

## ABSTRACT

*Micro-enterprises play a vital role in Indonesia's economy, including in Central Java Province, however most micro-entrepreneurs face significant challenges in accessing capital from formal financial institutions. In response, the National Zakat Agency (BAZNAS) of Central Java Province has implemented a productive zakat program that provides business capital and mentoring support to micro-enterprise beneficiaries from underprivileged communities. This study aims to analyze the efficiency level of micro-enterprises receiving productive zakat and to formulate improvement strategies for those operating inefficiently.*

*This research adopts a quantitative approach using the non-parametric Data Envelopment Analysis (DEA) method, with an input-oriented model under the Variable Returns to Scale (VRS) assumption. Input variables include electricity costs, employee wages, fuel, transportation, water, and rent, while the output variable is business profit. The results from 29 micro-enterprises indicate that 70.3% operate efficiently, whereas 20.7% are still inefficient. This suggests that the majority of zakat recipients have managed their inputs effectively to produce optimal outputs, while some require strategic adjustments in cost structure and enhanced managerial capacity.*

*These findings have practical implications for optimizing productive zakat programs and serve as valuable input for BAZNAS to evaluate and refine its mentoring approach and resource allocation to better support micro-enterprise sustainability.*

**Keywords :** *Efficiency, Micro-enterprises, Productive Zakat, Data Envelopment Analysis*