Improvement of Mustahik's Welfare through Productive Zakat and Mentoring Role; Micro Business Growth as a Mediation Variable

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Abstract. This study aims to determine the effect of productive zakat and the role of mentoring on the welfare of mustahik through micro business growth as a mediating variable. The method used in this research is a quantitative research using a questionnaire data collection technique. The data analysis technique used is PLS (Partial Least Square). The sample used is productive zakat aid recipients or mustahik from BAZNAS Salatiga of 100 mustahik. The results of the study show that productive zakat and micro business growth have a significant positive effect on mustahik welfare, while the mentoring role has no effect on mustahik welfare. Then productive zakat and the role of mentoring have an influence on the growth of micro businesses. Micro business growth as a mediating variable also has an influence in mediating productive zakat and the role of mentoring for mustahik welfare.

Keywords: Productive Zakat, Assistance Role, Micro Business Growth, Mustahik Welfare

1. Introduction

The slowdown in economic growth due to Covid-19 and the Russian invasion of Ukraine indicates a reduction in economic activity which can result in an increase in the poverty rate in developing countries like Indonesia (World Bank, 2022). This impact spreads to the regional or municipal level, such as in Salatiga City, which is located in Central Java Province. The poverty rate in the City of Salatiga in 2020 saw an increase in the percentage of poverty from 2019 which was then followed by a significant increase in 2021 which made the number of poor people in the City of Salatiga become 10,140 people. Various government policies rolled out in the form of poverty alleviation programs have so far not been able to provide a solution to reducing the poverty rate in Indonesia.

Zakat, as an Islamic instrument is present in its role in overcoming poverty and bringing prosperity to all levels of society. Zakat is part of a form of worship that contains three dimensions, namely spiritual, social and economic (Huda, N., 2015). The spiritual dimension can be explained in Q.S. At Taubah (9): 103 that zakat is a form of faith in Allah to purify oneself from stinginess and indifference to others. On the social dimension, zakat is a means of strengthening social relations that can avoid division. While the economic dimension

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explains that zakat is the instrument of choice in the development of a just economy which is expected to be able to overcome economic problems such as poverty (Hidayat, 2016).

Policies for reducing poverty and increasing welfare in the City of Salatiga through zakat instruments are carried out by the Amil Zakat Agency or BAZNAS Salatiga by channeling zakat that is productive, namely empowerment in the form of providing business capital with the aim of being able to use it in the long term which can then improve the welfare of mustahik (Ansori, 2018). Micro business is seen as a strategic sector in the utilization of productive zakat. Where micro businesses can play an important role in economic activity as the main source of employment opportunities and national growth. Then in supporting the successful utilization of productive zakat, BAZNAS Salatiga has a program in the form of a facilitation role. The role of mentoring has an important position for mustahik who receive productive zakat to be utilized in the long term through directing and monitoring the development of the business being carried out (Sumiarti et al., 2018).

The utilization of productive zakat from period to period continues to be reviewed with the aim of maximizing the productivity of zakat distributed by zakat institutions, especially in the post-Covid-19 pandemic. The utilization of productive zakat and the role of mentoring has an impact on increasing welfare through micro-enterprises. This is based on research conducted by (Pane, 2022) that the productive distribution of zakat has a significant positive effect on the overall welfare of the mustahik both materially and spiritually. Then research from (Hoque et al., 2015) that the role of mentoring in the utilization of productive zakat can increase the welfare of mustahik.

Welfare in this study is focused on the welfare of mustahik in an Islamic perspective, where the welfare of mustahik is measured based on maqashid sharia from Imam Al-Syatibi namely Dien with the approach of implementing prayer, Nafs or soul which is measured through health, Aql or intellectual through educational, Nasl or family approaches based on the number of offspring and Mal or assets as measured by the amount of income.

So after seeing the explanation that has been explained, the author wishes to see the extent to which the influence of giving productive zakat and the role of mentoring carried out by BAZNAS Salatiga in improving the welfare of the poor in Salatiga City with business growth as a mediating variable.

2. Literature Review

2.1 Welfare in Islam

So far, the increase in development has only been measured from the economic sector, such as economic growth and poverty reduction, which are felt to be unable to explain the actual level of welfare. These measurements are only limited to being carried out objectively using a monetary based indicator. In this case, Islam as a religion that has the goal of bringing its people towards happiness has a concept of welfare that is not only materially oriented but also spiritual and social values. (Mannan, 1997). Based on (Djazuli, 2006) Islam explains that welfare is the success of humans in obtaining overall goals so that they have implications for the happiness of the world and the hereafter. Imam Al-Syatibi has formulated the concept of human welfare through socio-economic thinking based on maqashid Sharia (Azwar, 2017).

Al-Syatibi suggests that human welfare is determined by the fulfillment of the following five aspects; first, Religion (Ad-Din). Religion becomes a form of human spiritual needs in obeying Allah SWT by worshiping Him. Second, reason (Al-Aql). The form of intellectual fulfillment is by fulfilling the rights of Al-talim (the right to education). Third, the soul (an-nafs). the peace of one's soul after feeling their basic needs fulfilled. So that someone can carry out worship to Allah SWT in a calm, serene, and peaceful manner. Fourth, wealth (al-

mal). efforts to obtain wealth lawfully through work. Fifth, descent (an-nasl). The need for offspring is defined as a form of caring for the offspring of individuals and families

2.2 Productive Zakat

Productive zakat in the opinion of (Qaradhawi, 2005) is zakat in which the management is intended as a form of economic benefit for the poor community with an emphasis on empowering human resources through coaching and training to improve abilities or competencies. Imam Nawawi explained that productive zakat distribution is given in the form of capital to mustahik, namely trade assets or infrastructure that can support their business or economic activities. The amount of zakat distributed is also adjusted to the needs of mustahik so that the business being carried out can benefit (Musa, 2020). According to (Soemitra, 2009) indicators of giving productive zakat can be seen based on the procedures and objectives of productive zakat utilization contained in Law no. 23 of 2011 concerning the management of zakat, namely; first, zakat can be utilized for productive businesses in the context of handling the poor and improving the quality of the people. Second, zakat can be utilized by mustahik in accordance with religious provisions. Third, the utilization of zakat collection results is based on the priority scale of mustahik needs and can be used for productive businesses.

2.3 Role of Mentoring

The role of mentoring in the distribution of productive zakat is carried out with the aim of empowering the community to influence the level of community welfare. The form of this assistance activity is financing in the form of capital, skills training and assistance for mustahik in running their business, starting from the beginning of obtaining capital financing until mustahik can switch to becoming a muzaki. The mentoring program is very important in distributing productive zakat with the aim of the program being carried out not only to provide business capital assistance but to need follow-up in the form of skills training and intensive and sustainable mustahik development (Rahmawati & Kisworo, 2017). Accompanying indicators according to (Suharto, 2014) consist of enabling or facilitating, empowering, and supporting.

2.4 Micro Enterprise

According to Law no. 20 of 2008 concerning Micro, Small and Medium Enterprises, it is explained that Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as stipulated in this Law. Micro businesses have criteria as a business unit that has the most assets of the three types of business above, namely a maximum of IDR 50,000,000 excluding land and buildings and has a maximum annual income of IDR 300,000,000. According to (Prastiawati & Satya Darma, 2016) indicators of the development of micro-enterprises can be seen from the amount of income, profit, sales value, customers and goods sold over a certain period of time. The indicators used in this study include: revenue, profit, product sales level, and customers.

Based on the literature review above obtained from various sources, the relationship between variables is obtained which can be described in a research framework chart as Figure 1. The research framework in Figure 1 is used to describe research in determining whether the independent variable (productive zakat and the role of mentoring) has a significant effect on the dependent variable (mustahik's welfare), as well as to see the role of the mediating variable (micro business growth) whether it can affect the relationship between variables independent with the dependent variable. So the hypothesis developed in this study is as follows:
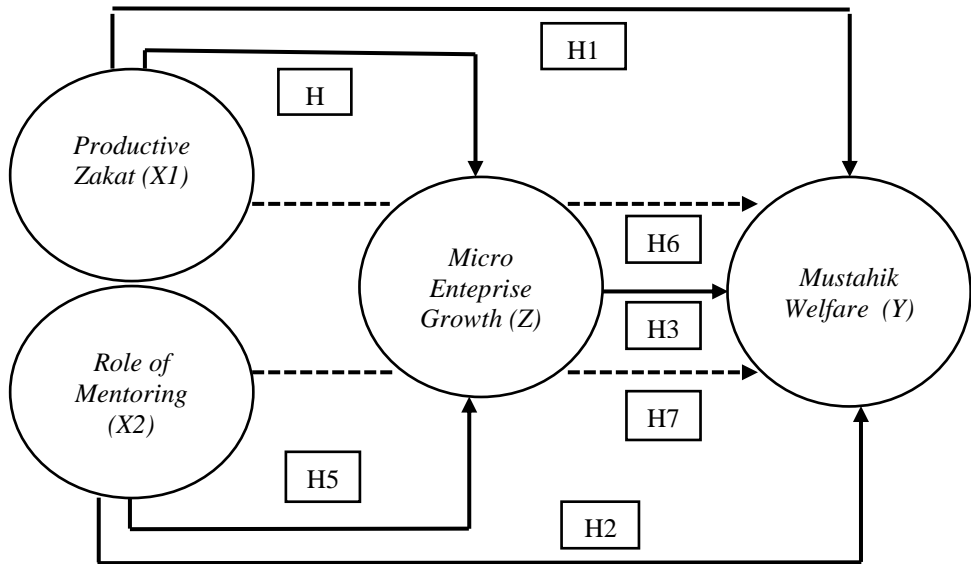
Figure. 1. Framework

H1: There is an effect of productive zakat on the welfare of mustahik at BAZNAS Salatiga
H2: There is an influence of the role of mentoring on the welfare of mustahik at BAZNAS Salatiga
H3: There is an effect of micro business growth on the welfare of mustahik at BAZNAS Salatiga
H4: There is an effect of productive zakat on the growth of micro-enterprises at BAZNAS Salatiga
H5: There is an influence of the mentoring role on the growth of micro-enterprises at BAZNAS Salatiga
H6: There is an influence of productive zakat on the welfare of mustahik which is mediated by the growth of micro-enterprises at BAZNAS Salatiga
H7: There is an influence of the role of mentoring on the welfare of mustahik which is mediated by the growth of micro-enterprises at BAZNAS Salatiga

3. Research Method

In discussing this research, researchers used a type of quantitative research with primary data types. Researchers used a data collection method in the form of a questionnaire or questionnaire which is a technique for collecting data by giving a number of questions to respondents to provide answers according to user requests (Widoyoko, 2016). The questionnaire used is a Likert scale from 1-5.

Meanwhile, the primary research data was obtained directly by conducting questions and answers and filling out questionnaires by productive zakat recipients at BAZNAS Salatiga. The type of method used to determine the sample is non-probability sampling in the form of saturated sampling technique which is the determination of the sample using all members of the population, namely as many as 100 respondents. The analytical method in this study uses the SEM PLS method with the help of the SMART PLS 4 analysis tool.

4. Result and Discussion

4.1 BAZNAS Salatiga Profile

BAZNAS (National Amil Zakat Agency) Salatiga City is a philanthropic institution engaged in the social humanitarian field, especially in efforts to collect, manage and utilize zakat, infaq and alms in the City of Salatiga.

The Salatiga City National Amil Zakat Agency (BAZNAS) is trying to take part in the process of improving people's welfare, especially in the Salatiga City area in order to create a prosperous Salatiga. Among the flagship programs of BAZNAS Salatiga, such as business capital assistance provided from productive zakat. Business capital is an important instrument in the business structure. Capital in this context is financial availability to support a person's or group's trading business. Communities with middle to lower levels, especially the poor, experience difficulties in starting a business and developing their business due to the unavailability of capital.

Then in order to help micro-entrepreneurs in Salatiga City who find it difficult to develop due to limited capital, BAZNAS Salatiga will provide capital assistance from productive zakat. The program is considered to have benefits for many people. In addition to minimizing the level of poverty, it can also increase the productivity of the less fortunate. So as to ensure that the business capital remains productive, the Salatiga BAZNAS performs periodic facilitation, strengthening and support.

4.2 Validity Test

Is an assessment of the validity of each predictor of the combined score. A predictor or item can be said to be valid if the factor loading score is more than 0.5. In addition, it can be seen from the t value which is less than 1.96. Following are the output results of convergent validity which are explained in the table below:

Table 1. Convergent Validity Test

Variable	Indicator	Loading Score	Validity (>0.5)
Productive Zakat	X1.1	0.933	Valid
	X1.2	0.828	Valid
	X1.3	0.736	Valid
	X1.4	0.911	Valid
Role of Mentoring	X2.1.1	0.897	Valid
	X2.1.2	0.874	Valid
	X2.2.1	0.872	Valid
	X2.2.2	0.906	Valid
	X2.3.1	0.832	Valid
	X2.3.2	0.900	Valid
Micro Enterprise Growth	Z.1	0.826	Valid
	Z.2	0.835	Valid
	Z.3	0.899	Valid
	Z.4	0.854	Valid
	Z.5	0.791	Valid
	Z.6	0.768	Valid
Mustahik Welfare	Y.1.1	0.728	Valid
	Y.1.2	0.708	Valid
	Y.1.3	0.708	Valid
	Y.2.1	0.899	Valid
	Y.2.2	0.841	Valid
	Y.2.3	0.898	Valid

Y.3.1	0.866	Valid
Y.3.2	0.877	Valid
Y.3.3	0.862	Valid
Y.4.1	0.762	Valid
Y.4.2	0.773	Valid
Y.4.3	0.726	Valid
Y.5.1	0.882	Valid
Y.5.2	0.721	Valid
Y.5.3	0.766	Valid

Source: primary data

The data in table 1 shows that all indicators have passed the convergent validity test and are at a safe point, namely > 0.5. So it can be said that all indicators have passed the convergent validity test.

In addition to the convergent validity test, a discriminant validity test was also carried out. The indicator is said to be valid and shows good adequacy of validity for latent variables if the AVE score ≥ 0.5. The following is the output of the discriminant validity described in the table below:

Table 2. Uji Validitas Diskriminan

Variable	AVE	Validitas (>0.5)
Mustahik Welfare	0.647	Valid
Role of Mentoring	0.776	Valid
Micro Enterprise Growth	0.689	Valid
Productive Zakat	0.732	Valid

Source: primary data

Table 2 data shows that all variables have an AVE value above 0.5, so that it can be said that all discriminant variables have fulfilled the discriminant validity test.

4.3 Reliability Test

The reliability test is used to see the consistency and accuracy of indicators in measuring latent variables. The predictor is declared reliable if the Cronbach's alpha value is greater than 0.7.

Table 3. *Cronbach's alpha*

Variable	*Cronbach's Alpha*	Reliable (>0.7)
Mustahik Welfare	0.960	Reliable
Role of Mentoring	0.942	Reliable
Micro Enterprise Growth	0.910	Reliable
Productive Zakat	0.876	Reliable

Source: primary data

Based on the table above, it can be seen that all construct variables in this study have a Cronbach's alpha value that is greater than the required minimum value of 0.7. This shows that the variables in this study have fulfilled one of the reliability requirements.

4.4 R-Square

Testing of the structural model is carried out by looking at the R-square value which is a goodness-fit model test. The R-square value also explains how much the exogenous (independent) variables in the model are able to explain the endogenous (dependent) variables. The higher the R-square value, the better the prediction model of the proposed research model.

<table>
<tr><td colspan="3" align="center">**Table 4.** *R-Square*</td></tr>
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Variable	*R-square*	*R-square adjusted*
Mustahik Welfare	0.722	0.714
Micro Enterprise Growth	0.653	0.646

Source: primary data

Based on table 4 it can be seen that the R-square value of the Mustahik Welfare variable is 0.722. This explains that the influence of the productive Zakat, Role of Mentoring, and Micro Enterprise Growth variables on Mustahik Welfare is 72.2%. According to (Chin, 1998) including high influence. While the R-square value of the Micro Enterprise Growth variable is 0.653, which means that the magnitude of the productive influence of Zakat and the Role of Mentoring on Micro Enterprise Growth is 65.3%.

4.5 Hipotesis Test

Hypothesis testing is done by resampling Bootstrapping method. Testing the hypothesis is seen from the results of the calculated t value which is then compared with the t table value (1.96). In addition, it is necessary to convey the results and the 95% confidence interval of the estimated path coefficient parameter and the f-square value which serves to show the effect of the direct variable at the structural level with the criteria (f-square 0.02 low, 0.15 moderate, and 0.35 high (Risher & Sarstedt, 2018). Meanwhile, for the mediating effect, the f-square is called the upsilon v statistic which is obtained by squaring the mediation coefficient, which is then classified into the following criteria: low mediating effect (0.02), medium mediating effect (0.075), and high mediating effect (0.175) (Lachowicz et al., 2018) The following are the results of the path coefficients test and their results.

Table 5. *Path coefficients* (direct effect)

Hypothesis	*Original Sample (O)*	*T-statistic*	*P-values*	95% interval trust path coefficoent		*f-squares*
				Lower limit	Upper limit	
ZP -> KM	0.388	4.021	0.000	0.210	0.583	0.240
ZP -> PUM	0.533	6.279	0.000	0.361	0.688	0.566
PP -> KM	-0.047	0.670	0.503	-0.179	0.098	0.004
PP -> PUM	0.380	5.112	0.000	0.233	0.526	0.287
PUM-> KM	0.553	5.146	0.000	0.329	0.749	0.382

Source: primary data

Based on the path coefficient test using PLS on the direct influence which can be seen in table 5, it can be interpreted as follows:

a. It is known that the t-count value of Productive Zakat (X1) to Mustahik Welfare (Y) is 4.021 > t-table 1.96 and a significance value of 0.000 <0.05. So the productive Zakat Variable (X1) has a positive and significant effect on the Mustahik Welfare Variable (Y).

b. It is known that the t-count value of Role of Mentoring (X2) for Mustahik Welfare (Y) is 0.670 < t-table 1.96 and a significance value of 0.503 > 0.05. So the Variable Role of Mentoring (X2) has no influence on the Mustahik Welfare Variable (Y).

c. It is known that the t-count value of Micro Enterprise Growth (Z) to Mustahik Welfare (Y) is 5.146 > t-table 1.96 and a significance value of 0.000 <0.05. So the Micro Enterprise Growth Variable (Z) has a positive and significant effect on the Mustahik Welfare Variable (Y).

d. It is known that the t-count value of Productive Zakat (X1) on Micro Enterprise Growth (Z) is 6.279 > t-table 1.96 and a significance value of 0.000 <0.05. Then the Productive Zakat Variable (X1) has a positive and significant effect on the Micro Enterprise Growth Variable (Z)

e. It is known that the t-count value of Role of Mentoring (X2) on Micro Enterprise Growth (Z) is 5.112 > t-table 1.96 and a significance value of 0.000 <0.05. So the Variable Role of Mentoring (X2) has a positive and significant effect on the Micro Enterprise Growth (Z) Variable.

Table 6. *Path coefficients* (mediation effect)

Hypothesis	Original Sample (O)	T-statistic	P-values	95% interval trust path coefficoent		95% interval trust path coefficoent
				Lower limit	Lower limit	
ZP -> PUM -> KM	0.295	4.563	0.000	0.169	0.420	0.083
PP -> PUM -> KM	0.210	3.143	0.002	0.091	0.351	0.044

Source: primary data

Based on the path coefficient test using PLS on the indirect effect which can be seen in table 6, it can be interpreted as follows:

a. It is known that the t-count value of Micro Enterprise Growth (Z) in mediating the effect of Productive Zakat (X1) on Mustahik Welfare (Y) is (4.563>1.96) and the significance value is (0.000<0.05). So Micro Enterprise Growth has a significant positive effect in mediating Variable productive Zakat on Mustahik Welfare.

b. It is known that the t-count value of Micro Enterprise Growth (Z) in mediating the effect of Role of Mentoring (X2) on Mustahik Welfare (Y) is (3.143>1.96) and the significance value is (0.000<0.05). So Micro Enterprise Growth has a significant positive effect in mediating the Variable Role of Mentoring on Mustahik Welfare.

5. Conclusion

Based on the results of the data analysis that has been carried out, it can be concluded that the results in this study include the following:

a. Productive Zakat has a positive and significant effect on the level of Mustahik Welfare at BAZNAS Salatiga. Therefore, these findings can be a positive value for BAZNAS Salatiga to develop a productive Zakat program.

b. The Role of Mentoring has no influence on the level of Mustahik Welfare. This is reinforced by the answers of respondents who feel that the Role of Mentoring provided by BAZNAS Salatiga has not been maximized.

c. Micro Enterprise Growth has a positive and significant effect on the level of Mustahik Welfare. The development of their business has helped them meet their basic needs, which has implications for welfare

d. Productive Zakat has a positive and significant effect on Micro Enterprise Growth. Productive Zakat assistance is able to become capital for small communities who have limited capital to develop micro businesses.

e. Role of Mentoring has a positive and significant effect on Micro Enterprise Growth. The Role of Mentoring given by BAZNAS Salatiga can be applied by recipients in developing micro businesses.

f. Micro Enterprise Growth has a positive effect in mediating productive Zakat on Mustahik Welfare. Micro businesses that are developed with the help of productive Zakat are able to increase Mustahik Welfare.

g. Micro Enterprise Growth has a positive and significant effect in mediating the Role of Mentoring for Mustahik Welfare. The Role of Mentoring obtained by mustahik and then applied in developing micro-enterprises, is able to improve their welfare.

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