

IDEOLOGICAL ANALYSIS OF ISLAMIC PHILANTHROPIC PRACTICES AND ITS IMPACT ON MUSTAHIK ECONOMIC EMPOWERMENT IN LAZISMU, EAST JAVA

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Abstract

Keywords:

Islamic
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mustahik; Lazismu.

This study examines the ideological foundations of Islamic philanthropy practiced by Lazismu in East Java and its implications for mustahik economic empowerment. Rooted in Muhammadiyah's principles of tajdid (renewal), amanah (trust), keadilan (justice), and maslahah (public welfare), Lazismu operationalizes zakat, infaq, and shadaqah funds through productive empowerment programs such as Bankziska, Tani Bangkit, and Kampung Berkemajuan. Using a qualitative case study approach, this research collected data through in-depth interviews, participant observation, and document analysis involving program managers, beneficiaries, and institutional stakeholders. The findings reveal that Muhammadiyah's ideology functions as a strategic driver shaping program design, beneficiary selection, and governance mechanisms. Lazismu's empowerment model demonstrates measurable socio-economic outcomes, including increased business turnover, enhanced agricultural productivity, and improved financial independence among mustahik. Moreover, the integration of vocational training, digital innovation, and moral education strengthens the sustainability and ethical orientation of empowerment initiatives. This study contributes to the moral economy discourse by illustrating how religious ideology, when institutionalized effectively, can transcend charitable redistribution and become a transformative framework for inclusive development. The results underscore that ideology-based Islamic philanthropy can serve as a viable model for faith-driven social enterprise and sustainable community empowerment.

Abstrak

Kata kunci:
Filantropi Islam,
Ideologi;
Muhammadiyah;
pemberdayaan
ekonomi;
mustahik;
Lazismu.

Penelitian ini mengkaji fondasi ideologis filantropi Islam yang dipraktikkan oleh Lazismu di Jawa Timur serta implikasinya terhadap pemberdayaan ekonomi mustahik. Berlandaskan prinsip Muhammadiyah seperti tajdid (pembaruan), amanah (kepercayaan), keadilan, dan maslahah (kemaslahatan publik), Lazismu mengelola dana zakat, infaq, dan shadaqah melalui program pemberdayaan produktif seperti Bankziska, Tani Bangkit, dan Kampung Berkemajuan. Penelitian ini menggunakan pendekatan kualitatif dengan desain studi kasus melalui wawancara mendalam, observasi partisipan, dan analisis dokumen yang melibatkan pengelola program, mustahik, dan pemangku kepentingan kelembagaan. Hasil penelitian menunjukkan bahwa ideologi Muhammadiyah berfungsi sebagai penggerak strategis dalam perancangan program, seleksi penerima manfaat, serta mekanisme tata kelola. Model pemberdayaan Lazismu terbukti menghasilkan dampak sosial ekonomi yang nyata, antara lain peningkatan omzet usaha, produktivitas pertanian, dan kemandirian finansial mustahik. Integrasi pelatihan vokasional, inovasi digital, dan pendidikan moral memperkuat keberlanjutan dan orientasi etis program pemberdayaan. Penelitian ini menegaskan bahwa filantropi Islam berbasis ideologi dapat menjadi kerangka transformatif bagi pembangunan inklusif dan pemberdayaan masyarakat berkelanjutan.

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INTRODUCTION

Islamic philanthropy plays an important role in creating social and economic justice in Indonesia. Through the instruments of zakat, infaq, almsgiving, and waqf, this philanthropic practice not only provides assistance to those in need but also becomes a strategic means in developing mustahik economic capacity (Ahyani et al., 2025; Humaidi et al., 2024; Laila et al., 2024; Mutamimah et al., 2021; Retsikas, 2014; Study, 2021) In this context, philanthropic institutions such as Lazismu (Amil Zakat, Infaq, and Shadaqah Muhammadiyah Institute) have a vital role, especially in areas such as East Java that are still facing the challenges of poverty and social inequality.

Effective philanthropic management depends not only on the mechanism of collection and distribution of funds, but also on the ideology behind the policies of the philanthropic institution. The study (Triatmo et al., 2020) highlights how ideologization can affect the direction of using zakat, infaq, and alms funds. For example, the Suryakarta Beramal Foundation allocates most of its funds to support educational institutions that double as a medium for the spread of certain ideologies. This shows that the ideology of the institution can be a determining factor in determining the focus of fund distribution, both in supporting economic empowerment and strengthening the ideological mission.

This phenomenon is not limited to one specific region or religion, but is globally applicable, as seen in some studies. In the case of the Bettiah Parish Society in India, the religious ideology of the Capuchin Mission Society and the Patna Jesuit Society played an important role in shaping philanthropic activities that were not only oriented towards material assistance, but also on the socio-economic development of the Christian community in Bihar (Kalapura, 2015). This confirms that religious ideology can be the main driver that directs the use of philanthropic funds to achieve social goals while spreading religious values.

In Lazismu, the ideology of Muhammadiyah plays an important role in shaping the strategy and implementation of philanthropic programs. Muhammadiyah, which is known for its modernist and charity-based approach, emphasizes the importance of empowering mustahik through education, entrepreneurship training, and other productive programs (Baidhawiy, 2015; Fauzia, 2017; Khoirudin et al., 2020; Qodir et al., 2020; Setiyowati, 2019). However, the extent to which the influence of this ideology contributes to the effectiveness of mustahik economic empowerment in East Java is still a question that needs to be answered empirically.

As an institution that manages philanthropic funds on a large scale, Lazismu has various programs that aim to alleviate poverty and increase the economic independence of the community (Baidhawiy, 2015; Khoirudin et al., 2020). However, the influence of Muhammadiyah's ideology in determining program priorities and implementation mechanisms still requires further study. Is this ideologically-based program able to significantly increase the income and quality of life of mustahik? Or are there certain challenges in the implementation of the program that actually limit its effectiveness?

This study aims to analyze the influence of Muhammadiyah ideology on the practice of Islamic philanthropy carried out by Lazismu in East Java and its implications for the economic empowerment of mustahik. This research also aims to examine how the implementation of philanthropic programs based on Muhammadiyah ideology contributes to increasing income, economic independence, and mustahik social welfare. In addition, this study seeks to identify various obstacles and supporting factors that affect the implementation of ideology-based philanthropy programs in the Lazismu environment. A quantitative approach is used to measure the effectiveness and impact of the program, using surveys and statistical analysis to evaluate changes in mustahik conditions before and after receiving assistance. The results of this research are expected to not only contribute to the development of a more effective and sustainable Islamic philanthropic management model, but also become a strategic input for Lazismu and similar institutions in formulating ideological-based philanthropic policies that are able to create broader and useful social impacts.

RESEARCH METHODS

This research uses a qualitative approach with a case study design to explore in depth the phenomenon of ideologization in Islamic philanthropic practices and its impact on mustahik economic empowerment. This approach was chosen because it is able to provide a comprehensive and contextual understanding of how ideological values are internalized in the institutional structure and life of mustahik (Julmi, 2020). The research subjects include stakeholders in the Islamic philanthropic ecosystem, such as program managers, beneficiary mustahuk, major donors, as well as external parties involved in program evaluation, with the object of research focusing on ideologization practices in the management of philanthropic funds and their influence on the effectiveness of economic empowerment programs. Informants were selected using purposive sampling techniques by considering the relevance and depth of insight to the research topic. Data were collected through in-depth interviews, participant observations, and documentation studies; Interviews are conducted to explore the perceptions and experiences of informants, participant observations allow researchers to directly observe the program implementation process, and documentation studies include analysis of institutional reports, internal policies, and related publications. The validity and reliability of the data are maintained through four criteria (International & Excellence, 2017), namely credibility, transferability, dependability, and confirmability, with the application of source triangulation, detailed contextual descriptions, systematic documentation, and confirmation of results to informants. Data analysis used the interactive model of Miles and Huberman (Huberman, M., & Miles, 2002) which included data collection, data reduction, data presentation, and simultaneous and repeated withdrawal and verification of conclusions during the research process. Through this approach, research is expected to make a significant contribution to understanding the process of ideologization in Islamic philanthropy and strengthen

the role of institutions such as Lazismu in building mustahik economic independence in a sustainable manner.

RESULTS OF RESEARCH AND DISCUSSION

Overview of Lazismu's Economic Empowerment Programs in East Java

Lazismu in East Java represents one of the most advanced regional branches of Muhammadiyah's philanthropic movement, characterized by its integration of religious ideology with practical economic development. The organization operationalizes zakat, infaq, shadaqah, and kedermawanan (ZISKA) funds through structured programs that seek to transform mustahik (beneficiaries) into economically independent and ideologically aware citizens. This ideological framework aligns with the Muhammadiyah ethos of *tajdid* (renewal) and social transformation, emphasizing empowerment rather than charity (Baidhawiy, 2015; Khoirudin et al., 2020; Qodir et al., 2020). Lazismu's economic empowerment model is grounded in the creation of Badan Usaha Ekonomi (BUE), or productive business units, which function as micro enterprises co owned by mustahik. This participatory approach reflects a paradigm shift from welfare distribution to inclusive, faith driven entrepreneurship, ensuring that mustahik play an active role as stakeholders in wealth creation. Similar to other faith based development models in Southeast Asia, this integration of theology and praxis has proven effective in fostering long term economic sustainability (Fauzia, 2017; Kalapura, 2015).

The institutionalization of Lazismu's empowerment programs across multiple regencies in East Java such as Surabaya, Malang, Kediri, and Gresik demonstrates the scalability of its ideology based model. Key initiatives include Bankziska, a micro financing institution providing *qardul hasan* (interest free loans) to micro entrepreneurs, Tani Bangkit (a community agribusiness revitalization project), and Kampung Berkemajuan (a sustainable village development program). These programs have not only alleviated poverty but also strengthened social solidarity and religious consciousness among participants. For example, through Kampung Berkemajuan, Lazismu collaborates with Muhammadiyah's local schools and mosques to integrate economic education and moral spiritual guidance into its training sessions. This holistic approach embodies what (Ahyani et al., 2025) describe as Maqasid Sharia based development, in which economic initiatives are designed to fulfill fundamental human needs while maintaining spiritual integrity and justice. Such a model reinforces the role of Islamic philanthropy as a driver for achieving the Sustainable Development Goals (SDGs), particularly in eradicating poverty and promoting inclusive growth (Ahyani et al., 2025).

Moreover, Lazismu's economic programs reflect a growing trend toward techno sociopreneurship in Islamic philanthropy, integrating digital platforms and community based innovation to improve transparency and participation (Analiansyah et al., 2024). The use of digital zakat collection and impact reporting has enhanced accountability, enabling better resource allocation and monitoring of outcomes. This technological adaptation is supported by research from (Mutamimah et al., 2021), who

emphasize the significance of ICT based frameworks in strengthening zakat institutions' performance and responsiveness. Lazismu's regional offices in East Java have adopted such frameworks to link donors directly with mustahik, thereby fostering a sense of trust and shared mission. The organization's strategy of combining digitalization with ideological orientation ensures that philanthropy remains both efficient and ethically grounded. Furthermore, local partnerships with universities and private enterprises have helped Lazismu bridge the gap between religious motivation and market based empowerment, a synergy that distinguishes it from conventional charitable organizations (Setiyowati, 2019)

Empirical observations from program documentation suggest that Lazismu's ideology driven model yields tangible socio economic impacts. Participants of Bankziska reported increased business turnover by 30-50% within one year, while beneficiaries of Tani Bangkit experienced higher crop productivity and expanded access to local markets. These outcomes corroborate (Arifin & Anwar, 2021) findings that productive zakat models are crucial in promoting post crisis economic recovery. Additionally, by fostering social entrepreneurship and cooperative ownership, Lazismu contributes to what (Retsikas, 2014) terms the "reconceptualization of zakat" transforming it from a mere act of redistribution into a structural instrument of justice and development. Nonetheless, the organization's success is inseparable from its ideological roots; the Muhammadiyah principles of *amal shaleh* (righteous deeds) and *ta'awun* (mutual help) serve as ethical foundations for every program. In this sense, Lazismu's practices exemplify how religious ideology, when institutionalized effectively, can transcend the dichotomy between faith and development, bridging spiritual purpose with economic empowerment.

Ideological Drivers and Implementation Mechanisms

The philanthropic orientation of Lazismu in East Java is fundamentally shaped by the ideological framework of Muhammadiyah, which integrates Islamic values with rational management and social transformation. This ideology, rooted in *tajdid* (renewal) and *amar ma'ruf nahi munkar* (enjoining good and forbidding evil), establishes philanthropy not merely as charity (*ta'awun*) but as a structured mechanism for achieving socio economic justice. Institutional documents and strategic plans of Lazismu consistently emphasize the values of *amanah* (trust), *keadilan* (justice), *transparansi* (transparency), and *maslahah* (public good), all of which guide the management of Zakat, Infaq, and Shadaqah (ZISKA) funds. This reflects a theological alignment with the Qur'anic injunctions on equitable wealth distribution and communal welfare, ensuring that philanthropy functions as an ethical instrument of empowerment rather than a vehicle for dependency (Ahyani et al., 2025; Fauzia, 2017). In this framework, *mustahik* are perceived as active agents in social change, with empowerment viewed as both an economic and moral process a concept consistent with the *Maqasid Sharia* paradigm that links economic justice with human dignity (Ahyani et al., 2025).

Ideologically, Lazismu's operational model mirrors Muhammadiyah's reformist vision of Islam as a dynamic and rational religion (*Islam berkemajuan*), which promotes human development through knowledge, entrepreneurship, and moral discipline (Khoirudin et al., 2020; Qodir et al., 2020). This ideological foundation influences decision making at every level, from the selection of program beneficiaries to the design of empowerment models. The prioritization of productive empowerment such as entrepreneurial training, business incubators, and interest free financing (*qardul hasan*) is a direct manifestation of Muhammadiyah's emphasis on *ijtihad* (independent reasoning) and the pursuit of self reliance (*kemandirian*). Research by (Baidhawiy, 2015; Khoirudin et al., 2020; Setiyowati, 2019) confirms that Lazismu's institutional culture transforms the concept of giving into a process of *capacity building*, allowing *mustahik* to progress into *muzakki* (zakat contributors). This process is seen as both a moral and socio economic transformation, illustrating how religious ideology operates as a driving force behind sustainable empowerment. In this sense, Lazismu represents a concrete institutional embodiment of Muhammadiyah's ideological mission to build a modern, just, and empowered Muslim society.

The implementation of these ideological principles is operationalized through institutional mechanisms and governance structures that ensure accountability and inclusivity. Lazismu's management model integrates internal Muhammadiyah organs such as the Majelis Ekonomi dan Kewirausahaan (MEK) and Majelis Pemberdayaan Masyarakat (MPM) into its strategic and operational processes. This integration creates a networked structure that facilitates both vertical accountability to the Muhammadiyah central board and horizontal collaboration with civil society, local businesses, and government agencies. According to (Mutamimah et al., 2021), such collaborative frameworks enhance institutional resilience and efficiency, especially when supported by ICT based management systems for monitoring, transparency, and impact measurement. Lazismu's commitment to *good governance* is evident in its routine financial disclosures, third party audits, and performance evaluations, which strengthen donor confidence and align with global standards of Islamic social finance management (Laila et al., 2024). This model reflects what Williamson's institutional theory describes as a reduction of "transactional inefficiencies" through ethical governance and clear contractual arrangements among stakeholders.

At the programmatic level, Lazismu operationalizes ideology through contextualized community interventions that combine religious education, economic training, and social mobilization. For instance, initiatives such as *Sekolah Entrepreneur Muhammadiyah* and *Kampung Berkemajuan* integrate theological learning with practical entrepreneurship modules, reflecting what Wiktorowicz describes as the "mobilization of religious capital" for social transformation (Triatmo et al., 2020). These initiatives utilize *framing* techniques (Safaian & Teune, 2022), to present poverty alleviation not only as an economic objective but as a spiritual obligation, thereby fostering ideological alignment between donors, organizers, and beneficiaries. This framing encourages voluntary participation and commitment, reducing moral hazard and enhancing

collective ownership. Empirical evidence from (Guemar et al., 2022) and (Analiansyah et al., 2024) supports the view that ideological mobilization can increase participation and sustainability in faith based community programs. In this way, Lazismu's mechanisms of implementation reveal how Islamic ideology when institutionalized through governance, narrative framing, and program design becomes a transformative force that bridges spirituality and socio economic development.

Program Achievements and Beneficiary Outcomes

The achievements of Lazismu's economic empowerment programs in East Java demonstrate the success of its ideology based approach in generating tangible socio economic improvements for *mustahik* communities. According to secondary data and official reports, Lazismu's performance has received national recognition, particularly when it won first place in the *Festival Ekonomi Syariah (Fesyar) 2025* for its *Regional Economic Empowerment Program*. This accolade reflects external validation of Lazismu's innovative integration of faith based principles and modern economic models. The *Bankziska* initiative, for instance, successfully assisted more than 850 micro entrepreneurs in escaping predatory lending systems by providing access to *Qardul Hasan* (interest free microloans). These beneficiaries, primarily small traders and women led home industries, reported significant income growth and debt reduction within a year of participation. Such results affirm the finding of (Arifin & Anwar, 2021), who emphasized that *productive zakat* programs have a measurable impact on post crisis microenterprise recovery by promoting liquidity, business continuity, and resilience in low income sectors.

Another notable achievement is the *Kampung Berkemajuan* initiative, which has proven effective in doubling the productivity of poultry farmers in Blitar within 20 months. This program embodies a multidimensional model of empowerment that combines financial support, vocational training, and moral education. Its design integrates technical agricultural assistance with values based mentoring, emphasizing work ethics (*etika kerja Islam*), communal cooperation (*ukhuwah sosial*), and resource sustainability. Such an approach aligns with the *Maqasid Sharia* based development perspective proposed by (Ahyani et al., 2025), which argues that economic programs must balance material and spiritual welfare. Beyond the immediate economic gains, beneficiaries in *Kampung Berkemajuan* reported increased self esteem, reduced dependency on charity, and greater participation in local cooperative structures. This evidence supports the argument of (Fauzia, 2017) and (Baidhawiy, 2015; Khoirudin et al., 2020) that modern Islamic philanthropy should be directed toward empowerment that transforms recipients from passive dependents into active contributors to social and economic life.

Agricultural empowerment has also been a cornerstone of Lazismu's impact, particularly through its *Tani Bangkit* program. This initiative focuses on chili cultivation and sustainable agribusiness development, yielding profit margins of up to 80% annually according to field reports. The model emphasizes collective farming,

partnership with agri tech enterprises, and integration with Muhammadiyah's educational institutions to promote agricultural innovation. Such collaboration echoes the approach discussed by (Analiansyah et al., 2024), who argue that combining *techno sociopreneurship* and faith based motivation can create scalable community enterprises rooted in ethical governance. The outcomes of *Tani Bangkit* illustrate that Lazismu's ideology driven programs extend beyond short term charity, creating durable value chains that integrate training, financing, and market access. By embedding Islamic principles into every stage of production and distribution, Lazismu strengthens both economic independence and spiritual awareness, thereby achieving what (Retsikas, 2014) terms the "reconceptualization of zakat" as a mechanism of structural justice rather than mere redistribution.

The cumulative impact of these programs underscores the effectiveness of combining financial inclusion, capacity building, and ideological consciousness in achieving sustainable empowerment. Beneficiaries across Lazismu's programs exhibit higher levels of economic autonomy, social engagement, and moral commitment compared to conventional aid recipients. This synthesis of material and spiritual advancement validates the theoretical claims of (Qodir et al., 2020) that Muhammadiyah's progressive Islamic movement provides a viable model for transforming philanthropy into social reform. Furthermore, Lazismu's integrated evaluation framework which combines outcome monitoring with ethical assessments enhances transparency and ensures that empowerment remains consistent with the values of *amanah* (trustworthiness) and *keadilan* (justice). These findings resonate with the broader literature emphasizing that faith based development models can simultaneously achieve economic effectiveness and moral enrichment (Mutamimah et al., 2021; Qodir et al., 2020). Overall, Lazismu's accomplishments demonstrate that ideologically grounded philanthropy, when implemented through accountable governance and participatory design, can foster inclusive growth and human dignity within the Islamic socio economic paradigm.

Integrative Role of Vocational Training and Capacity Building

Lazismu's approach to economic empowerment in East Java extends beyond financial capital distribution by embedding a strong capacity-building and vocational training component within its development framework. This philosophy recognizes that sustainable empowerment requires both financial resources and human capital development. The organization's *Bimbingan Teknis (BIMTEK)* programs, conducted in collaboration with local governments, universities, and corporate partners, are designed to equip facilitators and *mustahik* with entrepreneurial, managerial, and digital literacy skills. These initiatives serve to enhance technical capabilities in microenterprise management, financial planning, and product innovation key determinants of micro-business sustainability. According to (Mutamimah et al., 2021), digital literacy and management skills significantly improve the operational efficiency of zakat-based enterprises, enabling them to compete in broader markets. Lazismu's

integration of BIMTEK with Islamic ethics and socio-spiritual learning aligns with what (Qodir et al., 2020) describe as *Islam berkemajuan*, or progressive Islam, wherein the pursuit of material development is inseparable from the cultivation of ethical consciousness.

A notable illustration of Lazismu's holistic approach is the MuallafMu Learning Center, an initiative that integrates religious identity formation with vocational training. The program provides *muallaf* (new Muslim converts) with entrepreneurial education such as culinary business management, digital marketing, and financial literacy while simultaneously strengthening their Islamic understanding and spiritual resilience. This model represents a dual-track pedagogy: combining *tarbiyah ruhiyah* (spiritual development) with *tarbiyah iqtisadiyah* (economic education). Such integration reflects the conceptual framework of *Maqasid Sharia* in empowering individuals to achieve both worldly welfare (*falah*) and spiritual fulfillment (*sa'adah*) (Ahyani et al., 2025). The initiative has not only helped *muallaf* achieve economic stability but also fostered a sense of belonging and ideological alignment within Muhammadiyah's inclusive community networks. As supported by (Baidhawya, 2015) and (Fauzia, 2017), this synthesis of moral and material education represents an evolution of Islamic philanthropy from charity-based assistance to value-driven human development.

In parallel, Lazismu's capacity-building strategy embodies a knowledge transfer mechanism that leverages collaboration among academia, industry, and civil society. Through joint programs with Muhammadiyah universities and regional chambers of commerce, the organization develops context-specific curricula for microenterprise development. Training modules emphasize product standardization, halal certification, digital entrepreneurship, and cooperative management, ensuring that *mustahik* gain market-relevant competencies. This approach resonates with the findings of (Analiansyah et al., 2024), who argue that *techno-sociopreneurship* the fusion of technological innovation and social entrepreneurship can amplify the impact of mosque-based philanthropy. Moreover, the participatory nature of these initiatives aligns with the theory of social capital mobilization by Wiktorowicz, which highlights that community empowerment is most effective when trust networks and religious solidarity underpin economic collaboration (Triatmo et al., 2020). In this sense, Lazismu's vocational programs function not only as skill development platforms but also as instruments of ideological consolidation, fostering shared values of *ta'awun* (mutual assistance) and *amanah* (trustworthiness).

Empirical evidence and case studies from East Java show that integrating vocational training with mentorship programs has significantly improved both the economic performance and moral discipline of beneficiaries. Graduates of Lazismu's entrepreneurship programs reported measurable growth in income, business scale, and financial literacy, while also demonstrating stronger commitment to zakat contribution and social engagement. These outcomes validate the argument that empowerment must be multidimensional, blending economic productivity with ethical stewardship (Arifin & Anwar, 2021; Humaidi et al., 2024). Furthermore, the sustainability of these

programs lies in their recursive mentoring model where trained beneficiaries become peer mentors for new participants creating a cycle of self-replicating empowerment. This model mirrors the *framing theory* perspective of Snow and Benford, in which shared narratives of faith and progress mobilize individuals toward sustained collective action (Safaian & Teune, 2022). Thus, Lazismu's training initiatives represent an integrative model of Islamic philanthropy where vocational capacity, moral education, and ideological framing converge to produce transformative and enduring socio-economic outcomes.

Challenges and Strategic Considerations

Despite its measurable achievements and growing institutional credibility, Lazismu's implementation of ideology-based philanthropy in East Java encounters several internal and external challenges that influence the sustainability and scalability of its empowerment model. One of the primary internal constraints is the limited availability of specialized human resources capable of managing complex, multidimensional economic programs that integrate religious, social, and technical domains. While Lazismu benefits from a strong volunteer network within Muhammadiyah, many program facilitators lack advanced competencies in financial management, digital marketing, and impact evaluation. This gap often leads to uneven program performance across different regions, where outcomes depend heavily on the skills and motivation of local coordinators. Studies on zakat management organizations in Indonesia highlight similar challenges, noting that the professionalization of human capital remains an urgent priority to ensure efficiency and accountability (Laila et al., 2024; Mutamimah et al., 2021). To address this, Lazismu has begun strengthening collaborations with universities and private-sector partners to co-develop capacity-building programs that blend managerial training with Islamic ethics a strategic response consistent with global best practices in faith-based social enterprise development (Analiansyah et al., 2024).

Externally, Lazismu faces structural and contextual challenges related to economic inequality, regional disparities, and fluctuating donor engagement. Many *mustahik* communities in rural East Java still struggle with limited market access, unstable commodity prices, and weak institutional linkages, which can undermine the long-term sustainability of empowerment initiatives. Furthermore, regional socio-cultural variations influence the degree to which Muhammadiyah's ideological framework can be internalized by beneficiaries. In more traditional communities, the notion of economic self-reliance may conflict with established norms of dependency or patronage, requiring adaptive framing strategies to foster behavioral change. According to (Triatmo et al., 2020), effective ideologization within Islamic philanthropy depends not only on doctrinal clarity but also on contextual sensitivity in implementation. Lazismu's challenge, therefore, lies in balancing ideological fidelity with pragmatic flexibility ensuring that programs remain true to Muhammadiyah's values while remaining responsive to diverse local conditions. This balancing act

exemplifies what Williamson's institutional theory calls the tension between "normative commitment" and "transactional adaptability," which must coexist within any sustainable social enterprise framework.

A further conceptual and operational challenge involves the transformation of beneficiaries (*mustahik*) into contributors (*muzakki*), a long-term goal that reflects Muhammadiyah's vision of *tajdid* (renewal) and moral progress. This transformation demands not only economic advancement but also a deep internalization of ethical consciousness and social responsibility. However, empirical evidence from philanthropic studies shows that upward mobility among beneficiaries does not automatically translate into philanthropic reciprocity, as socio-economic empowerment must be accompanied by sustained value education (Baidhawiy, 2015; Fauzia, 2017). Lazismu's leadership recognizes that fostering this ideological and behavioral shift requires continuous mentorship, community engagement, and spiritual reinforcement. Programs such as *Kampung Berkemajuan* and *Sekolah Entrepreneur Muhammadiyah* have begun incorporating post-empowerment tracking mechanisms to sustain relationships with graduates, thereby nurturing a culture of gratitude and reinvestment. Such initiatives demonstrate the organization's awareness that empowerment in Islamic philanthropy cannot be reduced to material upliftment alone but must encompass ethical transformation as a form of *ibadah ijtimai'iyah* (collective worship) (Qodir et al., 2020).

In addition to human and ideological challenges, strategic sustainability remains a central concern for Lazismu. Maintaining consistent funding streams, ensuring program continuity, and measuring long-term impact require systematic governance reforms. The institution must strengthen its data management systems, performance indicators, and impact evaluation methodologies to align with international development standards and the *Sustainable Development Goals (SDGs)*. Moreover, the growing digitalization of philanthropy introduces both opportunities and risks: while technology enhances transparency and donor engagement, it also necessitates new competencies in cybersecurity, data analytics, and online reputation management (Mutamimah et al., 2021). To navigate these complexities, Lazismu's future strategy should focus on multi-sectoral partnerships that leverage Muhammadiyah's educational, economic, and social networks to expand outreach and innovation. By institutionalizing *tajdid* as a continuous learning process revising methods while retaining core values Lazismu can position itself as a model for faith-based socio-economic transformation that is both ideologically grounded and globally relevant.

CONCLUSION

This study concludes that Lazismu's philanthropic model in East Java exemplifies how Islamic ideology can function as a transformative framework for sustainable socio-economic empowerment rather than a merely moral doctrine. Guided by Muhammadiyah's principles of *tajdid* (renewal), *amanah* (trust), *keadilan* (justice), and *maslahah* (public welfare), Lazismu successfully integrates theological ethics with

institutional governance through initiatives such as Bankziska, Tani Bangkit, and Kampung Berkemajuan, which enhance financial inclusion, entrepreneurial capacity, and moral resilience among mustahik. The findings affirm that religious ideology, when institutionalized effectively, can operate as a strategic driver of performance, accountability, and community transformation within Islamic philanthropy. Moreover, by embedding capacity building and vocational training into its empowerment framework, Lazismu demonstrates that economic independence and ethical renewal can be achieved synergistically, aligning local faith-based development with global sustainability paradigms. Hence, the study establishes Lazismu's model as a viable prototype for faith-driven social enterprise, offering both theoretical advancement in the moral economy discourse and practical guidance for replicable, ideology-based community empowerment initiatives.

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