scalability. An approach that relies on routine and personal assistance requires human resources, both companions and volunteers, who are not only large, but also trained, dedicated, and understand the local context. This limited resource hinders the institution's ability to replicate programs massively without sacrificing the quality and intensity of mentoring that is the key to success.

An equally important external challenge is the gap in expectations with donors and partners. Funding sources from Corporate Social Responsibility (CSR) programs, for example, often prioritize programs that are "photogenic", have an instant impact, and are easy to report quantitatively. Meanwhile, the empowerment process is essentially a long-term journey with transformative results and is not always visible in a short period of time. This paradigm difference can create pressure for philanthropic institutions to prioritize visibility over depth of impact. Lastly, although there has been progress with the development of measurement indices such as the BAZNAS Welfare Index (BPI) and the Women's Participation Index (IPP), most institutions are still grappling with an ever-evolving impact measurement system. The synthesis of the LAZISMU program also underscores the temporal challenges: the transformation from *mustahik* to *muzakki* requires an intensive mentoring process and long-term commitment, with programs such as SBS requiring an average of 2 years to show transformative results (LAZISMU, 2024). This underscores the tension between donors' expectations of instant impact and the reality of the empowerment process which is gradual and sustainable. Many organizations face difficulties in designing and implementing rigorous and sustainable long-term impact evaluation systems, such as *Social Return on Investment* (SROI) analysis. These limitations make it difficult for them to convincingly prove the value of social investment to stakeholders, as well as to conduct evidence-based learning and improvement of programs.

Why Does This Model Work? A Contextual Analysis

The findings of the study reveal that the effectiveness of the Islamic philanthropic model is not accidental, but rather built on a unique institutional configuration that strategically addresses the fundamental weaknesses of conventional aid programs and secular microfinance. This discussion dismantles the internal logic of the model and places it in dialogue with the discourse of empowerment theory and inclusive development. *First*, spirituality serves as a deep and ongoing source of intrinsic motivation. By integrating Islamic values such as *amanah* (trustworthiness), *ukhuwah* (brotherhood), and the understanding that work is part of worship, these programs provide a contextual framework of meaning. For many female beneficiaries, economic business is no longer just a matter of meeting the needs of life, but rather a form of family service and social responsibility in the community. Motivation

derived from these transcendental values tends to be more durable than material incentives alone, because they touch on the individual's fundamental identity and beliefs (Bentham, 1999); Deci & Ryan, 2000) This is in line with the findings of Johari et al. (2025) in Brunei, where the strengthening of spirituality and religious understanding in Islamic social finance programs directly contributes to increasing *women's power* and *agency* in business. The concept of '*conscious financing*' carried out by Latif (2022) also emphasizes that the internalization of Islamic values in zakat management creates more responsible and blessing-oriented economic behavior at the household level. A study in Malaysia confirmed that zakat program participants who received spiritual assistance showed a higher level of commitment and business resilience (Ali et al., 2024).

Second, this model intelligently utilizes social capital in lieu of physical collateral. In group-based schemes such as those implemented by LAZ Harfa and Rumah Zakat, trust, reputation, and collective bonds between group members serve as "social collateral" that guarantees loan repayment. This mechanism is very much in line with the reality of societies where access to formal collateral (such as land certificates) is limited. The success of loan repayment is not only based on financial ability, but also on positive social pressure and the desire to maintain dignity in the community. This concept is in line with Putnam's (2000) *theory of social capital*, which states that networks, norms, and beliefs within a community can facilitate collective action and reduce risk. In the Indonesian context, strong social capital has long been the backbone of the people's economic system.

Third, continuous mentoring acts as a bridge between knowledge and practice. The presence of an intensive mentor or companion prevents the program from stopping at the stage of disbursing funds. These companions act as "translators" who help participants apply training materials into the context of real business, solve daily technical problems, and provide psychological support. They are a vital link between philanthropic institutions and the reality of micro-business dynamics. Research by Kaber (1999) and Pereznieta & Taylor (2014) emphasizes that women's *agency* can only thrive in an environment that supports and provides space for *learning by doing*. It is this intensive mentoring that provides the environment, ensuring that capacity building is not only cognitive but also applicable and sustainable. The effectiveness of this assistance is increasingly evident in the context of specific programs such as Micro Waqf Bank, where technical and administrative assistance are key components for the success of women's micro enterprises and the sustainability of the institution (Soemitra et al., 2022).

Fourth, the integration of digital literacy as a response to modern economic transformation. Successful models of Islamic philanthropy are not only rooted in traditional values, but are also responsive to contemporary challenges and opportunities. Integrating digital literacy training into empowerment programs is an important form of adaptation, bridging the gap between rural women's micro-enterprises and the growing digital economy. A study by Fauzia & Hidayati (2023) shows that structured interventions to improve the digital competence of rural women entrepreneurs can overcome psychological and technical barriers, empowering them to leverage e-commerce and social media platforms to expand markets and optimize business operations. In the context of Islamic philanthropy, this digital assistance is often packaged with the value of *amar ma'ruf nahi munkar* inviting benefits (in this case, technological benefits) and preventing harm (such as being left behind or marginalized in the digital economy). Thus, digital capabilities are part of the expansion of women's *agencies*, allowing them to become not only local producers, but also economically connected actors nationally and even globally. This is in line with the shari'a's goal of safeguarding property (*hifz al-māl*) in ways that are innovative and relevant to the times.

Fifth, a productive synergy was found between Islamic philanthropy and the state's social protection system. A UNDP report (2021) identified that many beneficiaries of zakat-based empowerment programs are also recipients of the Family Hope Program (PKH), conditional cash social assistance from the government. In this dynamic, Islamic philanthropy plays a role as a *productive complement* (UNDP, 2021). While PKH serves as a social safety net that ensures basic consumption and prevents families from falling deeper, zakat empowerment programs provide an injection of capital, skills, and mentoring to help these families "jump" from mere survival to economic independence. This synergy shows the potential for more structured strategic collaboration between the philanthropic sector and the state, a form of *welfare mix* that can strengthen the effectiveness of poverty alleviation policies (Salamon, L. M., 1995). Governments can focus on basic social assistance, while philanthropic organizations, with their more flexible and personalized networks and approaches, can concentrate on

empowerment and productivity improvement. Success is also supported by an effective ecosystem collaboration model, as demonstrated by LAZISMU. The strategic synergy between philanthropic institutions (as fund providers), assemblies or autonomous organizations (as community facilitators), and technical experts (as *capacity* builders) creates a comprehensive supporting infrastructure. This model allows for interventions that not only provide capital, but also sustainable mentoring, access to networks, and the strengthening of existing community values, thereby increasing the relevance and sustainability of the program (Agustira et al, 2024).

Sixth, the discussion on women's economic empowerment is incomplete without highlighting gender dynamics within Islamic philanthropic institutions themselves. Research by Nugroho & Alves (2024) reveals the role and influence of women's leadership in philanthropic institutions and religious movements. The presence of women in decision-making positions can ensure that programs are designed with higher gender sensitivity, understand the specific barriers women face, and drive a more inclusive transformation of organizational culture. In addition, women's participation as donors and managers of zakat funds has also increased, creating a more comprehensive empowerment cycle (Syukur et al., 2025). Thus, external empowerment (to *mustahik*) needs to be supported by internal empowerment in the governance of philanthropic institutions, creating a truly equitable and transformative ecosystem

CONCLUSION

This research produces strategic recommendations to improve the effectiveness and sustainability of women's economic empowerment programs by Islamic philanthropy. For Islamic Philanthropic Institutions, priorities include: (1) continuous investment in companion capacities (training, incentives, psychological support), including their capacity to provide applicable digital literacy assistance; (2) innovation in impact measurement with simple but robust tools (such as the adaptation of the Women's Participation Index/IPP) and transformative narrative communication to donors; and (3) building strategic collaborations with state-owned enterprises, the private sector, Islamic fintech, and e-commerce platforms to open market access and *scale-up* funding for mature business groups. Collaboration with digital service providers and specialized technical training can increase the effectiveness of digital literacy modules in programs, as shown in an intervention study of rural women entrepreneurs.

For the Government and Regulators, the recommendations include: (1) building an integrated data platform between BAZNAS/LAZ and the Integrated Social Welfare Data (DTKS) to minimize duplication and increase program synergy; (2) improving regulations (such as Law No. 23/2011) with technical guidelines to encourage the utilization of productive zakat and partnerships with Islamic finance; and (3) providing formal recognition and facilitation to zakat institution volunteers by integrating them into the community empowerment ecosystem. Synergistic collaboration between Islamic philanthropy and the government will strengthen women's economic resilience, accelerate poverty alleviation, and support inclusive growth

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