

## Mustahik Economic Empowerment through Micro Business Development

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### Abstract

*This research aims to develop an efficient model of economic empowerment through a micro business development program for mustahiq. The model development involves (1) providing capital through financing, 2) providing management skill training, (3) innovation development, 4) intensive assistance from BAZNAS, and 5) marketing strategy training. Those models are to improve the performance of micro-businesses so that mustahiq can be empowered. The effectiveness of the five variables was tested through multiple regression analysis using SPSS. The data is processed based on data tabulation of 84 selected respondents. The results show that providing capital from zakat productive, procuring management skill training, innovation development training, intensive assistance from amil zakat, as well as marketing strategy training, can improve the performance of mustahiq micro businesses. The business assistance and various training that accompanies the distribution of business capital, is a unified business incubation model to empower the mustahiq economy and is a characteristic of amil institutions compared to profit-oriented capital-providing institutions such as banks.*

**Keywords:** *baznas, micro business performance, business assistance, business incubation model, zakat productive*

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### 1. INTRODUCTION

The Millennium Development Goals (MDGs) are a development initiative declared by representatives from 189 countries in 2000 (Adisasmito, 2008). The MDGs which ended in 2015 followed by a new agenda called the Sustainable Development Goals (SDGs). The agenda targeted for up to 2030 is a refinement of the MDGs. One of the agendas is SDGs emphasize human rights in alleviating poverty in all its dimensions so that discrimination does not occur (Normasyhuri et al., 2022). SDGs are global and national commitments to seek prosperity for society.

Indonesia has successfully completed 49 out of 67 MDGs indicators. However, there are still a number of indicators that need to be continued in the SDGs implementation agenda. One of the indicators is eradicating and reducing poverty based on the national poverty line. This indicator is the first goal on the SDGs agenda (Bappenas, n.d.). Poverty has become a major problem in every country, including Indonesia. As a country with a predominantly Muslim

population, *zakat* has an important role in overcoming poverty (Harahap & Soemitra, 2022; Rohmania & Widiyanto, 2021).

*Zakat* is a mechanism and social work that can be applied to reduce poverty and create social change at the community, organizational and international levels (Ali & Hatta, 2014). *Zakat* is a source of Islamic finance that must be paid by Muslims and can be used as an instrument in overcoming poverty. One of the *zakat*'s goals is to reduce poverty among Muslim communities so they can have a better quality of life.

In Indonesia, *zakat* funds are managed by 2 institutions, namely BAZ (*Amil Zakat Agency*) and LAZ (*Amil Zakat Institution*). However, their role is very low in collecting *zakat* funds which is still far from their potential (Amilahaq, Wijayanti, Mohd Nasir, et al., 2020; Amilahaq & Kiryanto, 2021). People tend to distribute their *zakat* privately to people who are less fortunate (*mustahiq* or people who deserve to receive the *zakat*). This distribution is only consumptive for a moment, thus, it would not get

*mustahik* out of the poverty zone. This is where the importance of *zakat* is being channelled as *zakat* productive which is aimed at productive activities with the hope of increasing the welfare of *mustahik* and other communities (Adiwijaya & Sumiati, 2008; Hakim et al., 2020).

Along with its implementation, many obstacles are encountered by *zakat* management institutions in performing *zakat* distribution. Fakhrudin (2008) mentions 8 obstacles in optimizing the *zakat* utilization namely; There are different perceptions among scholars regarding the position of *zakat* in Islamic law, *zakat* only limited to ceremonial rituals that are not related to social economics according to some scholars, *zakat* is only conducted at the time of the Prophet, *zakat* is a personal worship that is not requires intervention from other parties, the law on *zakat* management does not include sanctions for people who do not pay *zakat*, *zakat* management institutions do not have the right to force people to pay *zakat* so that their role becomes less effective, *zakat* management budgets are not included in the state budget or regional budget, and *zakat* administrators institutions are not civil servants but only private employees who do not optimize the *zakat* management because they only consider their work as a side job.

*Zakat* as a resource that can be used to overcome poverty has not received full attention. The benefits of *zakat* are only a small part of what can be felt by the community. Therefore, there is a need for research on *zakat* management, especially to reduce poverty.

Previous research has been conducted on poverty alleviation programs on micro-enterprise empowerment models through interest-free loans and business assistance (Adiwijaya, 2016). Interest-free loans that can assist *mustahik* should not have any administration costs, no payment due dates, and do not require collateral, as well as additional capital when the business grows. In addition, *mustahik* wants business assistance from *zakat* management institutions (Adiwijaya, 2014; Adiwijaya & Kiryanto, 2014). The assistance includes management skills training and marketing facilities to assist *mustahik* in promoting its products. Due to less business knowledge, business assistance is required to help *mustahik* manage and develop the business to prevent loss in the market.

This research is a follow-up study from (Adiwijaya, 2016) to examine how effective the above

programs are on the business performance of *mustahik* (*zakat* productive recipients). This research is expected to contribute to the *zakat* management institutions in alleviating poverty with the micro business incubation model. Therefore, this is an urgent topic to be conducted due to the effect of business incubation through interest-free financing and business assistance on the micro-enterprises performance runs by *mustahik*.

## 2. LITERATURE REVIEW

### 2.1. The Role of Zakat in Building a Civilized Society

*Zakat* has many meanings in human life, especially among Muslims. The wisdom of *zakat*, both related to Allah and social society, includes helping the poor to fulfill their basic needs, eliminating hatred towards people around them who have better lives, equalizing the distribution of assets, purifying themselves from sins, and helping to actualize an Islamic social system with the principles of *Ummat Wahidan* (one community), *Musawah* (equality and obligations), *Ukhuwah Islamiyah* (Islamic brotherhood) and *Takaful Ijtima* (shared responsibility) (Hidayatullah 2017, p.96).

*Zakat* is a *maaliyah* worship, which has dimensions and functions of life in the socio-economic field and distributes God's gifts to His servants. It embodies a sense of solidarity, a reflection of humanity and justice, evidence of a strong Islamic brotherhood, an inner bond between the rich and poor, and a separator between the strong and the capable (Hasbi 2008, p.40).

Muslims who have reached the *nisab* in their assets are required to pay *zakat* (Amilahaq, Wijayanti, Nasir, et al., 2020; Amilahaq & Ghoniyah, 2019). The collected *zakat* funds are then distributed to the right people. The distribution of *zakat* funds has developed. It was initially distributed consumptively, meaning that it was only used to fulfill needs. Nowadays, *zakat* has been distributed to *mustahik* in a productive manner which is able to improve the country's economy. *Zakat* fund management institutions in Indonesia distribute *zakat* in a consumptive manner for meeting the needs of daily life and can also productively increase the efforts made by *mustahik* (Adiwijaya, 2014).

One of the people's interests that must be realized is to build an economic sector that aims to improve people's welfare which can make the country stronger. The form of the state's obligation to this matter can be

performed through enforcement of sharia compliance at BAZNAS to regulate economic mechanisms and transactions, sanctions for violators, and enforced security to protect people's economic activities so that they run smoothly. In the laws and regulations governing *zakat* management, it is stated that *zakat* can be useful consumptively and productively. Consumptive benefits are given to meet the consumptive needs of 8 *asnaf* groups which are instantly channeled according to the urgency to solve problems. Consumptive *zakat* prioritizes the most vulnerable *mustahik* in need of assistance to meet basic needs. Meanwhile, *zakat* productive aims to improve *mustahik* welfare through fulfilling productive needs. The *zakat* distribution is in the form of a sustainable empowerment program. Meanwhile, the empowerment of the poor aims to become independent and apart from the poverty line through productive assistance (Adiwijaya, 2016).

## **2.2. Hypothesis Development**

### **2.2.1. Zakat Productive Distribution to Mustahik in the form of Capital Financing**

Business capital is the financial ability to generate income (Ferdaus et al., 2020). In terms of productive *zakat*, capital is one of the important things that must be given to *mustahik* to assist in starting or developing a business (Hamidi et al., 2019). If the business does not have sufficient capital, it will be difficult for the business to develop and may die. According to Arif & Nurzansyah (2020), there are several concepts regarding capital. Firstly, capital in quantitative terms means that all current assets can be called capital. Secondly, capital in a qualitative sense means that capital is part of the current assets to finance business and liabilities. Thirdly, capital in a functional concept means that capital is a function of increasing income.

The difficulty of obtaining loans from financial institutions is often an obstacle for less fortunate people. Many novice entrepreneurs fail due to a lack of capital and do not understand how to manage their capital. The existence of capital assistance provided by *zakat* institutions can increase the self-confidence and productivity of *mustahik*. Providing business capital from *zakat* funds is the goal of *zakat* in the long term (Adnan et al, 2019). Its application can be through a business incubator. A business incubator not only provides interest-free capital assistance but also provides assistance that includes managing a business

(Adiwijaya, 2016). Therefore, *mustahik* will be able to empower themselves and will make changes in a better direction to improve their welfare. *Mustahik's* welfare can be seen from the performance of the current business. Therefore, providing business capital can affect business performance. Research conducted by Febianto & Ashany (2012), Hamidi, et al (2019), and Muhamat, et al (2013) has proven this statement.

H1: Providing business capital from *zakat* productive funds has a positive effect on the performance of *mustahik* micro businesses

### **2.2.2. Management Training Skill for Mustahik (Zakat Productive Recipients)**

Management skill is defined as a stock of competency, personality, and knowledge attributes that are implemented to do a manual job so it produces economic value (Sullivan & Sheffrin, 2003). In brief, management skills are someone's ability to produce goods or services that have economic value by transforming knowledge into work practices. Schultz (1961) explained that skills and knowledge are forms of human capital and products of intentional investment.

One of the challenges for developing micro-enterprises is the quality of human resources in terms of management skills (Haeruman 2000, p.48). Management skill is needed for micro businesses because it includes market segment analysis, innovation, and a strict division of tasks which are very useful for growing a business. The existence and development of small businesses can be solved by paying more attention to management skills and knowledge (Papulova & Mokros, 2007).

Management skills and knowledge applied to product innovation can create a competitive advantage in the business (Papulova & Mokros, 2007). By having management skills possessed by entrepreneurs, productive *mustahik* can create satisfaction and make businesses more productive and committed to the customers. Customers will be satisfied if they get the product or service they need and want at the price and quality as expected. The valued products or services can only be produced consistently by *mustahik* who have a high commitment. Satisfied customers are most likely to return to purchase so it will improve business performance and income earned by *mustahik*. The increase in income will be able to help *mustahik* to be independent and develop the business they are

running. Research from Asah et al (2015) and Olowu & Aliyu (2015) shows a positive relationship between management skills and business performance.

H2: Management skill training by *zakat* management institutions has a positive effect on the performance of *mustahiq* micro businesses

### **2.2.3. Innovation Development Training for Zakat Productive Mustahik**

Innovation can be in searching for new opportunities, which means improving existing goods and services, making new goods and services, or integrating existing elements of production with new and better methods (Wiratmo, 1996). Innovation is the application of new ideas to create added value, either directly for the company or indirectly for customers. The novelty and added value can be applied to products, processes, work organization systems, or product marketing systems (Weerawardena, 2003). Innovation needs to be done for businesses' sustainability and continuity. Business development aims to increase potential business income and attract people to shop. Moreover, innovation is also needed to improve product quality and create new markets (Weerawardena, 2003; Wiratmo, 1996).

Innovation assistance can make *mustahik* more committed and motivated to compete with other competitors. Assistance can be done by providing direction and motivation to product development innovations. Training in developing and modifying products can also be provided to business actors. Innovation is not in products but can also be in services, locations, and promotions (Wiratmo, 1996). Innovation must be consumer and satisfaction oriented. Therefore, *mustahik* business sales will increase. Increased sales mean increased *mustahik* income and the performance of the existing micro businesses. Research by Karabulut (2015) and Sumiati (2020) has provided evidence that innovation can have a positive effect on micro-business performance.

H3: Innovation development training has a positive effect on the performance of *mustahiq* micro businesses

### **2.2.4. Intensive Business Assistance for Zakat Productive Mustahiq**

Assistance is a strategy to improve the quality of human resources as part of a problem which will then seek to find alternative solutions (Suharto, 2009). Business assistance programs by *zakat* institutions are needed to help *mustahik* to reduce and solve various

problems faced in managing businesses financed with *zakat* funds (Estiningsih et al., 2018). The aim is that *mustahik* can apply the implementation of entrepreneurship properly so that they can solve the problems. *Mustahik* as a business actor who has minimum knowledge of business management requires business assistance.

In addition, assistance that is performed properly can improve *mustahik's* ability to develop a business and motivate *mustahik* to improve their performance. This ability will also encourage *mustahik* to have a better mindset and be able to be financially independent. Business assistance can encourage business growth and will lead to achieving *mustahik* welfare (Widiastuti et al., 2021). After performing assistance, it is necessary to monitor and evaluate whether or not the assistance provided is successful, has an impact on the *mustahik's* performance in running their business and can solve their problems. Assistance and supervision must be carried out for the welfare and independence of *mustahik*, so that they will no longer rely on their income from *zakat* funds or other donations (Furqani et al., 2018).

H4: Business assistance has a positive effect on the performance of *mustahiq* micro-businesses

### **2.2.5. Marketing Strategy Training for Zakat Productive Funds of Mustahiq**

The American Marketing Association defines marketing as a set of processes for creating, communicating, and delivering value to customers and for maintaining customer relationships (Kotler et al., 2006). Marketing is very important to disseminate the products produced to the public and assist in achieving targets. A few entrepreneurs fail because they are unable to carry out their business plans. Furthermore, the majority are unable to prepare a business plan (Agustina, 2011). A perfect business plan is needed especially for novice entrepreneurs. Strategic planning is needed so the business plan is ready to enter the market Kotler & Armstrong (2001).

The marketing strategy describes how a company must run according to its goals (Triyaningsih, 2012). *Zakat* institutions need to provide assistance to *mustahik* in terms of marketing and promotion strategies to always develop *mustahik* businesses. When a *mustahik* has done good marketing management, it will be easier for his business to progress and develop. Therefore, it will help increase the performance and income of *mustahik*. Marketing

strategy training can have a positive impact on business performance which has been proven by Al Mamun, et al (2019) and Zin & Ibrahim (2020).

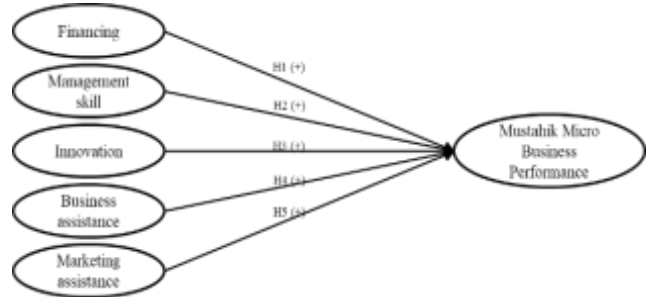
H5: Marketing strategy training has a positive effect on *mustahiq* micro business performance

#### 2.2.6. Micro Business Performance Improvement.

Performance is a function of the interaction between ability, motivation, and opportunity (Robbins, 2001, p.73). Meanwhile, business performance is a reflection of the success of a business which is shown through a comparison between targets and achievements for a certain period of time (Sumiati, 2020). Gomes, et al (2003) mention 3 types of performance appraisal, namely result-based performance evaluation which is based on the achievement of the final result; behavior-based performance evaluation which is based on individual or group behavior in performing their duties; and judgment performance evaluation which is based on suitability for purpose.

This research used 3 indicators to assess the micro-businesses performance, namely growth in sales or turnover and profit (Lee & Tsang, 2001), and growth in employees or workforce (Shehu & Mahmood, 2014). High business performance can be affected by several factors such as the toughness and seriousness of the business, problem-solving skills, good business planning, creativity, innovation, and other factors. The existence of capital assistance, training, and mentoring will greatly affect *mustahik* in improving business performance (Al Mamun, et al (2019) dan Zin & Ibrahim (2020), (Widiastuti et al., 2021), Karabulut (2015) and Sumiati (2020), High business performance will increase the *mustahik* welfare. This must be done until *mustahik* is independent and eventually can change their status to become *muzakki*.

Based on several previous studies, the framework of this research can be compiled as follows.



**Figure 1. Research Framework**

### 3. METHODS

The population in this research includes micro-entrepreneurs assisted by BAZNAS districts or cities in Central Java. Samples were taken using a purposive sampling technique where each BAZNAS district and city in Central Java would be selected as respondents who met specific criteria according to the relevance of the researcher. Quantitative was chosen as the approach in this research with primary data sources. The data collection technique used was a questionnaire distributed to respondents as BAZNAS *mustahik* using in-depth interview methods. The questionnaire that was returned to the researcher was analyzed using the SPSS analysis tool. Multiple linear regression analysis techniques were used to analyze and find out how much influence the micro business incubation model has, which includes providing business capital, management training, innovation training, business assistance, and marketing strategy training, on the micro businesses' performance. The research results were obtained through statistical tests which were supplemented by reference sources and previous research results.

The operational definition of the variable contains a brief explanation of the independent and dependent variables. Each variable has several indicators that represent the variable.

**Table 1. Operational Definitions and Variable Indicators**

No	Variable	Indicators	References
1	<b>Capital Financing</b> Business capital is the financial ability to increase revenue (Ferdaus et al., 2020).	1. There is no administration fees 2. There is no interest costs 3. Giving an allowance time for payment 4. There is no guarantee 5. Grant a business loan if it doesn't develop 6. Greater lending when the business is growing	Aderemi & Ishak (2022), Febianto & Ashany (2012), Hamidi, et al (2019), and Yumna & Clarke (2011)

No	Variable	Indicators	References
2	<b>Management skill</b> Management skill is a stock of competence, personality, and knowledge attribute that are implemented to perform a manual job, thus it can produce economic value (Sullivan & Sheffrin, 2003).	1. Determination of market segments 2. Perseverance and tenacity 3. Creativity 4. Reviewing consumer desires 5. Reviewing the conditions of competition 6. Determine the surplus from the ongoing business 7. Promotion	Abdullahi (2019), Asah, et al (2015), Ginanjar & Ratmoko (2016), Karabulut (2015), and Triyaningsih (2012)
3	<b>Innovation</b> Innovation is the application of new ideas to create added value, either directly for the company or indirectly for customers. The novelty and added value can be applied in products, processes, work organization systems or product marketing systems. (Weerawardena, 2003).	1. Product modification 2. Creating new products 3. Reviewing product development 4. Various products	Ginanjar & Ratmoko (2016), Karabulut (2015), and Weerawardena (2003)
4	<b>Business Assistance</b> Business assistance can encourage business growth and will lead to achieving <i>mustahik</i> welfare (Widiastuti et al., 2021)	1. Distributing capital loans accompanied by assistance 2. Business management training 3. Business quality improvement training 4. Business spiritual assistance	Al-Madhoun & Analoui (2003), Ayuniyyah, et al (2022), Furqani, et al (2018), Ginanjar & Ratmoko (2016), Hassan & Noor (2015), Layyinaturrobaniah & Muizu (2017), dan Yumna & Clarke (2011)
5	<b>Marketing</b> Marketing as a set of processes for creating, communicating and delivering value to customers and for maintaining customer relationships (Kotler et al., 2006).	1. Organizing exhibitions of micro-business results 2. Interesting packaging 3. Providing knowledge about marketing 4. Product quality improvement training	Ginanjar & Ratmoko (2016), Karabulut (2015), Rohim & Kurniawan (2017), and Zin & Ibrahim (2020)
6	<b>Micro business performance</b> Performance is a function of the interaction between ability, motivation, and opportunity (Robbins, 2001, p.73).	1. Increased sales turnover 2. Increased operating profit 3. Increased business working capital	Ginanjar & Ratmoko (2016), Hamidi, et al (2019), and Sinaga, et al (2020)

Source: Researcher's documentation

#### **4. RESULTS AND DISCUSSION**

##### **4.1. Results**

##### **4.1.1. Respondent Characteristics**

Micro-entrepreneurs assisted by BAZNAS districts or cities in Central Java were selected as respondents in this research. From 150 questionnaires distributed, there were only 84 respondents could be

interviewed and collected for processing. The profile of the respondents includes gender, age of the respondent, working period as a *mustahik*, and education. Furthermore, the profile of respondents in this research can be described in detail as follows.

Table 2. Profile of Respondents

No	Information	( % )
1	Gender	
	Female	78
	Male	22
2	Age	
	≤ 30 thn	24
	31 s/d 40 thn	12
	41 s/d 50 thn	40
	≥ 50 thn	24
3	Education	
	Elementary School	43
	Junior High School	36
	High School	21

Source: Processed Data in 2022

Based on the table above, the majority of *mustahik* are educated only up to the elementary school level, namely 43 *mustahik*. None of the *mustahik* is pursuing higher education either vocational education, undergraduate, or postgraduate. *Mustahiks* are Muslim people who are entitled to receive *zakat*. Generally, they are people in need, poor, *gharimin* (people who are in debt), *muallaf* (people who have just converted to Islam) , *riqab*, *fisabilillah*, *ibnu sabil*, or *amil zakat*. The inability of respondents to pursue higher education indicates that respondents are low-income people who are eligible to receive *zakat* funds. In this research, they are *mustahiq* who receive *zakat* productive funds to be managed in the form of small businesses.

#### 4.1.2. Validity and Reliability Test

Validity test can be calculated by making a comparison between *r* count and *r* table (Sugiyono, 2013). This test is useful for examining the relationship between question items of a variable. Following are the results of the validity test. Based on the categories, all items in the variable indicators of financing, management skill, innovation, business assistance, marketing assistance, and micro-business performance are valid so that they can be continued in the next process.

Table 3. Validity TesVariable	Item Number	r count	r table	Judgments
Financing	1	0,760	0,308	Valid
	2	0,635	0,308	Valid
	3	0,732	0,308	Valid
	4	0,588	0,308	Valid
	5	0,599	0,308	Valid
	6	0,747	0,308	Valid

Table 3. Item r r Judgments  
Validity Number count table  
TesVariable

Manajemen Skill	1	0,591	0,308	Valid
	2	0,700	0,308	Valid
	3	0,676	0,308	Valid
	4	0,622	0,308	Valid
	5	0,699	0,308	Valid
	6	0,689	0,308	Valid
	7	0,672	0,308	Valid
Innovation	1	0,918	0,308	Valid
	2	0,929	0,308	Valid
	3	0,765	0,308	Valid
	4	0,833	0,308	Valid
Business Assistance	1	0,866	0,308	Valid
	2	0,768	0,308	Valid
	3	0,800	0,308	Valid
	4	0,830	0,308	Valid
Marketing Assistance	1	0,681	0,308	Valid
	2	0,877	0,308	Valid
	3	0,812	0,308	Valid
	4	0,754	0,308	Valid
Micro Business Performance	1	0,834	0,308	Valid
	2	0,723	0,308	Valid
	3	0,840	0,308	Valid

Source: Primary data that has been processed by SPSS, 2022

Reliability test is used to see the consistency of respondents' answers from time to time. Here are the results.

Table 3. Reliability Test

No.	Indicators	r Alpha value	Results
1	Financing	0,764	Reliable
2	Management Skill	0,788	Reliable
3	Innovation	0,886	Reliable
4	Business Assistance	0,826	Reliable
5	Marketing Assistance	0,789	Reliable
6	Micro Business Performance Usaha Mikro	0,708	Reliable

Source: Processed data in 2022

Based on the table above, each variable such as financing, skill management, innovation, business assistance, marketing assistance, and micro-business performance obtains an *r*  $\alpha$  value that is greater than 0,6. Therefore, it can be concluded that the results of the reliability test on all variables are reliable.

#### 4.1.3. Classical Assumption Tests

Classical assumption tests contains of some statistical test to make sure that the data could be run for the regression model, they are normality test, multicollinearity test, and heteroscedasticity. As for autocorellation test no need to be done because the data is primary data (questionnaire data).

Normality test aims to see whether or not the distribution of the dependent variable data is normal. The data is normally distributed if the Kolmogorov-Smirnov significance value is greater than 0,05 or the normal probability plot graph is around the diagonal line (Ghozali 2016, p.158). The following are the results of the normality test.

**Table 4. Normality Test through One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		84
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	,80039393
Most Extreme Differences	Absolute	,087
	Positive	,087
	Negative	-,054
Kolmogorov-Smirnov Z		,799
Asymp. Sig. (2-tailed)		,545

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data that has been processed by SPSS, 2022

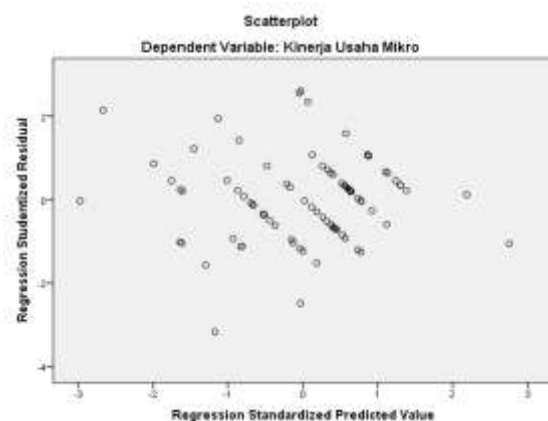
Based on the table above it can be seen that the Kolmogorov-Smirnov significance value is 0,545. Thus the regression model in this study is normally distributed. This result is also supported by a p-plot image where the points are located around the diagonal line.

Multicollinearity test aims to determine whether there is a relationship among the independent variables. The results of this test can be seen from the Tolerance and Variance Inflation Factor (VIF) values. The model is said to be free from multicollinearity problems if the Tolerance value is more than 0,10 and

VIF is less than 10 (Ghozali 2016, p.103). The results of the multicollinearity test can be seen in the following table 5. Based the results, the independent variables in this research (financing, management skill, innovation, business assistance, and marketing assistance) do not experience symptoms of multicollinearity, because the  $VIF < 10$  and tolerance  $> 0,1$ .

The results of the heteroscedasticity test can be seen in the Scatter Plot graph. If the points spread above and below 0 on the Y axis, then in the regression model there is no heteroscedasticity problem (Ghozali 2016, p.134).

**Figure 2. Heteroscedasticity Test Scatter Plot Graph**



Source: Primary data that has been processed by SPSS, 2022

Based on the figure above, it can be seen that the points are scattered randomly. The points do not form a clear pattern and are spread both above and below the number 0 on the Y-axis. This means that there is no heteroscedasticity in the regression model, so the regression model is feasibly used to conduct research.

#### 4.1.4. Multiple Linear Regression Analysis and Hypotheses Testing

Multiple linear regression calculations between financing, skill management, innovation, business assistance, marketing assistance, and micro-business performance are conducted using the SPSS program. The results can be seen as follows.

**Table 5. Multiple Linear Regression Analysis and Hypothesis Testing**

Model	Unstandardized Coefficients		Standardized Coef.	Collinearity Statistics		t	Sig.	Conclusion
	B	Std. Error	Beta	Tolerance	VIF			
(Constant)	,683	1,131				,604	,048	
1 Financing (X1)	,245	,050	,456	,400	2,501	4,955	,000	H <sub>1</sub> Accepted
Management Skill (X2)	,133	,031	,357	,486	2,058	4,274	,000	H <sub>2</sub> Accepted



Model	Unstandardized Coefficients		Standardized Coef.	Collinearity Statistics		t	Sig.	Conclusion
	B	Std. Error	Beta	Tolerance	VIF			
Innovation (X3)	,090	,037	,164	,740	1,351	2,424	,018	H <sub>3</sub> Accepted
Business Assistance (X4)	,108	,067	,144	,429	2,329	2,625	,022	H <sub>4</sub> Accepted
Marketing Assistance (X5)	,170	,070	,213	,434	2,306	2,412	,018	H <sub>5</sub> Accepted

a. Dependent Variable: Micro-Business Performance

Source: Primary data that has been processed by SPSS, 2022

From the t-test, it can be seen how far the individual effect of one independent variable is in explaining the variation of the dependent variable. This test can be done by looking at the p-value of each variable (Ghozali, 2016). Based on Table 5, it could be concluded that all the independent variables could impact Micro Business Performance partially, with a significance level on 0,05. As for the equation can be formulated as follows:

$$Y = 0,683 + 0,245X_1 + 0,133X_2 + 0,090X_3 + 0,108X_4 + 0,170X_5 + e$$

The simultaneous test result can be seen on Table 6 about Coefficient of Determination. The test is to find out how much influence the variables of financing, management skill, innovation, business assistance, and marketing assistance have in explaining the mustahik micro businesses performance. Table 6 shows that the adjusted R<sup>2</sup> is 0,718. This means that 71,8% of the variation in micro business performance can be explained by the five independent variables, namely financing (X1), management skill (X2), innovation (X3), business assistance (X4), and marketing assistance (X5). The remaining 28,2% is explained by other reasons outside the research model.

**Table 6. Coefficient of Determination (adjusted R<sup>2</sup>)**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	,858 <sup>a</sup>	,735	,718	,826	1,936

a. Predictors: (Constant), Marketing Assistance, Innovation, Management Skill, Business Assistance, Financing

b. Dependent Variable: Micro-Business Performance

Source: Primary data that has been processed by SPSS, 2022

## 4.2. Discussion

### 4.2.1. Model Financing for *Mustahiq* Micro Business Performance

In Table 5, the regression coefficient value of the financing variable is 0,245 with a significance of 0,000 or less than 0,05. The first hypothesis (H1) states that providing business capital through financing has a positive effect on micro businesses' performance. Based on the test results in Table 5, H1 is acceptable. Partially, the financing of *zakat* funds as capital loans to *mustahik* has a positive effect on the micro-businesses performance run by *mustahik*. These results are consistent with the research of Febianto & Ashany (2012), Hamidi, et al (2019), and Muhamat, et al (2013) which have proven that financing can improve micro-business performance. *Mustahik* who are given capital assistance accompanied by assistance to manage finances will be able to empower themselves and will make changes in a better direction to improve their welfare.

Providing business capital from *zakat* funds is the *zakat* long-term goal (Adnan et al, 2019). Interest-free financing or what is commonly called *Qardhul Hassan* is given to *mustahik*. If the ongoing business has developed and been independent, the *mustahik* must return the funds. The funds returned will be distributed to other *mustahiq*. This process is referred to as a *zakat* productive fund (Hamidi et al, 2019). *Zakat* productive recipients, prior to obtaining profits from their business results, it is very possible that they also have consumptive needs. It is highly possible that they also have a family (Manara, 2018) whose basic needs should be fulfilled. This often makes *zakat* recipients not optimal in managing the received funds for more productive purposes. The received *zakat* funds in the form of consumptive funds cannot affect the growth of the micro-businesses (Hamidah et al., 2017). Their basic personal and family needs must be supported before the business generates a decent profit.

BAZNAS as a business incubator not only provides interest-free capital assistance but also provides assistance that includes business management matters (Adiwijaya, 2016). One of the assistance is financial management, both for business operations and for personal needs. *Mustahik* requires assistance to be more focused and maintain business-level continuity, especially in terms of the capital (Manara et al., 2018). It is highly expected that *mustahik* will provide capital assistance so that the number of business capital increases and the profits received are also greater (Restuningsih & Wibowo, 2019; Sinaga et al., 2020). Increasing profits is one of the indicators of business performance that shows better living welfare for *mustahik*. Effective assistance from *zakat* management institutions can provide opportunities for *mustahik* to work and earn a better income, thus it will change their status from *mustahik* to *muzakki*.

#### **4.2.2. Management Skill on *Mustahiq* Micro Business Performance**

The second hypothesis of this research is that management skill has a positive effect on the *mustahiq* micro businesses' performance. Based on the test results in Table 5, the regression coefficient of the management skill variable is 0,133 and is significant at 0,000, so the second hypothesis can be accepted. This means that management skill is partially able to have a positive effect on the *mustahik* micro businesses' performance. The results of this research are in accordance with the research by Asah et al (2015) and Olowu & Aliyu (2015). With *mustahik's* management skills, it can create customer satisfaction and make the business more productive and committed. Therefore, it will improve business performance and income earned by *mustahik*. Increased income can help *mustahik* to be independent in developing the ongoing business.

Management skill is defined as a stock of competence, personality, and knowledge attributes that is implemented to perform a manual job so it can produce economic value (Sullivan & Sheffrin, 2003). Management skills are needed in developing micro-enterprises. BAZNAS needs to provide assistance related to skill management, for example facilitating training or seminars to grow and improve *mustahik* management skills. *Mustahik* needs training to hone and improve their management skills. Management skill is important because it relates to the resources to

be used optimally in achieving the expected performance. Management skill is also related to the leadership spirit of the entrepreneur to lead and make the right decisions for the continuity and development of the business. Good management skills can be a good investment for maximizing resources and improving business performance. On the other hand, a lack of management skills can worsen the performance of micro businesses which will reduce sales turnover and profits (Olowu & Aliyu, 2015).

#### **4.2.3. Innovation Development Training on *Mustahiq* Micro Business Performance**

Based on Table 5, innovation has a regression coefficient of 0,090 and is significant at 0,018. The significance value is less than 0,05, which means that the innovation variable has a significant effect on micro-business performance. The positive sign on the regression coefficient indicates a positive effect of innovation on micro-business performance. The fourth hypothesis (H4) in this research is that innovation training has a positive effect on micro-business performance. Based on the test that has been conducted, it can be concluded that H4 is acceptable. These results are consistent with the research by Karabulut (2015) and Sumiati (2020) which have proven empirically that innovation can have a positive effect on micro-business performance. Training to develop innovation can build commitment and motivation for *mustahik* to become entrepreneurs. With innovation, micro-businesses can survive. Innovation plays a role in improving business performance as expected (Karabulut, 2015).

Innovation is the application of new ideas to create added value, either directly for the company or indirectly for customers. Novelty and added value can be applied to products, processes, work organization systems, or product marketing systems (Weerawardena, 2003). Innovation enables a business to achieve excellence, both in the financial and market sectors. Moreover, competitors are not easy to duplicate the company's distinctive innovations and capabilities that form the basis of these advantages (Weerawardena, 2003). With this assistance, BAZNAS and *mustahik* are jointly trying to achieve a competitive advantage in the micro-business industry market by creating novelty. This assistance is expected to help *mustahik* to innovate in the ongoing business. Innovation can be in the form of modifying products or creating new products, assessing the

development of product trends, and making products with various variations and different from other competitors.

Innovation must be carried out, both in products, services, and marketing, by analyzing market conditions. *Mustahik* must also pay attention to the needs and desires of consumers so that the products produced can be marketable and can compete with other competitors. Innovation must also be strengthened to produce something better and more interesting. Not only that, innovation is also needed to improve product quality and create new markets (Weerawardena, 2003; Wiratmo, 1996). Innovation must remain oriented to consumer needs and satisfaction. Therefore, *mustahik* business sales will increase. Increased sales mean an increase in *mustahik's* income and the performance of micro-businesses run by *mustahik*.

#### **4.2.4. Business Assistance on *Mustahik* Micro Business Performance**

The third hypothesis (H3) is that business assistance has a positive effect on micro-business performance. In Table 5, business assistance has a regression coefficient of 0,108, which is significant at 0,022. The regression coefficient is positive, indicating that business assistance has a positive effect on business performance. Meanwhile, a significant value of less than 0,05 means that business assistance can have a significant effect on business performance. Therefore, it can be concluded that H4 is acceptable. An effective assistance can help *mustahik* to achieve high performance as expected so that their income also increases.

*Zakat* management institutions that have provided capital loans to *mustahik* must provide comprehensive assistance that covers many required aspects to start and manage a business. With business assistance, it is expected that *mustahik* can manage their business independently. Business assistance programs by *zakat* institutions are needed to reduce and solve various problems faced by *mustahik* in managing businesses financed with *zakat* funds (Estiningsih et al., 2018). Business assistance can encourage business growth and achieve *mustahik* welfare (Widiastuti et al., 2021).

The assistance provided is not only limited to entrepreneurial matters but also increases the quality of *mustahik's* faith. Effective assistance has the purpose to achieve the goal of benefit from the

distribution of *zakat* funds. Providing more intensive assistance will help *mustahik* to improve their performance. The increasing performance will also increase their income, which can be used to develop a business so that their business is more advanced and continues. After the assistance has been conducted, it is necessary to monitor and evaluate whether the assistance provided is successful and has an impact on the *mustahik's* performance in running a business and can solve problems. Assistance and supervision must be conducted for the welfare and independence of *mustahik* so that they will no longer rely on their income from *zakat* funds or other donations (Furqani et al., 2018).

#### **4.2.5. Marketing Strategy Training on *Mustahik* Micro Business Performance**

The fifth hypothesis (H5) in this research is that marketing strategy training has a positive effect on micro-business performance. The test results in Table 5 show that the innovation variable has a regression coefficient of 0,170 and is significant at 0,018. Based on this, H5 is acceptable, meaning that marketing strategy training has a positive and significant impact on micro-business performance. The results align with Al Mamun, et al (2019) and Zin & Ibrahim (2020) who have previously provided evidence of the positive effect of marketing training on micro-business performance. *Zakat* institutions need to provide assistance to *mustahik* in terms of marketing and promotion strategies so that *mustahik* micro-businesses always have an improvement. When a *mustahik* has done good marketing management, it will be easier for his business to progress and develop. Therefore, it will increase *mustahik's* performance and income.

The marketing strategy describes how a company must run according to its goals (Triyaningsih, 2012). Marketing aims to gain profit through the promotion and distribution of products that are conducted skillfully (Knight, 2000). The assistance from *zakat* management institutions is expected to help *mustahik* to increase their ability to market their products so that they can increase income and performance as business actors. Business actors are required to be responsive to market changes that are increasingly developing (Knight, 2000), to identify and respond to environmental changes, for the sake of business continuity (Al Mamun et al., 2019). Therefore, a marketing strategy is very important for micro-

businesses to achieve their goals and as a way for businesses to be known by the wider community and survive longer. A business will fail if it does not know an effective way to market its product. Assistance and marketing strategy training is an essential program to maintain customer loyalty. Apart from training, marketing assistance can also be provided for *mustahik* in the form of an exhibition of micro-business results organized by BAZNAS to increase *mustahik's* income. When a *mustahik* has done good marketing management, it will be easier for their business to progress and develop.

## 5. CONCLUSION

Based on the data test results, the micro-business incubation model with comprehensive assistance had a significant positive effect on the BAZNAS-assisted micro businesses' performance. The model includes assistance from the capital, management skill assistance, product innovation assistance, business assistance, and marketing strategy training. Each variable is able to provide a significant positive effect on the micro businesses' performance. The results of this research can be implied by BAZNAS in providing the best assistance in order to achieve the goals of benefit from the distribution of *zakat* productive. In addition, this research is also expected to be a solution to the poverty and unemployment problem. Successfully fostered micro-enterprises can absorb labour to reduce the unemployment rate. However, to achieve this goal, *zakat* funds must be managed with good governance, such as transparency and accountability. It is due to growing public trust in *zakat* management institutions and reduced poverty (Adiwijaya & Sumiati, 2008).

*Mustahik* who have received capital financing and assistance must be more serious in running a business with the intention to worship. Therefore, the business can grow and develop, thus the *mustahik* welfare can increase. *Zakat* management institutions must attempt optimal efforts so that the *zakat* funds collected can increase and the distributed *zakat* can be received by many *mustahik*. Further research can increase the number of respondents from several circles, such as from BAZNAS-assisted businesses that have been successful and independent in managing their business.

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