



Analysis of the Mediating Effect of Micro Business Growth on Productive Zakat Utilization, Information Technology, and Mustahiq's Welfare

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Abstract: This study aims to analyze the impact of productive zakat and information technology on the welfare of Mustahiq through the growth of micro-businesses at BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY. Quantitative analysis was employed in this study with a sample size of 39. The data analysis technique utilized was Structural Equation Modeling and Partial Least Squares (SEM-PLS), facilitated by the Smart-PLS 3.0 application. The findings of this research indicate that both productive zakat and information technology exert a significant positive influence on the growth of micro-businesses. However, productive zakat alone does not significantly affect the welfare of Mustahiq. On the other hand, micro-business growth demonstrates a significant positive effect on Mustahiq's welfare. Furthermore, productive zakat and information technology significantly contribute to the welfare of Mustahiq through the mediation of micro-business growth.

Originality/Value: This study seeks to explore the relationships between productive zakat, micro-business growth, information technology, and mustahiq welfare. Additionally, it aims to assess the impact of productive zakat provision and information technology utilization on mustahiq welfare, contributing to the discourse on effective poverty alleviation strategies in Indonesia.

Introduction

Poverty remains a persistent issue in Indonesia (Muliati et al., 2020). The country's poverty measurement is based on the concept of meeting basic needs, with the inability to meet these needs categorizing individuals as poor (Badan Pusat Statistik, 2022). According to the report by Badan Pusat Statistik (BPS), Indonesia's poor population stood at 26.16 million people, accounting for 9.54% of the population, as of March 2022. This reflected a decrease of 0.34 million individuals or 0.17% compared to September 2021 (Badan Pusat Statistik, 2022).

Islam offers zakat as a solution to address poverty (Ali et al., 2013; Syed et al., 2020), constituting the third pillar of Islam. Zakat serves as a mechanism for redistributing wealth from the affluent to the needy (Kristin & Umah, 2011), aiming to foster equity and justice within the community to enhance living standards (Amsari & Nasution, 2019). The directive to issue zakat is rooted in the Quran, Surah At-Taubah, verse 103, which emphasizes purification and blessings through giving (Qur'an, At-Taubah:

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103). Additionally, the command to give zakat is echoed in the Hadith as narrated by Bukhari and Muslim (Bukhari, no. 8; Muslim, no. 16).

Zakat issuance can potentially alleviate poverty, given its substantial impact in Indonesia. The country's zakat collection potential in 2020 amounted to Rp 327.6 trillion, with income and services contributing the highest value of Rp 139.07 trillion, followed by cash zakat, agricultural zakat, and livestock zakat (Puskas BAZNAS, 2022). As a sector with a high potential value, it can be taken into consideration in making decisions to overcome poverty problems in Indonesia. The potential value of zakat based on zakat object is presented in Table 1.

Table 1. The Potential of Zakat Collection in Indonesia in 2020

No	Zakat Object	Zakat Potential (Trillion Rp)
1	Company Zakat	144.5
2	Zakat on Income and Services	139.07
3	Zakat on Money	58.76
4	Zakat on Agriculture	19.79
5	Zakat on Livestock	9.51
Total Zakat Potential		327.6

Source: Zakat Outlook Indonesia, 2022.

Despite this potential, zakat utilization remains suboptimal (Afandi, 2021). Maximizing zakat utilization could significantly impact community welfare (Tamami, 2021), poverty reduction (Kholidah & Hakim, 2021), and economic growth (Wahab & Rahman, 2011). Based on the Indonesian zakat outlook report in 2022, the potential for zakat amounted to 327.6 trillion. However, the collected zakat amounted to 12.4 trillion and distributed 11.5 trillion (Puskas BAZNAS, 2022). However, there exists a significant gap between zakat potential and actual collection and distribution, posing challenges for zakat organizations (Widiastuti et al., 2021).

Optimizing zakat funds entails their effective utilization. Zakat funds are typically used in consumptive or productive forms, with productive zakat offering long-term empowerment opportunities (Jaya, 2019). Consumptive programs can only be used for the short term, while productive zakat can be developed in the long term. Zakat that can alleviate poverty and has a long-term contribution is productive zakat (Amsari & Nasution, 2019). Research by Ali et al. (2016) highlights the greater efficacy of productive zakat in poverty alleviation compared to consumptive zakat. Similarly, Hamidi et al. (2020) underscore the strategic role of productive zakat in poverty reduction in Indonesia.

Productive zakat utilization typically involves mustahiq empowerment programs organized by zakat institutions (Trianto et al., 2018). The contribution and role of zakat institutions are very important so that the Mustahiq empowerment program continues to run (Widiastuti et al., 2021). Productive zakat utilization typically involves mustahiq empowerment programs organized by zakat institutions Sutrisno and Haron (2020) who reported successful poverty alleviation and welfare enhancement through zakat institution-led initiatives.

Micro-business funding assistance, a form of productive empowerment, is expected to yield socio-economic benefits for zakat recipients (Beik & Arsyianti, 2015). By receiving productive zakat, zakat recipients who have a business can use funds or capital to develop their business or start a business (Widiastuti et al., 2021). Faisal and Yuliani (2017) study supports this notion, indicating a significant positive impact of productive zakat on micro-business growth among mustahiq. Likewise, Sukesti and Budiman (2018) demonstrate the favorable effect of productive zakat provision on SME development and optimization.

Micro, Small, and Medium Enterprises (MSMEs) constitute a vital economic force in Indonesia, with millions of businesses contributing to the nation's economic fabric (Kasnelly & Luthfi, 2021). However, the COVID-19 pandemic has posed challenges for MSMEs, necessitating adaptive strategies for business survival (Handayani et al., 2022). Amidst this, digitalization emerges as a crucial strategy for MSMEs, enabling them to leverage technology for sustained operations (Handayani et al., 2022).

Incorporating information technology into business strategies is pivotal for MSMEs' resilience and growth in the digital age. Information technology fosters innovation, enhances competitiveness, and

drives business development (Purwono et al., 2021; Lubis & Junaidi, 2016). This is supported by Soini and Veseli (2011) which states that information technology is one of the factors that influences business development.

Some research that shows that business growth can be influenced by information technology is research Akhmad and Purnomo (2021); Lubis and Junaidi (2016); Soini and Veseli (2011). Then, researcher Tisdell (2017) added that there is a relationship between information technology and economic growth and social change. However, there is still very little research related to the use of information technology on the growth of mustahiq micro businesses. Micro businesses must be able to use and utilize technical advances for them to exist. One such advancement is the use of information technology for business growth (Akhmad & Purnomo, 2021). Research Faisal and Yuliani (2017) stated that micro-business growth can improve welfare. So that business growth can be used as a mediation to achieve welfare by utilizing information technology. Businesses that use or utilize information technology to manage their business will have an impact on business growth and ultimately achieve welfare.

The distribution of zakat funds through productive empowerment programs holds promise for long-term mustahiq welfare enhancement. Prior studies (Fitri, 2017; Maulidia & Mukhlis, 2022; Nasution & Prayogi, 2019; Risnaningsih, 2022; Riyadi et al., 2021; Taufiq et al., 2018) demonstrate the positive correlation between zakat empowerment programs and mustahiq welfare. Notably, the empowerment of mustahiq through business growth contributes significantly to their welfare (Widiastuti et al., 2021). Business growth acts as a mediator for achieving mustahiq welfare (Faisal & Yuliani, 2017; Furqani et al., 2018), preventing the consumptive depletion of zakat funds (Mubarok, 2018).

This research extends the work of Alaydrus (2016), Cahya (2020), Cahyadi (2016), Ritonga (2021), and Widiastuti et al. (2021). by incorporating information technology variables. By elucidating the contribution of productive zakat utilization and information technology to mustahiq welfare through micro-business growth, this study enriches existing literature and provides a comprehensive understanding of these interrelated factors.

Furthermore, this study introduces a novel approach to measuring mustahiq welfare. While previous studies utilized the CIBEST model of Beik and Arsyianti (2015) and Rahmat and Nurzaman (2019), this research employs Maqasid SHariah to evaluate welfare. This approach considers both material and spiritual dimensions of welfare, aligning with Islamic principles that prioritize holistic well-being (Beik & Arsyianti, 2016; Wibowo, 2016; Widiastuti et al. 2021).

This study aims to contribute to the existing literature by enriching the discussion on the use of information technology, especially in improving mustahiq welfare through the development of mustahiq businesses. The study integrates the theory of maqashid syariah to measure the welfare of mustahiq, considering not only the material but also the spiritual aspects. This study seeks to explore the relationships between productive zakat, micro-business growth, information technology, and mustahiq welfare. Additionally, it aims to assess the impact of productive zakat provision and information technology utilization on mustahiq welfare, contributing to the discourse on effective poverty alleviation strategies in Indonesia.

Literature Review

The literature review provides a comprehensive overview of the interplay between productive zakat, information technology, micro-business growth, and mustahiq welfare, along with the concept of *Maqasid Shariah*.

Productive Zakat and Welfare

Zakat is an instrument in Islam that covers not only theological but also economic aspects. Zakat is a community empowerment institution that is built on the value of spirituality (Afandi, 2011). Zakat has a very high socio-economic value so it can minimize poverty levels and achieve prosperity (Kamarni & Saputra, 2021). Furthermore, zakat is called effective if it is demonstrated to provide a sustainable source of income for beneficiaries through micro-enterprise management (Beik & Arsyianti, 2016). Zakat is a religious practice with a socio-economic dimension, used to help people who experience socio-economic challenges and work together to provide social protection for each other. Thus, zakat

as an economic resource requires responsible management for community empowerment (Fitri, 2017). Law of the Republic of Indonesia Number 23 of 2011 concerning the management of zakat, zakat according to Islamic law, is something that must be issued by a Muslim or commercial organization and delivered to those entitled to receive it (Undang-Undang, 2011).

Productive zakat is zakat that is not used for consumption but to run a business, so that the results of the business can sustainably meet the needs of life (Widiastuti & Rosyidi, 2015). The provision of productive zakat to mustahiq is used as capital to run a business in economic activities. It aims to develop the economic level and productivity potential of mustahiq (Gian & Aliman, 2019). Asnaini (2008) argued that the law of productive zakat is permissible and even highly recommended by looking at its very important functions and roles in the economic, social, and educational fields. The role of zakat is very strategic in influencing economic development.

Effective zakat has an impact on mustahiq business development by showing an increase in income (Mawardi et al., 2022). Productive zakat funds are very beneficial to the growth of a business, increasing the turnover of business capital and business profits (Cahyadi, 2016; Sulis, 2018). The distribution of productive zakat funds affects increasing mustahiq micro businesses, this is supported by research (Atasoge et al., 2021; Cahyadi, 2016; Sulis, 2018). The distribution of assistance through zakat funds can improve the economy because the distribution of assets from muzakki to mustahiq can reduce the level of poverty in a society. So that the existence of productive zakat can realize the welfare of mustahiq (Mawardi et al., 2022). Research by Widiastuti et al. (2021) found that there is an effect of productive zakat fund empowerment on the welfare of mustahiq.

The distribution of zakat funds can improve the economy because the distribution of assets from muzakki to mustahiq can reduce poverty levels in society (Cahyadi, 2016; Ritonga, 2021; Widiastuti et al., 2021). So that the existence of productive zakat can realize the welfare of mustahiq. Research by Widiastuti et al., (2021) shows the effect of productive zakat fund empowerment on mustahiq's welfare. Next, Viphindartin et al. (2021) show that the utilization of productive zakat funds has a positive effect on the level of mustahiq income. The increase in mustahiq income shows that the growth of the business being run is increasing. This business growth can encourage to achievement Mustahiq's welfare. Research by Faisal and Yuliani (2017) and Widiastuti et al. (2021) shows the effect of business growth on Mustahiq's welfare.

Information Technology

Information technology is a set of tools for handling, storing, and disseminating data through the use of digital electronics, computers, communications, and software. Information technology is a broad subject that deals with technology and other aspects of managing and processing data into information (Rahmana, 2009). Companies are required to increase competitiveness so that they can continue to grow by utilizing information technology (Lubis & Junaidi, 2016). Information technology can be utilized in making strategic decisions and facing competition (Akhmad & Purnomo, 2021). As time passes and technological sophistication develops, the use and impact of information technology increases dramatically (Chan, 2000). Various studies have shown the presence of Information and Communication Technology (ICT) has added to GDP and has increased growth but the effects vary across economies (Tisdell, 2017).

Information technology can reduce production and labor costs, add value to products and services, and improve the competitiveness of the company (Kaukab, 2021). Several studies have shown that information technology is a tool that can improve business processes (Rahmana, 2009). Many business enterprises apply information technology to gain a competitive advantage in their industry (Chan, 2000). Gaining a competitive advantage through the use of information technology requires business owners to have a firm grip on this vital corporate resource and manage its use (Beheshti, 2004). In addition, technology in marketing can improve the existence of a company. To function properly, marketing must keep up with advances in sophisticated information technology. Technology in marketing can best support product promotion. Information technology is needed for marketing, among others, for product promotion via the internet, online sales of goods, and provision of online customer service (Kaukab, 2021).

Information technology is a solution to developing a business. Utilization of information technology

can face competition in doing business. Information technology can affect business development (Soini & Veseli, 2011). This is supported by Akhmad and Purnomo's research which states that information technology has an impact on MSME actors in supporting their business activities (Akhmad & Purnomo, 2021). One aspect of promoting human welfare is business income. So that if the growth of business or business is good, it can improve welfare (Faisal & Yuliani, 2017). The utilization of information technology can have an impact on this aspect. Research Tisdell (2017) shows that information technology increases GDP and economic growth.

Micro Business Growth and Mustahiq's Welfare

Growth is a form of business that companies undertake to achieve the highest level of success (Tanjung, 2019). Meanwhile, micro-business is categorized as a type of business that is characterized by the use of relatively rudimentary technology, low levels of capital, sometimes difficult access to financial institutions, and a tendency to focus on local markets (Alaydrus, 2016). Based on Law No. 20/2008, a micro business is a business owned by a person, individual, and/or individual business entity that meets the criteria of a micro business (Undang-Undang, 2008).

In the Indonesian economy, MSMEs play an important role. Because of their position as the main actors in various sectors of economic activity, MSME businesses have a strategic role in the Indonesian economy. In addition, it is the largest provider of employment. Then, it makes a real contribution to the growth of community empowerment and local economic activities (Akhmad & Purnomo, 2021). Data from the Ministry of Cooperatives and SMEs shows that the number of MSMEs currently reaches 64,2 million with a contribution to GDP of around 61,07% or Rp. 8.573,89 trillion MSMEs contribute to the Indonesian economy by being able to absorb up to 60,4% of total investment and 97 percent of the current workforce (Limanseto, 2021).

Although micro-business accounts for a large portion of Indonesia's GDP, this sector has underperformed. The amount of credit extended to small businesses, which is much less compared to medium and large enterprises, is a reflection of this marginality. This percentage has been declining over the years. Added to this is the situation where micro and small enterprises have to compete with medium to large enterprises and micro and small enterprises almost always lose the competition (Haryadi et al., 1998).

Each type of small business has a unique growth and development potential. Regardless, this overall capacity is strongly influenced by external conditions and internal capabilities. The extent to which a business has the potential to grow and develop will be determined by external factors such as policies, labor market structure, business climate, and accessibility to information and services. Internal factors such as production patterns and marketing strategies, labor management, and entrepreneurship have more influence on the ability of the small business itself (Haryadi et al., 1998).

According to Jeaning Beaver in Muhammad Sholeh, the success and development of small companies are reflected in the increase in sales turnover (Sholeh, 2008). According to Riyaldi and Fuadi (2019), micro-business development indicators consist of business capital, sales growth, income growth, an increase in the number of consumers, a sense of security during business, and an increase in business profits (Riyaldi & Fuadi, 2019).

Business growth affects the welfare of mustahiq, meaning that the growth of business turnover income and profits can affect the welfare of mustahiq (Cahyadi, 2016). Research by Tanjung (2019) also revealed a positive relationship between business development and welfare. Further, Viphindartin et al. (2021) show that the utilization of productive zakat funds has a positive influence on increasing mustahiq income. The increase in mustahiq income shows that the growth of the business being run is increasing. Through this business growth can be encouraged to achieve Mustahiq's welfare. Research by Widiastuti et al. (2021) shows the effect of business growth on Mustahiq's welfare.

Maqasid Shariah

The concept of welfare according to the Islamic perspective is different from the conventional perspective, which is holistic, including material and spiritual, which includes the personal and social self. Welfare in the Islamic view is achieving the objectives of sharia (*maqasid shariah*). The objectives of Sharia include religion, soul, mind, offspring, and wealth (Cahya, 2020; Nasution & Prayogi, 2019).

According to Imam al-Syatibi human needs in Islam consist of three levels (Andriani & Prasetyo, 2019):

- a. *Daruriyyah* includes five things: *dien* (religion), *nafs* (soul), *aql* (intellect), *nasl* (family and offspring), and *maal* (wealth).
- b. *Hajiyyat* is a complement that tightens and strengthens while maintaining the level or needs of *daruriyyat*.
- c. *Tahsiniyat* is a complementary need to form beauty and pleasure *daruriyyat* and *hajiyyat*.

Maqasid shariah must be considered when evaluating welfare for many reasons. For example, evaluating the welfare of the mustahiq solely based on materialistic criteria, such as business growth, income growth, and consumption levels, would lower the quality of welfare in the Islamic worldview. Thus, it should be measured based on both material and spiritual aspects (Beik & Arsyianti, 2016). According to Jasser Auda, *maqasid shariah* must emphasize development, development, and rights. Not only that, the scope of the *maqasid* dimension must be expanded to the benefit of the entire community. The legal approach used by Jasser Auda is a system theory consisting of six analytical knives, namely cognitive nature, wholeness, openness, interrelated hierarchy, multidimensionality, and purposefulness (Auda, 2007). Muslims must attain *al falah* or the pinnacle of happiness in this world and the hereafter, that is paradise orientation, achieved through material and spiritual requirements. Then, Ibn Ashur asserts that shari'a (Allah) wants humans to remain beneficial in their actions by protecting religion, soul, reason, offspring, and wealth (Widiastuti et al., 2021).

Methods

This research uses an exploratory quantitative approach with component-based Structural Equation Modeling (SEM) or Partial Least Square (SEM-PLS) techniques. SEM-PLS is used when there is no strong theoretical support and the test objectives are limited to prediction (Ghozali, 2014). Here's a breakdown of the methodology:

Research Design

The study utilizes an exploratory quantitative approach with SEM-PLS techniques. SEM-PLS is chosen due to its suitability for prediction-focused analyses when strong theoretical support is lacking.

Variables

Endogenous variables: micro-business growth and welfare. Exogenous variables: productive zakat and information technology. Intervening variable: micro business growth mediates the relationship between productive zakat, information technology, and welfare.

Measurement Scale

The Likert scale is employed for variable measurement. Previous studies using Likert scales related to productive zakat on welfare are referenced for consistency and reliability (Cahyadi, 2016; Faisal & Yuliani, 2017; Mawardi et al., 2022; Widiastuti et al, 2021; Yuliani, 2017).

Indicator Development

Indicators for each variable are based on previous research or developed independently, guided by specific variable definitions. Sekaran and Bougie (2016) recommendation to use previously used measurements for validity and reliability is followed.

Variable Measurement Indicators

Productive Zakat

Productive zakat is zakat that is not used for consumptive purposes but to run a business, so that the results obtained can sustainably meet the needs of life (Fathurrohman, 2016; Widiastuti & Rosyidi,

2015). The productive zakat variable is measured by the following five indicators (Mawardi et al., 2022; Yuliani, 2017). Five indicators measure productive zakat, focusing on aspects like business capital allocation and its impact on business development.

- a. PZ1. Giving zakat funds in the form of business capital (productive) is much better than consumptive giving.
- b. PZ2. The business capital provided is very useful for business development.
- c. PZ3. The allocation of productive zakat funds as business capital is adjusted to the needs of Mustahiq businesses.
- d. PZ4. The provision of productive zakat funds is useful for business continuity.
- e. PZ5. There was an increase in business capital turnover after receiving business capital assistance.

Information Technology

Information technology is a broad subject that deals with technology and other aspects of how to manage and process data into information (Rahmana, 2009). Information technology variables will be measured using the following four indicators (Khair, 2022). Four indicators assess the impact of information technology on business operations and growth.

- a. IT1. The use of information technology makes it easier for me to get the needs of my business.
- b. IT2. The use of information technology can increase the number of my customers.
- c. IT3. The use of information technology can make it easier to run my business.
- d. IT4. The use of information technology can make my business grow.

Micro-Business Growth

Business growth is an effort made to be able to develop for the better and to reach a point or peak towards success (Fathurrohman, 2016; Tanjung, 2019). The business growth variable is measured using the following five indicators (Mawardi et al., 2022; Mubarak, 2018; Yuliani, 2017). Five indicators evaluate business turnover, asset increase, expansion, and profitability resulting from productive zakat.

- a. BG1. Business turnover increased after participating in the productive zakat program.
- b. BG2. Business assets increased after participating in the productive zakat program.
- c. BG3. Increased turnover has enabled the company to expand its business scale.
- d. BG4. The existence of business development with productive zakat funds so that the results can help me meet my needs.
- e. BG5. Productive zakat funds can increase business profits.

Mustahiq's Welfare

Welfare in the Islamic view is achieving the objectives of sharia (maqasid syariah). The objectives of sharia include religion (ad-din), soul (an-nafs), intellect (al-aql), offspring (an-nasl), and wealth (al-maal) (Cahya, 2020; Mawardi et al., 2022; Nasution & Prayogi, 2019). The mustahiq's welfare variable is measured using the following five indicators (Mawardi et al., 2022; Yuliani, 2017). Seven indicators measure welfare, considering aspects like fulfilling basic needs, ability to perform acts of worship, and accessing healthcare.

- a. MW1. The welfare obtained by mustahiq includes dharuriyat needs, namely fulfilling five things, *dien* (religion), *nafs* (soul), *aql* (intellect), *nasl* (family), and *maal* (property).
- b. MW2. Ability to perform acts of worship.
- c. MW3. Ability to spend wealth on charity.
- d. MW4. Able to meet the needs of a healthy diet that meets the 4 healthy 5 perfect standard.
- e. MW5. Ability to access health services for self and family.
- f. MW6. Ability to meet children's basic needs.
- g. MW7. After getting productive zakat funds my income has increased more than before.

Operational Definitions

Table 2 presents operational definitions of the study variables is provided, offering clarity on each variable's conceptualization and measurement. Overall, the methodology is structured and rigorous, utilizing established techniques and ensuring consistency with previous research to maintain validity and reliability in measurements.

Table 2. Variable Operational Definition

No	Variables	Indicator
1.	Mustahiq's Welfare (Y)	<ol style="list-style-type: none"> 1. Religion (<i>ad-din</i>); the ability to perform worship. 2. Soul (<i>an-nafs</i>); the ability to fulfill the needs of life (clothing, food and shelter). 3. Intellect (<i>al-aql</i>); the ability to fulfill basic education. 4. Progeny (<i>an-nasl</i>); the ability to fulfill the basic needs of the child. 5. Wealth (<i>al-maal</i>); the ability to earn income.
2.	Micro Business Growth (Z)	<ol style="list-style-type: none"> 1. Sufficient business capital. 2. Business development. 3. Business scale-up. 4. Fulfillment of business needs.
3.	Productive Zakat (X ₁)	<ol style="list-style-type: none"> 1. Productive zakat has a better role than consumptive zakat. 2. Capital as a business requirement. 3. Productive zakat as economic empowerment.
4.	Information Technology (X ₂)	<ol style="list-style-type: none"> 1. Knowledge of the internet. 2. Internet utilization for business.

The research population consists of all mustahiqs who receive productive zakat from BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY. The sample collection technique employed is purposive sampling, with specific criteria outlined for selecting participants (Sugiyono, 2013). The sample criteria are as follows:

1. Mustahiqs who have received productive zakat assistance in the form of business capital for at least 12 months.
2. Mustahiqs who are currently running a business.
3. Mustahiqs who manage the business individually, not as a group.
4. Mustahiqs who have received productive zakat funds through zakat management institutions.
5. Mustahiqs who are locatable and willing to participate.
6. Mustahiqs who are willing to fill out the questionnaire.
7. Mustahiqs utilize information technology, capable of operating mobile phones and social media for business activities.

Based on these criteria, 39 mustahiqs were identified as meeting the sample requirements, which aligns with the sample criteria suggested by Structural Equation Modeling - Partial Least Squares (SEM-PLS). It's noted that PLS does not require normally distributed data, and the sample size is considered adequate and stable.

Data collection involves both primary and secondary sources. Primary data is obtained from respondents through questionnaires and interviews. Questionnaires are distributed to mustahiq recipients of productive zakat from the mentioned institutions. Interviews are conducted with zakat managers and mustahiqs to gather additional insights into productive zakat distribution and business development. Secondary data are sourced from previous studies, including journal articles and books, to support the research.

The hypotheses proposed for this study are as follows:

H₁ : Productive zakat positively affects micro business growth in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.

- H₂ : Information technology positively affects micro business growth in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.
- H₃ : Productive zakat positively affects the welfare of mustahiq in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.
- H₄ : Micro business growth positively affects mustahiq’s welfare in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.
- H₅ : Productive zakat positively affects mustahiq’s welfare through micro business growth in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.
- H₆ : Information technology positively affects mustahiq’s welfare through micro business growth in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY.

The theoretical framework is a description of how the phenomena (variables or concepts) are related to each other. The theoretical framework in this study is shown in [Figure 1](#).

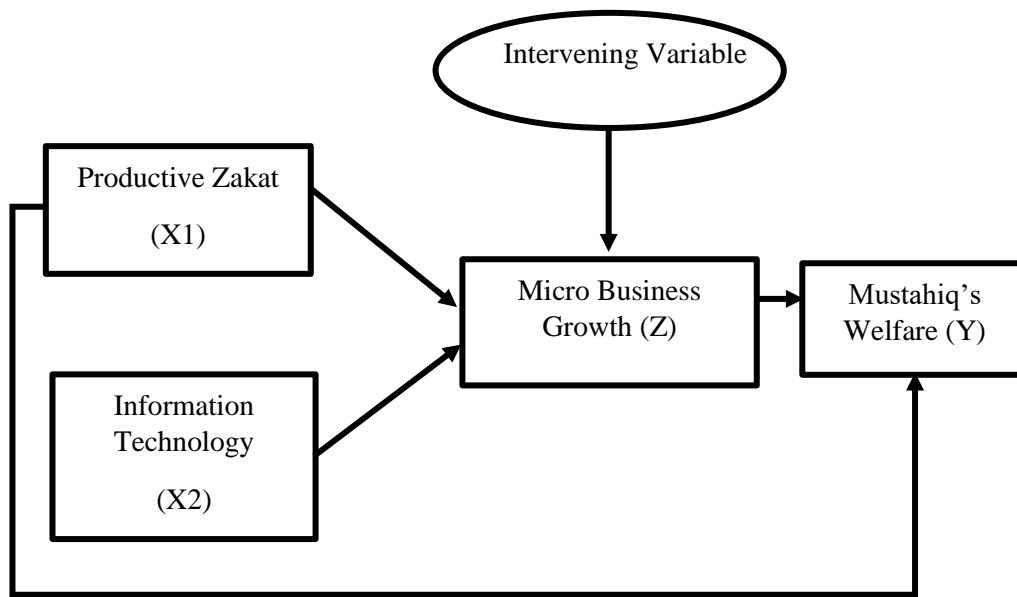


Figure 1. Theoretical Framework

Results and Discussion

Descriptive Analysis

The test results indicate that the Productive Zakat variable has a maximum value of 5 and a minimum value of 1. Overall, the variable has a mean value of 4.14 with a standard deviation of 0.68. [Table 3](#) presents the descriptive analysis for the Productive Zakat variable.

Table 3. Descriptive Analysis of Productive Zakat Variables

	Min	Max	Mean	Standard Deviation
PZ1	2.00	5.00	4.28	0.6
PZ2	1.00	5.00	3.51	1.19
PZ3	2.00	5.00	4.36	0.63
PZ4	3.00	5.00	4.33	0.53
PZ5	4.00	5.00	4.23	0.43
Average			4.14	0.68

The Information Technology variable has a maximum value of 5 and a minimum value of 2. In general, the Information Technology variable has a mean value of 4.13 and a standard deviation of 0.53. Based on these results, it can be observed that the average mean value is greater than the average standard deviation value. Therefore, the conclusion drawn from the results is that the Information Technology variable is good and can be used to represent the data. Table 4 presents the descriptive analysis of the Information Technology variable.

Table 4. Descriptive Analysis of Information Technology Variables

	Min	Max	Mean	Standard Deviation
IT1	3.00	5.00	4.15	0.49
IT2	3.00	5.00	4.18	0.45
IT3	2.00	5.00	4.10	0.64
IT4	2.00	5.00	4.10	0.55
Average			4.13	0.53

The Micro Business Growth variable has a maximum value of 5 and a minimum value of 2. In general, the Micro Business Growth variable has a mean value of 3.85 and a standard deviation of 0.76. Based on these results, it can be observed that the average mean value is greater than the average standard deviation value. Therefore, the conclusion drawn from the results is that the Micro Business Growth variable is good and can be used to represent the data. Table 5 presents the descriptive analysis for the Micro Business Growth variable.

Table 5. Descriptive Analysis of Micro-Business Growth Variables

	Min	Max	Mean	Standard Deviation
BG1	3.00	5.00	4.23	0.48
BG2	2.00	5.00	3.77	0.84
BG3	2.00	5.00	3.59	0.99
BG4	2.00	5.00	3.97	0.63
BG5	2.00	5.00	3.69	0.83
Average			3.85	0.76

The Mustahiq's Welfare Variables variable has a maximum value of 5 and a minimum value of 2. In general, Mustahiq's Welfare variable has a mean value of 4.20 and a standard deviation of 0.69. Based on these results, it can be observed that the average mean value is greater than the average standard deviation value. Therefore, the conclusion drawn from the results is that Mustahiq's Welfare variable is good and can be used to represent the data. Table 6 presents the descriptive analysis of Mustahiq's Welfare variable.

The hypotheses in this study were tested using the Partial Least Squares (PLS) method. This study employs the Smart-PLS 3.0 testing tool, specifically designed to estimate structural equations based on variance. Two methods were utilized: the outer model and the inner model. The outer model is employed to assess validity and reliability. Validity testing involves the Average Variance Extracted (AVE) and discriminant validity, while reliability testing employs Cronbach's alpha and composite reliabilities. The inner model is tested using the R Square test and hypothesis testing.

Outer Model

Before analyzing the structural model, a measurement model is conducted. Outer models with reflective indicators are assessed for convergent and discriminant validity of latent construct-forming indicators,

as well as composite reliability and Cronbach's alpha for the indicator block.

Table 6. Descriptive Analysis of Mustahiq's Welfare Variables

	Min	Max	Mean	Standard Deviation
MW1	3.00	5.00	4.15	0.54
MW2	2.00	5.00	4.13	0.70
MW3	2.00	5.00	4.00	0.83
MW4	2.00	5.00	3.87	0.92
MW5	3.00	5.00	4.59	0.55
MW6	2.00	5.00	4.51	0.76
MW7	2.00	5.00	4.13	0.52
Average			4.20	0.69

Structural Model

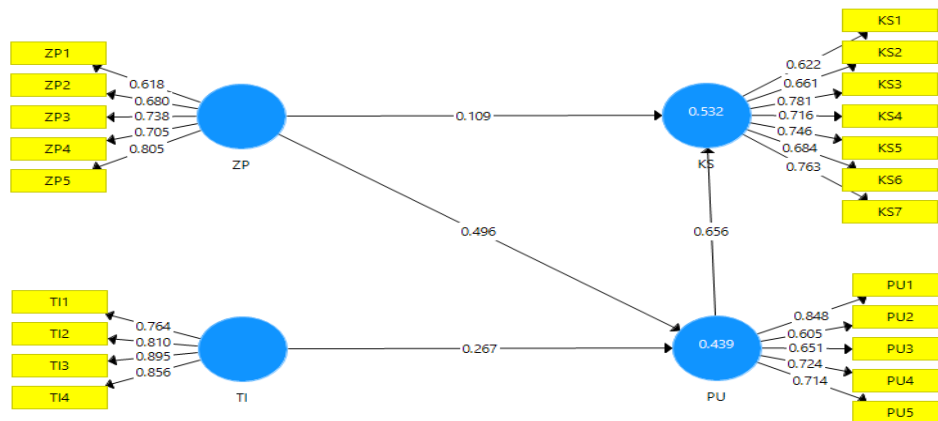


Figure 2. Structural Model

Table 7. Outer Loading Measurement Items

Item	Productive Zakat	Information Technology	Business Growth	Mustahiq's Welfare
PZ1	0.618			
PZ2	0.680			
PZ3	0.738			
PZ4	0.705			
PZ5	0.805			
IT1		0.764		
IT2		0.810		
IT3		0.895		
IT4		0.856		
BG1			0.848	
BG2			0.605	
BG3			0.651	
BG4			0.724	
BG5			0.714	
MW1				0.622
MW2				0.661
MW3				0.781
MW4				0.716
MW5				0.746
MW6				0.684
MW7				0.763

Source: SmartPLS 3.0 Application Processing Results, 2022.

Figure 2 illustrates that the productive zakat construct is measured using 5 indicators: PZ1, PZ2, PZ3, PZ4, and PZ5, while the information technology construct is measured using 4 indicators including IT1, IT2, IT3, and IT4. The business growth construct is measured by 5 indicators: BG1, BG2, BG3, BG4, and BG5. Finally, the mustahiq's welfare construct is measured using 7 indicators: MW1, MW2, MW3, MW4, MW5, MW6, and MW7. The direction of the arrow between the indicator and the latent construct indicates the reflective nature of the indicators used for measuring the welfare of mustahiq. The relationships under study (hypotheses) are symbolized by arrows connecting between constructs.

Validity Test

Validity testing in PLS involves assessing convergent validity and discriminant validity (Ghozali, 2014; Sekaran & Bougie, 2016). Convergent validity in PLS is determined by the outer loading value. An outer loading value equal to or greater than 0.5 indicates the validity of the item, while a value less than 0.5 suggests invalidity (Ghozali, 2014). Discriminant validity in PLS is assessed by examining the cross-loading value of each manifest. If the cross-loading value of a manifest with the latent construct it measures is higher than its cross-loading with other latent constructs, the item is considered valid; otherwise, it is deemed invalid (Ghozali, 2014). The outer loading values for each item are presented in Table 7. Based on the outer loading values in Table 7, all indicators (items) have an outer loading greater than 0.5, indicating their validity.

The Average Variance Extracted (AVE) value for each construct is as follows (see Table 8): mustahiq's welfare 0.508 > 0.5, micro business growth 0.509 > 0.5, information technology 0.693 > 0.5, and productive zakat 0.507 > 0.5. The AVE values exceeding 0.5 for each construct indicate their validity. Discriminant validity is determined by examining the cross-loading value of each item, as presented in Table 9. Based on these results, all items are deemed valid, as their loading factor with the variable they measure is higher than their loading factor with other variables.

Table 8. Average Variance Extracted (AVE)

	Average Variance Extracted
Mustahiq's Welfare	0.508
Micro-Business Growth	0.509
Information Technology	0.693
Productive Zakat	0.507

Source: SmartPLS 3.0 Application Processing Results, 2022.

Table 9. Discriminant Validity Measurement Results

Item	Mustahiq Welfare	Micro Business Growth	Information Technology	Productive Zakat
MW1	0.622	0.489	0.451	0.204
MW2	0.661	0.421	0.342	0.296
MW3	0.781	0.552	0.368	0.283
MW4	0.716	0.578	0.290	0.427
MW5	0.746	0.414	0.122	0.373
MW6	0.684	0.534	0.093	0.384
MW7	0.763	0.572	0.520	0.549
BG1	0.685	0.848	0.242	0.438
BG2	0.401	0.605	0.410	0.523
BG3	0.501	0.651	0.172	0.408
BG4	0.518	0.724	0.512	0.335
BG5	0.453	0.714	0.427	0.504
IT1	0.459	0.299	0.764	0.339
IT2	0.488	0.441	0.810	0.398
IT3	0.227	0.303	0.895	0.377
IT4	0.304	0.515	0.856	0.395
PZ1	0.460	0.250	0.387	0.618
PZ2	0.236	0.352	0.194	0.680
PZ3	0.348	0.546	0.370	0.738
PZ4	0.175	0.307	0.262	0.705
PZ5	0.499	0.602	0.370	0.805

Reliability Test

Reliability testing involves assessing the internal consistency of the measuring instrument, represented by Cronbach's alpha and composite reliability values, as shown in Table 10.

Table 10. Cronbach's Alpha and Composite Reliability Values

Variables	Cronbach's Alpha	Composite Reliability
Mustahiq's Welfare	0.838	0.878
Micro Business Growth	0.752	0.836
Information Technology	0.853	0.900
Productive Zakat	0.763	0.836

All Cronbach's alpha and composite reliability values exceed 0.7, indicating that the measurement has been conducted appropriately and the data obtained from respondents are reliable. Therefore, all latent variables have been measured reliably.

Inner model

The analysis of the structural model (inner model) essentially involves examining the influence of each latent variable on other latent variables, both exogenous and endogenous. The evaluation of the inner model in this study includes the R-squared (R^2) model fit test, Q-Square, and hypothesis testing.

R-Squared

The evaluation of the inner model, or structural model, in PLS is assessed using the R-squared table. Table 11 presents the results of the R-squared test.

Table 11. R-Squared

Variables	R-squared
Mustahiq's Welfare	0.532
Micro-Business Growth	0.439

Based on the results presented in Table 11, the R^2 value for the welfare variable is 0.532, indicating that 53.2% of the variance in welfare can be explained or influenced by the independent variables, while 46.8% of the variance in the welfare variable is explained by other factors. Similarly, the R^2 value for the micro-business growth variable is 0.439, meaning that 43.9% of the variance in the micro-business growth variable can be explained or influenced by the independent variables, while 56.1% of the variance in the micro-business growth variable is explained by other factors.

Q-Squared

The Q^2 value assesses the relevance of the predictions made by the exogenous variables to the endogenous variables. For the structural model, which includes welfare and micro-business growth as endogenous variables, a Q^2 value greater than zero indicates that the model can produce relevant predictions, while a Q^2 value less than zero indicates less relevant predictions (Ghozali, 2014). The calculation of the Q^2 value for measuring goodness of fit is as follows:

$$\begin{aligned}
 \text{Welfare} & : Q^2 = 1 - (1 - R1^2) \\
 & Q^2 = 1 - (1 - 0.283024) \\
 & = 1 - (0.716976) = 0.283 \\
 \text{Micro-Business Growth} & : Q^2 = 1 - (1 - R2^2) \\
 & Q^2 = 1 - (1 - 0.192721) \\
 & = 1 - (0.807279) = 0.193
 \end{aligned}$$

Based on these calculations, the Q^2 value for the welfare variable is 0.283 and for micro-business

growth is 0.193. These values indicate that the model is considered good as they are greater than 0.

Hypothesis Testing

Hypothesis testing involves examining the direction and significance of the test results to either support or reject a hypothesis. A hypothesis is supported if the test results show the same direction as the hypothesis and are significant at 1%, 5%, or 10% alpha levels. Conversely, a hypothesis is rejected if these criteria are not met. In this study, significance is considered at the 5% alpha level (0.05).

Hypothesis testing focuses on three points in the structural test with bootstrapping: the original sample, t-statistic, and p-values. The original sample determines the direction of the relationship between constructs, the t-statistic measures the level of significance of the hypothesis, and p-values indicate the significance of the hypothesis at various levels. The combination of t-statistics and p-values determines the significance between variables. If the t-statistics exceed the t-table, the p-value is automatically significant at a certain level. The inner model or structural model is presented in [Table 12](#).

Table 12. Hypothesis Testing Results

	(OS)	(SM)	(STDEV)	(O/STDEV)	P Values
PZ-> BG	0.496	0.515	0.109	4.541	0.000
IT-> BG	0.267	0.287	0.099	2.687	0.007
PZ-> MW	0.109	0.127	0.151	0.726	0.468
BG -> MW	0.656	0.653	0.151	4.353	0.000

Notes: *OS = Original Sample, SM = Sample Mean, STDEV = Standard Deviation, T-Stat = T Statistic, and P-Val = P-value.
 ** The test results are significant at 10 percent, 5 percent, and 1 percent alpha if the p-value is less than 0.100, 0.050, and 0.001 or the t-statistic value is more than 1.645, 1.960, and 2.576.

Based on the results presented in the original sample table, t-statistic, and p-values provided above, the outcomes of each hypothesis test are as follows on the original sample table, t-statistic, and p-values above, the test results of each hypothesis are as follows:

1. Effect of Productive Zakat on Micro-Business Growth
 The analysis yielded a beta coefficient value of 0.496, a t-statistic value of 4.541, and a p-value of 0.000. These findings indicate a positive beta coefficient, with the t-statistic value surpassing the critical value for 5% significance (1.960), and the p-value falling below the critical value for 5% alpha (0.05). Consequently, the results demonstrate that the productive zakat variable positively influences micro business growth and is statistically significant at 5% alpha. Therefore, Hypothesis 1 is accepted.
2. The Effect of Information Technology on Micro Business Growth
 The obtained p-value and t-statistic are 0.007 and 2.687, respectively, with a beta coefficient value of 0.267. With the t-statistic value exceeding the critical value for 5% significance (1.960) and the p-value being lower than the critical value for 5% significance (0.05), these results suggest that information technology impacts micro-business growth. Based on these statistical findings, the second hypothesis in this study is accepted.
3. The Effect of Productive Zakat on Mustahiq's Welfare
 The obtained beta coefficient value is 0.109, with a t-statistic of 0.726 and a p-value of 0.468. As the t-statistic (0.726) is lower than 1.960 and the p-value (0.468) is greater than 0.05, the test results indicate that productive zakat does not have a significant effect on mustahiq's welfare. Consequently, the test outcomes do not support the initially hypothesized relationship, leading to the rejection of the third hypothesis.
4. The Effect of Micro Business Growth on Mustahiq's Welfare
 The test results reveal that this relationship is statistically significant at 5% alpha and exhibits a positive direction. This conclusion is drawn from a beta coefficient value of 0.656, a t-statistic of 4.353 surpassing 1.960, and a p-value of 0.000 falling below 0.05. Following the fifth hypothesis, it is concluded that the fifth hypothesis is accepted.

5. Effect of Intervening Variable

The results of testing the intervening variables are presented in [Table 13](#). Below is the table of intervening variable test results.

Table 13. Intervening Variable Test Results

No	Relation	OS	SM	STDEV	T-Stat	P-Val
1	PZ-> BG-> MW	0.326	0.340	0.117	2.780	0.006
2	IT-> BG-> MW	0.175	0.183	0.069	2.532	0.012

Notes: * OS = Original Sample, SM = Sample Mean, STDEV = Standard Deviation, T-Stat = T Statistic, and P-Val = P-value. **The test results are significant at 10 percent, 5 percent, and 1 percent alpha if the p-value is less than 0.100, 0.050, and 0.001 or the t-statistic value is more than 1.645, 1.960, and 2.576.

Source: SmartPLS 3 Processing Results, 2022

Based on the results of indirect effect testing presented in [Table 13](#), two significant effects are observed. Firstly, productive zakat positively influences welfare through micro-business growth, and secondly, information technology has a positive impact on welfare through micro-business growth.

1. The Effect of Productive Zakat on Mustahiq's Welfare Through Micro Business Growth

The first indirect effect, representing the fifth hypothesis, examines the impact of productive zakat on Mustahiq's welfare through business growth. The beta coefficient value is 0.326, with a t-statistic value of 2.780, surpassing the 1.960 threshold at the 5% significance level, and a p-value of 0.006, lower than 0.05. Consequently, the findings indicate a significant positive effect of productive zakat through micro-business growth on Mustahiq's welfare, leading to the acceptance of the fifth hypothesis.

2. The Effect of Information Technology on Mustahiq's Welfare through Micro Business Growth

The second indirect effect investigates the influence of information technology on Mustahiq's welfare through business growth, as per the sixth hypothesis. The test reveals a beta coefficient value of 0.175 and a t-statistic of 2.532. With the t-statistic value exceeding the 1.960 critical value for 5% significance and the p-value of 0.012 below 0.05, it can be inferred that information technology through micro business growth impacts the welfare of Mustahiq, resulting in the acceptance of the sixth hypothesis.

Discussion

Effect of Productive Zakat on Micro Business Growth

The structural equation modeling - partial least square test demonstrates a positive and significant influence of productive zakat on micro business growth. Hence, the provision of productive zakat funds to mustahiq positively affects the growth of micro-businesses managed by them. This indicates that an increase in productive zakat allocated by BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY leads to a corresponding increase in micro-business growth among mustahiq. Conversely, a decrease in productive zakat distribution results in diminished micro-business growth among mustahiq.

As a financial instrument in Islam, the management of zakat must evolve to address community financial challenges. The concept of productive zakat has emerged, wherein zakat is productively managed by providing business capital to support entrepreneurial endeavors. Such assistance aims to enhance the economic status and productivity of mustahiq ([Gian & Aliman, 2019](#)). Through financial aid allocated to micro businesses, a positive impact on business growth and income generation is observed ([Beik & Arsyianti, 2016](#)). The statistical findings confirm that productive zakat influences mustahiq business growth, stimulating business development and maintenance through capital infusion.

The results of this study align with [Azhar et al. \(2022\)](#) indicating that the distribution of productive zakat funds stimulates micro-business growth among mustahiq. Similarly, research by [Sukesti and Budiman \(2018\)](#) on BAZNAS Semarang mustahiq indicates a positive and significant effect of productive zakat on SME business development. The provision of zakat as productive capital encourages SMEs to operate optimally and yield satisfactory results. This finding is further supported by [Wulansari and Setiawan \(2014\)](#), revealing the impact of business capital assistance on capital enhancement, turnover, and business profits.

Effect of Information Technology on Micro Business Growth

Empirical testing results illustrate a positive and significant influence of information technology on micro-business growth. Hence, increased utilization of information technology in mustahiq businesses corresponds to enhanced business growth. Conversely, limited utilization of information technology results in diminished business growth.

The utilization of information technology serves as a competitive tool in business operations, enhancing business processes (Chan, 2000). The study reveals that information technology positively influences business development, with mustahiq utilizing technology to improve its business operations. Through information technology, productive zakat recipients can bolster their business growth. Interviews with mustahiq of BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY confirm that information technology facilitates business management, increases consumer engagement, and expedites transactions, thereby influencing business growth.

This research concurs with the findings of Akhmad and Purnomo (2021), titled "The Effect of Information Technology Implementation on Micro, Small, and Medium Enterprises in Surakarta City". The research indicates that information technology impacts MSME actors, supporting their business activities (Akhmad & Purnomo, 2021).

Effect of Productive Zakat on Mustahiq's Welfare

The empirical findings indicate that productive zakat has no significant effect on welfare. This suggests that an increase in productive zakat funds does not enhance the welfare of mustahiq in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY. This result contradicts the findings of Cahyadi (2016) and Widiastuti et al. (2021), which suggest a positive effect of productive zakat on mustahiq welfare.

The lack of a significant impact of productive zakat funds on mustahiq welfare implies that the allocated funds fail to improve the welfare of mustahiq. Interviews with research mustahiqs reveal that the provided zakat funds fall short of meeting substantial business needs, thus failing to significantly impact mustahiq welfare. Additionally, the concept of Islamic welfare encompasses various aspects of life, with the fulfillment of religious, spiritual, mental, offspring, and wealth needs constituting true welfare. A mustahiq is deemed prosperous only if all these aspects are fulfilled; otherwise, their welfare remains incomplete or diminished. Moreover, suboptimal guidance from zakat managers in managing productive zakat funds may also contribute to this outcome.

This finding is consistent with the research by Rachmawati et al. (2019) and Restuningsih and Wibowo (2019), indicating that productive zakat has no effect on mustahiq welfare. Furthermore, Mubarok (2018) adds that business capital provided to mustahiq without adequate mediation tends to be spent on consumptive purposes.

Effect of Micro Business Growth on Mustahiq's Welfare

Based on empirical testing, micro-business growth significantly and positively impacts welfare. Therefore, an increase in micro-business growth among mustahiq of BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY correlates with improved welfare. Conversely, stagnation or decline in micro business growth diminishes mustahiq welfare.

Interviews with mustahiqs in BAZNAS DIY, LAZISMU DIY, and LAZISNU DIY confirm that business capital assistance effectively enhances mustahiq business growth. Enhanced turnover enables mustahiq to meet their material and spiritual needs adequately.

This finding is supported by Malthus' theory, which posits that production and distribution are essential elements of welfare. An optimal combination of these elements accelerates welfare growth (Jhingan, 2007). The findings are further corroborated by Widiastuti et al. (2021), indicating that micro-business growth significantly affects mustahiq welfare. Increased business turnover and profits contribute to improved mustahiq welfare (Widiastuti et al. 2021).

Effect of Productive Zakat on Welfare through Micro-Business Growth

The results indicate that micro-business growth mediates the relationship between productive zakat and

welfare. Therefore, the growth of mustahiq micro businesses serves as a conduit for enhancing mustahiq welfare.

Businesses thrive with productive zakat utilization. Consequently, well-functioning businesses generate income to sustain livelihoods (Widiastuti & Rosyidi, 2015). Business development signifies income growth, fueling purchasing power to meet daily needs, ultimately enhancing welfare. Productive zakat funds bolster business growth and mustahiq welfare (Beik & Pratama, 2017; Khasandy & Badrudin, 2019). These findings align with Widiastuti et al. (2021), who found that zakat and non-zakat empowerment programs significantly affect mustahiq welfare through business growth.

Effect of Information Technology on Mustahiq's Welfare through Micro Business Growth

According to empirical research, information technology positively influences welfare through micro-business growth. Micro business growth serves as a mediator between information technology and mustahiq welfare.

Increased business income is a driver of welfare enhancement. Thus, robust business growth translates to improved welfare. The utilization of information technology aims to unleash potential and resources, facilitating business growth. Consequently, technology adoption stimulates mustahiq business growth, leading to welfare improvement.

This finding concurs with Handayani et al. (2022), demonstrating that information technology positively impacts income in MSMEs in Medan City. Enhanced productivity and increased revenue result from information technology utilization.

Rahmana (2009) also supports this notion, suggesting that information technology fosters business development and income growth. Therefore, enhanced business development among mustahiq positively influences welfare, consistent with Faisal and Yuliani's (2017) findings.

Overall, the study sheds light on the intricate relationships between productive zakat, information technology, micro-business growth, and mustahiq welfare, providing valuable insights for stakeholders aiming to enhance welfare through zakat empowerment programs and technological interventions in micro-businesses.

Conclusion

The study examined the influence of productive zakat and information technology on welfare, with micro-business growth as an intervening variable. The findings shed light on the direct and indirect effects of these variables, providing valuable insights for policymakers and zakat managers.

Firstly, the results indicate that productive zakat positively influences micro-business growth, thereby enhancing the welfare of mustahiqs. This underscores the importance of effectively managing zakat funds to stimulate business development among recipients, ultimately leading to improved welfare.

Similarly, the study reveals that information technology plays a significant role in fostering micro-business growth, subsequently contributing to the welfare of mustahiqs. Harnessing the potential of information technology can empower mustahiqs to streamline business operations, attract more customers, and ultimately enhance their standard of living.

However, contrary to expectations, the study found that productive zakat alone does not directly impact mustahiq welfare. This suggests that while financial assistance is crucial, it may not be sufficient to improve overall welfare without complementary factors such as business growth.

Furthermore, the research highlights the mediating role of micro-business growth in the relationship between both productive zakat and information technology on mustahiq welfare. This underscores the importance of fostering an enabling environment for business development to translate financial assistance into tangible welfare improvements.

Based on the findings, several recommendations can be made: Enhanced Business Support: Policymakers and zakat managers should focus on providing more comprehensive business support to mustahiqs. This includes offering training, mentorship, and access to resources to help recipients effectively utilize zakat funds for business growth. Utilization of Information Technology: Encouraging mustahiqs to leverage information technology tools and platforms can further enhance business efficiency and competitiveness. This may involve providing training programs or subsidies to facilitate

technology adoption. Evaluation of Zakat Programs: Continuous evaluation and monitoring of zakat programs are essential to ensure their effectiveness in improving mustahiq welfare. This includes assessing the impact of zakat disbursement mechanisms, eligibility criteria, and the amount of funds allocated. Expansion of Research Scope: Future research should consider expanding the scope of the study to include a broader range of zakat institutions and a larger national sample. This would provide a more comprehensive understanding of the factors influencing the success of productive zakat programs across different contexts. Investigation of Mentoring Programs: Further research could explore the role of mentoring programs in enhancing the effectiveness of productive zakat. This would help determine whether ongoing support and guidance contribute to sustained business growth and welfare improvements among mustahiqs. By implementing these recommendations, policymakers and zakat managers can better support the socio-economic development of mustahiqs, ultimately contributing to poverty alleviation and inclusive economic growth.

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