

Productive Zakat as an Instrument for Business Development Strategy: An Analytical Hierarchy Process (AHP) Study in South Kalimantan Indonesia

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Abstract

This study aims to identify and prioritize development strategies for Micro, Small, and Medium Enterprises (MSMEs) supported by productive zakat in South Kalimantan Province, Indonesia. Despite their significant contribution to regional economic growth, MSMEs continue to face challenges related to poverty and limited access to productive financing. Employing a descriptive-analytical approach, this study adopts a mixed-methods sequential explanatory design and applies the Analytical Hierarchy Process (AHP) to determine strategic priorities across MSME clusters. The results reveal notable differences in priority strategies among clusters. Government involvement, particularly through the National Zakat Agency (BAZNAS), is identified as the most influential factor in sustaining the MSME business ecosystem. Priority criteria include product quality improvement for Cluster I and human resource development for Clusters II and III. The preferred strategic alternatives emphasize enhancing human resource skills for Clusters I and II, while expanding market access through improved production and marketing channels is prioritized for Cluster III. These findings imply the need for cluster-based productive zakat allocation and financing schemes to strengthen zakat effectiveness as an Islamic social finance instrument.



1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone of Indonesia's economy, contributing approximately 60–61% of the national Gross Domestic Product and absorbing up to 97% of the national workforce, or over 117 million individuals (BPS, 2023; Antara News, 2023). This sector accounts for nearly 99% of all business units in Indonesia, highlighting its dominance and integral role in economic activities. Historical evidence indicates that MSMEs exhibit high resilience to economic shocks, including the 1998 monetary crisis and the COVID-19 pandemic, making them crucial drivers of economic recovery and employment creation. Strengthening MSMEs through inclusive empowerment policies—such as access to finance, training, digitalization, and market enhancement—can enhance productivity, competitiveness, and equitable economic participation (Bachmann et al., 2017; Ulum & Anggani, 2020). Therefore, MSMEs not only drive economic growth but also play a vital role in reducing unemployment, alleviating poverty, and promoting sustainable and inclusive economic development.

At the regional level, South Kalimantan possesses significant potential for MSME development due to its natural resource base and strategic position as a buffer zone for Indonesia's new capital (IKN). MSMEs in South Kalimantan contribute around 61% to regional GDP and absorb approximately 1.16 million workers. Although economic growth showed a positive trend between 2021 and 2023, and the poverty rate declined from 4.83% to 4.29%, the absolute number of poor people increased, indicating structural vulnerability. This condition highlights the urgency of targeted MSME development strategies that can effectively reach poor and vulnerable groups through sustainable financing mechanisms.

In this context, productive zakat emerges as a strategic Islamic social finance instrument for MSME empowerment and poverty alleviation. Managed by the National Amil Zakat Agency (BAZNAS), productive zakat is expected to support long-term economic empowerment rather than short-term consumptive assistance (Beik & Arsyianti, 2016). This aligns with Chapra's view that the state plays a crucial role in ensuring equitable wealth distribution (Chapra, 1970). Despite Indonesia's national zakat potential reaching IDR 327 trillion annually, realization remains below 10%. In South Kalimantan, only about 12% of zakat distribution is allocated to economic empowerment, indicating substantial untapped potential for strengthening MSME development through productive zakat schemes.

Previous studies consistently show that productive zakat has a positive impact on economic empowerment and MSME development. Empirical research confirms that productive zakat management complies with sharia principles and national regulations, with distribution implemented through consumptive and productive schemes (Mahmudah & Yasin, 2022). Other studies find that productive zakat significantly influences the development and growth of micro-enterprises owned by *mustahik*, increases income, and reduces income inequality, although the magnitude of impact tends to be moderate (Miftahul & Ekawaty, 2017; Tanjung, 2019). These findings highlight the potential of productive zakat as an Islamic social finance instrument for poverty alleviation and MSME empowerment.

However, the existing literature predominantly focuses on outcome-based evaluations, such as income changes and business performance, while offering limited guidance on how zakat institutions should prioritize development strategies. Most studies provide normative recommendations without employing systematic and measurable decision-making tools. This study addresses this gap by applying the Analytical Hierarchy Process (AHP) to formulate

and prioritize productive zakat-based MSME development strategies. The use of AHP represents a methodological novelty by shifting the focus from impact assessment to structured strategy formulation, thereby providing a replicable framework for optimizing productive zakat allocation in Islamic social finance governance.

The Analytical Hierarchy Process (AHP), introduced by Saaty (1980), has been widely applied in economic decision-making, regional development, and strategic planning, including the prioritization of community empowerment strategies based on local resources. Prior studies demonstrate that AHP is effective in structuring complex decisions and mapping strategic priorities in development contexts. However, empirical studies that explicitly integrate AHP with productive zakat as an Islamic social finance instrument remain limited, particularly in the context of South Kalimantan, a region with distinct socio-economic characteristics and a significant MSME base.

Addressing this gap, this study integrates productive zakat—rooted in social and religious principles—with the AHP method to formulate MSME development strategies oriented toward economic sustainability. Rather than focusing solely on welfare distribution, this research positions productive zakat as a strategic decision-making instrument for MSME development. Accordingly, the focus of this study is to prioritize the most relevant and applicable productive zakat-based MSME development strategies in South Kalimantan Province, thereby contributing to both the academic discourse on Islamic social finance and practical policy recommendations for BAZNAS and local governments.

2. Method

This study employs a descriptive-analytical approach using a mixed-methods research design with an explanatory sequential model, in which qualitative exploration is conducted prior to quantitative analysis (Wijatiningsih & Prasetyawan, 2019). The qualitative stage aims to capture contextual information regarding the implementation of productive zakat programs and MSME empowerment practices managed by BAZNAS of South Kalimantan. The quantitative stage subsequently applies the Analytical Hierarchy Process (AHP) to systematically prioritize MSME development factors, criteria, and strategic alternatives.

The research was conducted among MSMEs that are beneficiaries of productive zakat programs managed by BAZNAS of South Kalimantan, selected due to the diversity of business types and regional characteristics. Informants were chosen through purposive sampling and consisted of expert stakeholders, including one representative from BAZNAS and nine *mustahik* MSME beneficiaries representing different empowerment programs and districts. Data were collected using pairwise comparison questionnaires based on Saaty's 1–9 scale to assess the relative importance of criteria and strategic alternatives. This approach ensures that expert judgments are consistently quantified to support robust strategy prioritization.

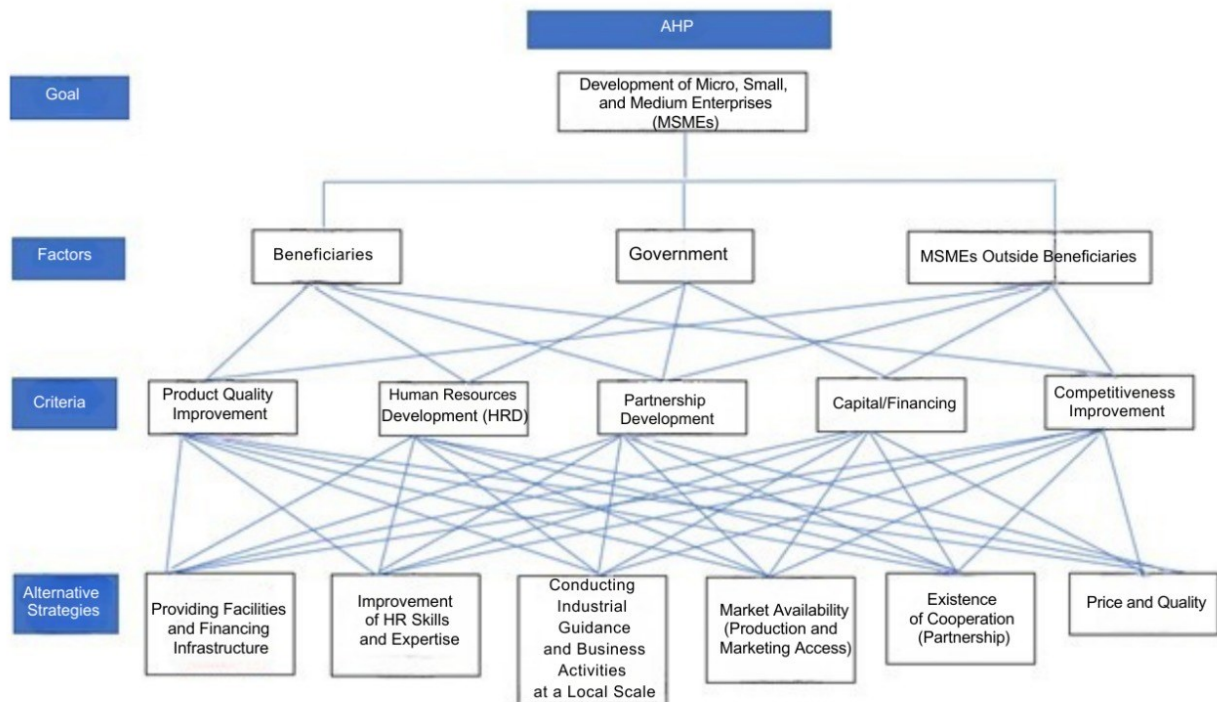
Table 1. Paired Comparison Assessment Scale

Importance Level	Definition	Information
1	Equally important	The two elements have the same influence
3	A little more important	Experience and judgment strongly favour one element compared to its partner.
5	More important	One element is highly favoured, and its dominance is very real compared to its partner element.

7	Very important	Compared to its partner element, one element proved to be highly desirable and practically dominant.
9	More important	One element is preferable to its partner, at the highest confidence level.
2,4,6,8	The middle values between two opinions that are side by side	These values require a compromise
Opposite	If element i has one of the above numbers when compared to element j , then j has the opposite when compared to element i	

Source: (Saaty, 2008).

Following questionnaire distribution, in-depth interviews were conducted to enrich the analysis, which was subsequently processed using the Analytical Hierarchy Process (AHP) with Expert Choice V.9 software. The analysis began with problem formulation through the construction of a hierarchical model, including the identification of the absence of appropriate cluster-based development strategies for MSMEs. The next stage involved defining research objectives to prioritize and determine suitable development strategies for each cluster based on AHP results. Finally, strategic alternatives were identified and ranked according to cluster-specific conditions and capacities, forming the basis for decision-making on the allocation of productive zakat funds to support MSME development in South Kalimantan.



Keeping Element Priority

The first step, determining the priority of the elements is to make a comparison in pairs, namely comparing the elements in pairs according to the criteria given using the form of a matrix A simple, well-established matrix offers a framework for checking consistency, obtaining additional information by making all possible comparisons and analysing the overall sensitivity of priorities to change judgments.

Table 2. Matrix Element Array Table

C	A1	A2	...	An
A1	A11	A12	...	A1N
A2	A21	A22	...	A2N
...
Am	Aml	am2	...	Amn

Source: (Saaty, 2001)

Data collection was carried out in two main stages. First, pairwise comparison questionnaires were distributed to informants using Saaty's 1–9 scale to assess the relative importance of MSME development factors, criteria, and alternative strategies. Second, in-depth interviews were conducted to validate responses, clarify judgments, and enrich the interpretation of quantitative results. The collected data were processed using Expert Choice V.9 software. The AHP procedure involved: (1) problem formulation and hierarchical model construction, (2) pairwise comparison matrix development, (3) priority weight calculation using eigenvalues, and (4) consistency testing through the Consistency Ratio (CR), with acceptable values set at $CR \leq 0.10$. The final output consists of cluster-based strategic priorities to support evidence-based decision-making in the allocation of productive zakat for MSME development in South Kalimantan (Emrouznejad & Marra, 2017).

3. Result and Discussion

Beneficiary Cluster (Cluster I)

The AHP framework applied in this study classifies MSME development actors into three clusters: beneficiaries (*mustahik*), government, and MSMEs outside the beneficiary group. The results for Cluster I (beneficiaries) indicate differentiated levels of influence among these factors, as presented in Table 3. The government factor exhibits the highest priority weight (0.560 or 56%), followed by beneficiaries (0.388 or 38.8%), while MSMEs outside the beneficiary group account for a relatively small weight (0.052 or 5.2%). These findings underscore the dominant role of the government in shaping MSME development in South Kalimantan, particularly through policy formulation, regulatory support, and institutional intervention.

Table 3. The Importance of Micro, Small and Medium Enterprises Development Factors

Target	Factor	Weight	%
MSME Development	Beneficiaries	0,388	38,8%
	Government	0,560	56%
	MSMEs Outside Beneficiaries	0,052	5,2%

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

The dominance of the government factor indicates that MSME development is highly dependent on public sector policies, regulatory frameworks, and institutional support. Government and BAZNAS interventions may include expanding financing schemes such as revolving funds and grants, provide training and business assistance, and facilitate access to business licensing and legal compliance. The substantial weight assigned to the beneficiary cluster (38.8%) further suggests that the success of development programs is strongly influenced by the capacity and readiness of *mustahik* to effectively utilize the support provided, underscoring the importance of continuous monitoring and evaluation. In contrast, MSMEs outside the beneficiary group carry a relatively small weight (5.2%),

reflecting their limited direct influence due to the targeted nature of productive zakat interventions; nevertheless, gradual integration strategies remain essential to ensure more inclusive and sustainable MSME development.

Table 4. Weight of Micro, Small and Medium Business Development Criteria

Factor	Criterion	Weight	(%)
Beneficiaries, Government and MSMEs Outside	Product Quality Improvement	0,611	61,1
	Human resource development	0,196	19,6
Beneficiaries	Partnership Development	0,145	14,5
	Increased Competitiveness	0,048	4,8

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the AHP results presented in Table 4, improving product quality emerges as the highest priority criterion for MSME development, with a weight of 0.611 (61.1%). This finding indicates that the ability of MSMEs to produce high-quality products that meet consumer expectations is critical for enhancing competitiveness and expanding market opportunities at both domestic and international levels. High product quality not only increases value-added but also strengthens consumer trust and market acceptance.

Human resource development ranks as the second most important criterion, with a weight of 0.196 (19.6%), highlighting the need to enhance the competencies and skills of MSME actors to improve operational efficiency and foster business innovation. Partnership development follows with a weight of 0.145 (14.5%), emphasizing the role of collaboration with external stakeholders—such as government agencies, financial institutions, and larger enterprises—in expanding networks and overcoming limitations related to capital, technology, and distribution. Although competitiveness improvement receives the lowest weight (0.048 or 4.8%), it remains essential in the context of globalization, as innovation, branding, and effective marketing strategies continue to play a supporting role in sustaining long-term MSME growth.

Table 5. Alternative Weight of Micro, Small and Medium Business Development Strategies

Factor	Criterion	Weight	(%)
Product Quality Improvement, Human Resources Development, Partnership Development, and Competitiveness Enhancement	Providing financing facilities and infrastructure	0,051	5,1
	Improvement of HR Expertise and Skills	0,317	31,7
	Conducting industry development and business activities on a local scale	0,115	11,5
	Market Availability (Production and Marketing Access)	0,168	16,8
	Cooperation (Partnership)	0,149	14,9
	Price and Quality	0,199	19,9

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

The results presented in Table 5 indicate that human resource development, product quality, and market access constitute the primary strategic priorities for enhancing MSME performance and sustainability. Human resource development emerges as the most important strategy, with the highest weight of 0.317 (31.7%), reflecting the critical role of

improving skills and expertise in strengthening productivity and innovation. This finding is consistent with Human Capital Theory, which emphasizes that investment in knowledge and skills is a key driver of business growth and long-term sustainability (Becker, 2009).

The second priority strategy relates to price and product quality, which receives a weight of 0.199 (19.9%). This result highlights the importance of delivering competitive prices alongside superior product quality to meet consumer expectations and enhance market competitiveness. In line with Porter's Theory of Competitive Advantage, quality and cost efficiency serve as decisive factors for MSMEs in gaining and sustaining market positions (Porter, 2008). The third priority, market availability or access to production and marketing channels, carries a weight of 0.168 (16.8%), underscoring the importance of expanding distribution networks and market reach to support sales growth and business expansion (Kotler et al., 2016).

Partnership development ranks next with a weight of 0.149 (14.9%), indicating its supporting role in fostering collaboration and resource sharing within the MSME ecosystem, as suggested by Collaborative Network Theory. This is followed by the development of local industries, which accounts for 0.115 (11.5%), highlighting the need to strengthen region-based economic activities. The provision of financing facilities and infrastructure receives the lowest priority weight at 0.051 (5.1%), suggesting that, within the study context, access to financing is relatively available and no longer the primary constraint compared to human resources, quality improvement, and market access in MSME development.

Government Cluster (Cluster II)

The AHP results reported in Table 6 demonstrate that the government constitutes the most influential factor in MSME development, with a priority weight of 0.372 (37.2%). This finding underscores the pivotal role of the government—particularly the National Amil Zakat Agency (BAZNAS)—in advancing equitable economic development through effective policy formulation, regulatory frameworks, and strategic resource allocation. As a key institutional actor, the government plays a crucial role in fostering a supportive business ecosystem by enhancing access to productive resources and safeguarding the sustainability of MSME growth. These results are consistent with public policy theory, which positions the state as both a facilitator and regulator responsible for channeling resources and implementing targeted interventions to promote inclusive and sustainable economic development.

Table 6. The Importance of Micro, Small and Medium Enterprises Development Factors

Target	Factor	Weight	%
MSME Development	Beneficiaries	0,332	33,2%
	Government	0,372	37,2%
	MSMEs Outside	0,296	29,6%
	Beneficiaries		

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

The beneficiary cluster ranks second with a weight of 0.332 (33.2%), indicating that the effectiveness of MSME development programs is also strongly influenced by the capacity of mustahik to utilize financial support and training provided by BAZNAS. From the perspective of diffusion of innovation theory, successful development depends on beneficiaries' ability to adopt new knowledge and innovations to enhance productivity (Rogers et al., 2014). Meanwhile, MSMEs outside the beneficiary group account for a weight of 0.296 (29.6%), suggesting that MSME development strategies should also consider

spillover effects on non-beneficiary actors. Consistent with business ecosystem theory, sustainable MSME development requires collaboration across business actors to strengthen value chains and ensure that the benefits of development programs extend beyond a limited group.

Table 7. Weight of Micro, Small and Medium Business Development Criteria

Factor	Criterion	Weight	(%)
Beneficiaries,	Human resource development	0,519	51,9
Government and MSMEs	Capital	0,378	37,8
Outside Beneficiaries	Partnership Development	0,108	10,8

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the AHP results, human resource development emerges as the highest priority criterion in MSME development, with a weight of 0.519 (51.9%), indicating that the quality of human capital is the primary determinant of business success and sustainability. This finding underscores the importance of empowerment-oriented approaches that enhance skills, knowledge, and managerial capacity among MSME actors. Capital ranks as the second priority, with a weight of 0.378 (37.8%), reflecting the continued importance of access to funding—particularly through productive zakat—in supporting business expansion, increasing production capacity, and strengthening market competitiveness. Partnership development, although receiving the lowest weight at 0.108 (10.8%), remains a complementary factor that facilitates collaboration between MSMEs, government institutions, financial organizations, and larger enterprises to broaden networks and market access.

Overall, the AHP results provide insight into Cluster II decision-making from the perspective of government and BAZNAS in ensuring the sustainability of productive zakat programs. The prioritization of human resource development is consistent with classical economic theory, which emphasizes human capital as a key driver of productivity and business growth. From an Islamic perspective, investment in human resources through productive zakat aligns with the principles of *ta'lim* and *tarbiyah*, emphasizing capacity building to achieve collective welfare (*ummah*). By focusing on human capital development, productive zakat can foster the emergence of independent and ethical entrepreneurs, reinforcing Islamic values of trust (*amanah*) and effort (*ikhtiar*) in sustainable economic development.

Table 8. Alternative Weight of Micro, Small and Medium Business Development Strategies

Factor	Criterion	Weight	(%)
Product Quality Improvement,	Providing financing facilities and	0,199	19,9
Human Resources	infrastructure		
Development, Partnership	Improvement of HR Expertise and	0,336	33,6
Development, and	Skills		
Competitiveness	Conducting industry development	0,269	26,9
Enhancement	and business activities on a local		
	scale		
	Market Availability (Production and	0,127	12,7
	Marketing Access)		
	Cooperation (Partnership)	0,149	14,9
	Price and Quality	0,023	2,3

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the AHP results presented in Table 7, the foremost priority strategy for MSME development is the enhancement of human resource expertise and skills, which attains the highest weight of 0.336 (33.6%). This finding indicates that strengthening knowledge and skills is perceived as the most critical factor for improving business performance and ensuring long-term sustainability. In addition, the development of local-scale industries and business activities receives a weight of 0.149 (14.9%), suggesting that localized guidance and direct assistance remain relevant for supporting *mustahik*-owned enterprises in South Kalimantan. These results highlight the importance of capacity-building initiatives that are tailored to local economic conditions.

Other strategic alternatives show moderate priority levels. Financing facilities and infrastructure record a weight of 0.199 (19.9%), indicating that access to capital remains important, although it is not the primary determinant of business development. Partnership and cooperation strategies also receive a weight of 0.149 (14.9%), emphasizing the role of collaboration with government agencies and private sector actors in expanding networks and resources. Market availability and marketing access account for 0.127 (12.7%), reflecting the need to improve market penetration and distribution channels. Meanwhile, price and product quality receive the lowest weight of 0.023 (2.3%), suggesting that while competitiveness in pricing and quality is necessary, it is considered less urgent compared to human resource development and market-oriented strategies.

MSME Cluster (Outside Beneficiaries)

The purpose of the last implementation, namely cluster III, is to determine development priorities, overcome access gaps and support business sustainability. Experts are given to beneficiaries as crucial as analysis, like other clusters. The hope of the opinion of cluster III is also to prepare for beneficial decision-making and provide a practical analytical framework to determine priorities and development strategies. Focusing on aspects such as market access, finance, and technology is key to encouraging the sustainability of MSME businesses. The following are the results of AHP from cluster III (MSMEs Outside Beneficiaries):

Table 9. The Importance of Micro, Small and Medium Enterprises Development Factors

Target	Factor	Weight	%
MSME Development	Beneficiaries	0,180	18%
	Government	0,778	77,8%
	MSMEs Outside	0,042	4,2%
	Beneficiaries		

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the AHP results presented in Table 8, the government emerges as the primary factor influencing MSME development in South Kalimantan, with a substantial weight of 0.778 (77.8%). This finding reinforces the role of the government—particularly BAZNAS—as a strategic policymaker in sustaining the MSME business ecosystem through productive zakat programs. The dominant weight indicates that government-led interventions are central to enhancing welfare among *mustahik*, primarily through policy direction, program design, and the effective allocation of productive zakat to support sustainable business activities.

The beneficiary group ranks as the second priority factor, with a weight of 0.18 (18%), highlighting the importance of active participation by *mustahik* in utilizing financial

assistance, training, and mentoring provided by BAZNAS. This result suggests that MSME development outcomes are closely linked to beneficiaries' entrepreneurial capacity and commitment to business sustainability as a means of poverty reduction. Meanwhile, MSMEs outside the beneficiary group constitute the third priority factor, reflecting their supportive role in fostering business independence, innovation, and broader economic resilience. Collectively, these findings emphasize the need for synergistic engagement between government institutions, beneficiaries, and the wider MSME community to promote inclusive and sustainable economic development in South Kalimantan.

Table 10. Weight of Micro, Small and Medium Business Development Criteria

Factor	Criterion	Weight	(%)
Beneficiaries, Government and MSMEs Outside Beneficiaries	Human resource development	0,392	39,2
	Improved product quality	0,262	26,2
	Capital	0,234	23,4
	Partnership development	0,083	8,3
	Increased competitiveness	0,030	3

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the results presented in Table 10, human resource development emerges as the highest priority criterion for MSME development, with a weight of 0.392 (39.2%). This finding highlights the critical role of human capital in supporting business growth through increased productivity and innovation. From the perspective of classical economic theory, particularly Adam Smith's view on the factors of production, investment in education and training enhances workers' skills, leading to more efficient and higher levels of output. In Islamic economics, human resource development is equally emphasized, as it aligns with the principle of optimizing human potential and the obligation to seek knowledge as a foundation for achieving individual and collective welfare.

The second priority criterion is product quality improvement, which accounts for 26.2% of the total weight. High product quality strengthens MSME competitiveness by attracting consumers and fostering long-term customer loyalty. This result is consistent with Porter's theory of competitive advantage, which underscores product differentiation as a key strategy for market success. From an Islamic economic perspective, product quality is not limited to technical or physical attributes but also encompasses compliance with halal standards, ethical production practices, and fairness in transactions, all of which enhance trust and sustainability in business activities.

Capital ranks as the third priority criterion, with a weight of 23.4%, reflecting its importance as a fundamental factor of production necessary for business initiation and expansion. Adequate access to capital enables MSMEs to increase production capacity and scale operations, while partnership development, with a weight of 8.3%, serves as a complementary driver by improving efficiency, resource sharing, and market access. Although competitiveness improvement receives the lowest weight at 3%, it remains essential for sustaining MSME viability in dynamic markets. From an Islamic perspective, competitiveness should be pursued through ethical, innovative, and sustainable business practices that contribute not only to firm-level success but also to broader social welfare.

Table 11. Alternative Weight of Micro, Small and Medium Business Development Strategies

Factor	Criterion	Weight	(%)
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Product Quality Improvement, Human Resources Development, Partnership Development, and Competitiveness Enhancement	Market availability (production and marketing access)	0,366	36,6%
	Improvement of HR expertise and skills	0,235	23%
	Price and Quality	0,159	15,9%
	Cooperation (Partnership)	0,153	15,3%
	Conducting industry development and business activities on a local scale	0,050	5%
	Providing financing facilities and infrastructure	0,038	3,8%

Source: Data processed, AHP Expert Choice 11 Decision Making Application 2024

Based on the results of the AHP calculation in Table 11, the priority of market availability is the most crucial factor for the development of MSMEs, with the highest weight of 36.6%. The study shows that access to the market, both in production and marketing, is the key to the survival and growth of MSMEs. Without good access, products produced by MSMEs cannot reach consumers, ultimately hindering revenue and business growth. Furthermore, improving human resource (HR) expertise and skills obtained the second highest weight of 23%. The emphasis is that to increase the competitiveness of MSMEs, it is necessary to have a targeted training and human resource development program. Quality human resources will be able to produce better goods and services, as well as increase innovation in business.

The price and quality factors occupy the third position with a weight of 15.9%. In an era of fierce competition, MSMEs must be able to offer products at competitive prices and of good quality—it is essential to attract consumers and maintain market share. Cooperation or Partnership with other parties is a necessary factor with a weight of 15.3%. This collaboration can be done with suppliers, distributors, or even other MSMEs to share resources and information. Strong partnerships can expand the network and improve operational efficiency. Industry development and business activities on a local scale received a weight of 5%. Although the weight is low, this coaching is still essential to create an ecosystem that supports the development of MSMEs, such as community development and local marketing activities. Finally, the provision of financing facilities and infrastructure has the lowest weight, which is 3.8%. The shows that although financial support is urgently needed, the existence of the market and the quality of human resources are prioritised in the development of MSMEs. Financing support needs to be combined with other aspects for higher effectiveness.

The AHP results from the beneficiary cluster indicate that the government constitutes the most influential factor in MSME development, with a weight of 56%, followed by beneficiaries at 38.8% and MSMEs outside the beneficiary group at 5.2%. The dominance of the government factor—represented by BAZNAS of South Kalimantan—reinforces the public sector economic perspective proposed by Musgrave and Musgrave (1959), which emphasizes the state's central role in resource redistribution and inclusive economic development. This finding is also consistent with governance theory, which highlights the importance of state intervention through regulatory frameworks and development programs, including productive zakat, as a foundation for local economic advancement (Asaduzzaman & Virtanen, 2018). Meanwhile, the substantial weight assigned to

beneficiaries demonstrates that the effectiveness of productive zakat programs is also contingent upon the readiness and capacity of mustahik to optimize the support provided. This supports empowerment theory, which asserts that individual capacity building and control over economic decisions are critical determinants of sustainable economic independence (Joseph, 2020).

With respect to MSME development criteria, product quality improvement emerges as the highest priority, accounting for 61.1% of the total weight. This finding underscores the centrality of product quality in establishing competitive advantage, consistent with Porter's competitive advantage theory, which posits that value-added and high-quality products strengthen firms' market positioning. Human resource development ranks second, with a weight of 19.6%, aligning with human capital theory, which emphasizes that investment in education, training, and skills enhancement directly contributes to productivity and innovation (Hadley, 2019). Although partnership development (14.5%) and competitiveness improvement (4.8%) receive relatively smaller weights, they remain important for reinforcing the MSME ecosystem. This is in line with collaborative network theory, which highlights the role of strategic partnerships among businesses, government, and supporting institutions in expanding market access and strengthening MSMEs' positions within the value chain (Durugbo, 2016).

Regarding alternative strategies, the AHP results identify the enhancement of human resource expertise and skills as the top strategic priority, with a weight of 31.7%. This finding is strongly aligned with human capital theory, which emphasizes internal capacity development as a primary driver of MSME growth and sustainability (Schultz, 1961; Marginson, 2019; Aman-Ullah et al., 2022). The second-ranked strategy—improving price competitiveness and product quality (19.9%)—corroborates Porter's argument that cost efficiency and quality are fundamental sources of competitive advantage (Awaluddin, 2025) and reflects consumer preference for high-value products at affordable prices (Dorsch et al., 2017). Market access and marketing strategies (16.8%) further highlight the importance of distribution channels and market relationships, as emphasized in market access theory (Kotler & Keller, 2016). Partnership strategies (14.9%) and local industry development (11.5%) demonstrate the relevance of synergy and community-based approaches in leveraging regional economic potential, particularly in South Kalimantan. Although the provision of financing facilities and infrastructure receives a lower priority weight, it remains a foundational element of MSME development, consistent with institutional economic development theory, which emphasizes the long-term importance of institutions, infrastructure, and local support systems in sustaining a healthy business ecosystem (North, 2016).

Comparatively, the findings of this study are consistent with prior research highlighting the strategic role of productive zakat in MSME development and poverty alleviation, particularly studies emphasizing the central role of government institutions such as BAZNAS in ensuring program effectiveness and sustainability (Beik & Arsyanti, 2016; Yusuf Asyahri et al., 2017). Similar to earlier works, this study confirms that productive zakat positively influences mustahik empowerment when supported by appropriate policies, institutional governance, and capacity-building initiatives (Miftahul & Ekawaty, 2017; Tanjung, 2019). However, this research extends the existing literature by offering a more differentiated, cluster-based strategic analysis using the Analytical Hierarchy Process (AHP), revealing that priority criteria and strategies vary across clusters—product quality improvement being

dominant in one cluster, while human resource development and market access prevail in others. Unlike previous studies that predominantly focused on income changes and welfare outcomes (Mahmudah & Yasin, 2022), this study integrates Human Capital Theory (Schultz, 1961; Becker, 2009), Competitive Advantage Theory (Porter, 2008), and Islamic economic principles of distributive justice and empowerment (Chapra, 1992) to develop a structured, policy-oriented decision-making framework. As such, this research contributes novel insights by positioning productive zakat not merely as a welfare instrument, but as a strategic tool for sustainable and inclusive MSME development.

Overall, the AHP analysis of the beneficiary cluster confirms the necessity of a holistic approach to productive zakat-based MSME development. Such an approach integrates strong government involvement, empowered beneficiaries, and a focus on product quality and human capital development. Importantly, these findings strengthen the convergence between conventional economic theories and Islamic economic principles, which collectively emphasize distributive justice, human empowerment, and sustainable development that generates broad social benefits.

4. Conclusion

This study concludes that the AHP analysis across Clusters I, II, and III consistently identifies the government—represented by BAZNAS—as the primary priority factor in sustaining the MSME business ecosystem, particularly in its role as a policymaker and facilitator of productive zakat programs. With respect to development criteria, Cluster I prioritizes product quality improvement, while Clusters II and III emphasize human resource development as the most critical determinant of MSME sustainability. In terms of alternative strategies, enhancing human resource expertise and skills emerges as the top priority for Clusters I and II, whereas Cluster III places greater emphasis on market availability, particularly access to production inputs and marketing channels.

This study is subject to certain limitations, notably the reliance on a single analytical method (AHP) and a limited number of informants, which may constrain the depth and complexity of strategic policy insights. Nevertheless, the findings suggest several important policy implications. BAZNAS of South Kalimantan Province is encouraged to increase the allocation of zakat funds for productive programs targeting *mustahik* engaged in MSMEs, with financing schemes tailored to local characteristics and priority business sectors. Future research is recommended to integrate AHP with complementary approaches, such as the Analytic Network Process (ANP) and qualitative methods including focus group discussions (FGDs), to enhance analytical robustness and result validation. Overall, the strategies identified in this study have the potential to strengthen MSME sustainability, reduce structural poverty, and promote the economic independence of *mustahik* through productive zakat initiatives.

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