

Uswatun Hasanah - Artikel 2023 - Impact of Zakat-Based Business Capital on Mustahiq's Welfare Post-Disaster in Sigi Regency.pdf

By Uswatun Hasanah

Impact of Zakat-Based Business Capital on Mustahiq's Welfare Post-Disaster in Sigi Regency

Uswatun Hasanah^{1*}, Syamsul Anwar², Misnen Ardiansyah³

¹UIN Datokarama Palu, Indonesia

^{2,3}UIN Sunan Kalijaga Yogyakarta, Indonesia

E-mail: ¹uswatunhasanah@uindatokarama.ac.id, ²hsyamsul.anwar@uin-suka.ac.id,

³misnen.ardiansyah@uin-suka.ac.id

*Corresponding author

JEL Classification:

D64
I38
L31
Z12

Received: 12 March 2022

Revised: 18 February 2023

Accepted: 23 February 2023

Available online: 15 April 2023

Published regularly: April 2023

Abstract

This study investigates the BAZNAS Microfinance Desa (BMD) Sigi program's impacts on the material and spiritual well-being of the Mustahiq (zakat beneficiaries). The quantitative CIBEST model and qualitative observation were performed on 100 households recruited using a random sampling technique. The results show that BMD Sigi's program positively impacted Mustahiq's material and spiritual well-being, with increases of 35.39% and 10%, respectively. The welfare index rose 19%, and the material poverty index fell by 1%. Both spiritual poverty and the absolute index fell by 6% and 12%, respectively. Our direct observation further supports the quantitative findings, showing that monitoring and technical support provided by BMD Sigi is crucial for the successful implementation of the program. This study contributes to the novelty of measuring the impact of zakat distribution on productive means using quantitative and qualitative approaches with particular evidence from a post-disaster area.

Keywords:

CIBEST, welfare, material poverty, spiritual poverty

How to Cite:

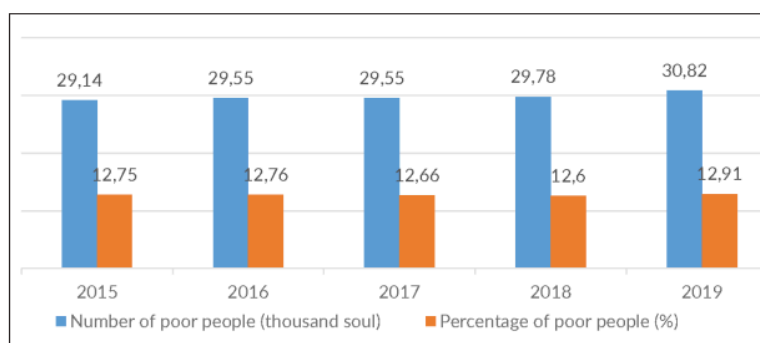
Hasanah, U., Anwar, S., & Ardiansyah, M. (2023). Impact of Zakat-Based Business Capital on Mustahiq's Welfare Post-Disaster in Sigi Regency. *Signifikan: Jurnal Ilmu Ekonomi*, 12(1), 175-190. <https://doi.org/10.15408/sjie.v12i1.25178>.

INTRODUCTION

Sigi, Donggala, and Palu City are the three administrative regions in Central Sulawesi that experienced earthquake, tsunami, and liquefaction disasters in September 2018, adversely affecting economic growth (Arouri et al., 2015). The natural disaster ultimately impacted the poverty and well-being of people in the Sigi regency and its environs (Bank Indonesia, 2019b). Sigi Regency had a more significant economic impact than Donggala and Palu City. The Bank of Indonesia reported in 2019 that trade, accommodation, and agriculture were the three slow-growth sectors during that period. Although economic growth was recorded at 5.37% in the fourth quarter of 2018, such growth was lower than in the previous quarter at 7.05%. Such natural catastrophes also boosted inflation by 2.52% (QoQ).

The cause of the increasing poverty in the areas affected by natural disasters is the loss of productive assets and employment opportunities. Boustan et al. (2020) explain that a disaster's most consistent economic impact is a decline in productivity and demand for labor, as happened in Sigi Regency. Following the disasters in 2018, the Central Bureau of Statistics Indonesia (BPS) Sigi recorded a 0.31% increase in poverty, from 29,78 thousand people in 2018 to 30,82 thousand people in 2019. This number represented the third and the lowest poverty rate out of 13 regencies in Central Sulawesi. Further, the per capita poverty line index in Sigi Regency was IDR 344,631 per month in 2019, which was higher than that in 2008 with IDR 316,949 (BPS Sigi, 2020). Figure 1 shows the number of poor people in the Sigi Regency from 2015 to 2019.

Figure 1. Number of Poor People in Sigi Regency from 2015 to 2019



Micro, Small, and Medium Enterprises (MSMEs) are one of the economic sectors that significantly contribute to Indonesia's macro economy. The MSMEs are among the sectors in Sigi's economy affected by the disaster that need recovery support. Daly et al. (2020) argue that the main problem MSME entrepreneurs face is the lack of capital support. The root of the problem is that poor people do not have collateral that meets banks' credit access requirements (Rusydiana & Devi, 2016). As such, those underprivileged MSME entrepreneurs cannot access formal financial services (Suratini, 2018). Arifin & Anwar (2021) further added that long-term support

in capital injection for post-disaster economic recovery is greatly anticipated among MSMEs entrepreneurs.

Zakat has substantially supported the economic recovery from natural disasters alongside aid from the government and other non-government organizations (NGOs) (Esawe et al., 2019). Hoque et al. (2015) and Ibrahim (2015) noted that a zakat is a powerful tool for socio-economic community empowerment and poverty alleviation (Ali & Hatta, 2014). Some countries have contextualized such practices, e.g., Jordan and Sudan (Bilo & Machado, 2020); Nigeria (Adebayo, 2020; Kareem & Bankole, 2016); Pakistan (Aziz et al., 2020; Hasan & Ali, 2019); Indonesia (Rini et al., 2020; Sutrisno & Haron, 2020; Widiastuti et al., 2021), Brunei Darussalam (Jaelani, 2016; Masri, 2020), Malaysia (Ali et al., 2022; Razak, 2020), Egypt (Esawe et al., 2019) and Tunisia (Bouanani & Belhadj, 2020). Scholarly evidence has shown that zakat is an effective mechanism for achieving sustainable development by reducing social inequalities, increasing economic activity, and stimulating a country's growth (Jedidia & Guerbouj, 2021).

Victims of natural disasters are among the poor and needy (Sulistyowati, 2018). Hence, the zakat distribution for them follows the Sharia (Islamic law). The administration of zakat in Indonesia is regulated by Law No. 23 of 2011, allowing distribution for consumptive and productive purposes. Studies have shown that productive zakat distribution can turn a mustahiq into a muzakki. Furqani et al. (2018); Ladiku et al. (2021); Kholis & Mugiyati (2021) found that the productive use of zakat, e.g., capital lending strategy, the provision of labor tools, among others, has helped reduce the poverty of the mustahiqs as sampled in their studies.

Furthermore, Najmudin et al. (2021) performed quantitative work with evidence from Pandeglang Regency, suggesting that productive zakat distribution for MSMEs entrepreneurs positively increased the well-being of the Mustahiq. The study explained that the sampled mustahiqs experienced increased income and better fulfilling their needs after receiving such productive zakat. The findings supported previous works, e.g., Damanhur et al. (2017), Mayes et al. (2017), Romdhoni (2018), Hamidi et al. (2019) and Rini et al. (2020), who found a positive impact on the productive zakat's effects on increasing recipients' income and economic capability. Further evidence from Nurzaman (2016) and Wardani & Al Arif (2021) shows the impact of productive zakat on the Human Development Index (HDI). Their studies have found that zakat positively correlates with economic growth, particularly in reducing poverty and income inequality. Similarly, Rahmat & Nurzaman (2019), Khasandy & Badrudin (2019), and Pasha & Pratama (2021) found a positive effect of zakat on recipients' education, with a small impact on their health and lifetime productivity.

Islamic microfinance institutions effectively reduce poverty and improve the well-being of the disadvantaged community (Fianto et al., 2019; Nurhayati et al., 2020). Yumna & Clarke (2019) explained that one benefit of zakat funds is the opportunity to support people experiencing poverty through microfinance programs. The Zakat fund is designed to provide initial capital. This capital is a long-term business aid for mustahiq, which can turn the long-term goal of zakat in transforming the mustahiq into muzakki

(Adnan et al., 2019). Sabiti & Effendi (2017) stressed that zakat could be the right tool for micro-enterprises, especially in rural areas, as it positively impacts micro-enterprises and boosts the village economy. Widiastuti et al. (2021) explained that such a method has a significant long-term impact on poverty reduction compared to consumptive zakat. Therefore, the empowerment of zakat microfinance increases the effectiveness of zakat, not only in following Islamic principles but also in contextualizing zakat to be adaptable in responding to the recent issues of poverty.

While the existing studies on zakat and poverty alleviation have overstated the impact of zakat with material indicators, a study that takes a comprehensive view of understanding the impact of zakat on both the material and the spiritual remains insignificant. The Social Welfare Law No. 11 of 2009 requires the government to meet the material, spiritual and social needs of citizens to live decently and develop personally as citizens. That is, the influence of zakat on material and spiritual aspects is considered crucial for scholarly investigation.

The CIBEST model was developed in 2015 by IPB University experts to measure zakat's material and spiritual effects. The CIBEST model consists of four indices; 1) the Welfare Index, 2) the Material Poverty Index, 3) the Spiritual Poverty Index, and 4) the Absolute Poverty Index, representing the Islamic concept of poverty and welfare (Beik & Arsyianti, 2015). Previous studies that have used the CIBEST model, e.g., Maulidia & Mukhlis (2021); Beik & Arsyianti (2016); Nurzaman et al. (2017); Ayuniyyah et al. (2018); Ayyubi & Saputri (2018); Tolkah (2019); Rijal et al. (2020); Fathoni et al. (2021), have shown that zakat can improve mustahiq's material and spiritual well-being. However, their studies were limited to the CIBEST model analysis and did not consider post-disaster evidence. This paper aims to fill such knowledge gaps by measuring the impact of zakat distribution by BAZNAS Microfinance Desa (BMD) Sigi in an area where a natural disaster occurred in 2018.

Microfinance institutions are one of the best ways to improve the living standards of poor people and promote economic growth by providing them with credit and training to startup businesses (Azmi & Thaker, 2020). This business model aims to train mustahiq's entrepreneurial skills and responsibilities to repay the principal loan. Therefore, a mustahiq is expected to be gradually improved into a bankable group with financial access to growing the business (Wijayanti et al., 2021). The BMD Sigi is a kind of such institution that significantly contributes to actualizing financial inclusion among disadvantaged MSMEs entrepreneurs, e.g., providing access to capital for victims of natural disasters, specifically micro-business entrepreneurs.

Although the studies discussed above have explored the impact of zakat on improving people's well-being, limited studies have been conducted to analyze the impact of the productive distribution of zakat on MSMEs entrepreneurs in disaster-hit areas. This study shall complement the differences in the results of previous studies by analyzing the impact of BMD Sigi's capital assistance on mustahiq's well-being in the Sigi Regency following the September 2018 natural disaster. This point draws the critical novelty that this work contributes to academia. Using the CIBEST model followed by qualitative

observation is vital to understand the impact of such productive zakat distributions for MSMEs entrepreneurs in a post-disaster area.

METHOD

To measure the impact of productive zakat distribution by BMD Sigi, this study used a mixed method approach that combined qualitative and quantitative approaches (Creswell, 2013). This study first employed CIBEST analysis to generate quantitative evidence of such productive zakat impacts, followed by qualitative observation to understand the facts behind the quantitative results.

The research site was in Sigi Regency, Central Sulawesi Province, Indonesia. The population was 250 families, i.e., the beneficiaries of micro-enterprise capital from BMD Sigi in 2019. BMD Sigi is a non-profit microfinance institution that facilitates access to capital for micro-entrepreneurs. It was established on April 11th, 2019 in Sigi Regency, Central Sulawesi. BMD Sigi's mission is to provide micro-enterprises with access to finance, provide business development services and support business capacity building through training, workshops and other similar activities. Being a non-profit institution, BMD Sigi focuses on adding value to the institution through a funded business development strategy, not on funding services. BMD Sigi provides funds to the victims of the natural disaster in 2018 for entrepreneurial aims. Each business group consisted of 10 sponsored members. One member of each group is required to be an MSMEs entrepreneur. The sample of this study considered 100 families as grounded by a simple random procedure. The data collection was performed from 2020 to 2021.

This work used primary data collected through questionnaires and interviews for CIBEST analysis. The variables of this study consisted of the independent variable, i.e., zakat-based business capital, and the dependent variable, i.e., mustahiq's well-being. Table 1 describes the indicators as applied in the CIBEST model.

Table 1. CIBEST Indicators

Variable research	Dimension	Indicator
Zakat-Based Business Capital (X)	Business Capital, Training, Assistance, Business supervision to the mustahiq	Quadrant I: Rich materially and spiritually
Mustahiq Welfare (Y)	Material aspects: household income below the poverty line per capita per month	Quadrant II: Materially poor and spiritually rich
	Spiritual aspects: prayer, fasting, zakat, infaq/alms, family environment, and government policies	Quadrant III: Materially rich and spiritually poor
		Quadrant IV: Materially and spiritually poor

Source: Primary data processed (2021)

This study used two datasets to analyze poverty. The first is household income data before receiving zakat, and the second is household income data after receiving zakat. Income data before and after receiving zakat was collected using a questionnaire completed by mustahiq BMD Sigi one year after joining the microenterprise capital scheme. Also,

two datasets were used for the analysis of spirituality, i.e., data on spiritual aspects before and after receiving zakat from questionnaire. The *mustahiq's* material income data and spiritual aspects data before and after receiving zakat assistance were then analyzed using the CIBEST model, which includes the Welfare Index, Material Poverty Index (MV), Spiritual Poverty Index and Absolute Poverty Index (Beik & Arsyianti, 2015).

Household incomes that are below the MV value are further classified as materially poor. Conversely, households above the MV value are classified as materially wealthy. The results of the MV calculation are shown in table 2. The MV calculation results show that *mustahiq* households with income below IDR 1,378,524 per month were categorized into materially low-income families.

Table 2. Material Poverty

Districts	Total population (people)	Number of households (H)	PL / capita / month	Average H	MV / H/month
Sigi	239.420	56.308	344.631	4	1.378.524

Source: primary data processed (2021)

The fulfillment of spiritual needs is calculated based on five variables in the indicator of spiritual needs. The Likert scale was used to assess the score on each variable. Table 3 shows the indicators of spiritual measurements.

Table 3. Spiritual Needs Indicator

Variables	Likert Scale					Poverty Standart
	1	2	3	4	5	
Prayer	Blocking others to pray	Against the concept of prayer	Performing obligatory prayer but not regularly	Always performing obligatory prayer but not in congregational prayer	Performing congregational prayer for obligatory one and performing recommended prayer	The average score for spiritually poor households is equal to 3 (SV=3)
Fasting	Blocking others to undertake fasting	Against the concept of fasting	Not fully performing obligatory fasting	Performing only obligatory fasting	Performing obligatory fasting and recommendable fasting	
Zakat and Infak	Blocking others to pay zakat and infak	Against the concept of zakat and infak	Not paying infak at least once a year	Paying zakat fitrah and zakat maal	Paying zakat fitrah, zakat maal, and infak	
Household Environment	Forbid ibaadah	Against implementation of ibaadah	Consider ibaadah as a private matter for a household member	Support execution of ibaadah	Creating an environment that obligates the execution of ibaadah	
Government Policy Environment	Forbid ibaadah	Against implementation of ibaadah	Consider ibaadah as a private matter	Support execution of ibaadah	Creating an environment that obligates execution of ibaadah	

Source: Beik & Arsyianti (2015)

The average score for spiritually poor households is 3 (SV=3) based on the table above. Therefore, mustahiq households with an SV score of 3 or less are categorized as spiritually poor. Following the calculation of the MV and SV values, the number of families in each CIBEST quadrant can be seen. Finally, the actual combination of MV and SV values is arranged in Table 4.

Table 4. Combination of MV and SV Value

Results	≤ MV value	> MV value
> SV value	Spiritual rich, material poor (Quadrant II)	Spiritually rich, materially rich (Quadrant I)
≤ SV value	Spiritually poor, materially poor (Quadrant IV)	Spiritual poor, material rich (Quadrant III)

After the sampled households are categorized into the CIBEST quadrant, the welfare index, material poverty index, spiritual poverty index, and absolute poverty index are further executed using the following formula in Table 5.

Table 5. CIBEST Index Formula

CIBEST Index	Formula	Description
Material Poverty	$Pm = \frac{Mp}{N}$	Pm = material poverty index; $0 \leq Pm \leq 1$ Mp = number of families who are materially poor but spiritually rich N = total population (observed households)
Spiritual Poverty	$Ps = \frac{Sp}{N}$	Ps = spiritual poverty index; $0 \leq Ps \leq 1$ Sp = number of families who are spiritually poor but materially rich N = total population (observed households)
Absolute Poverty	$Pa = \frac{Ap}{N}$	Pa = absolute poverty index; $0 \leq Pa \leq 1$ Ap = number of families who are spiritually and materially poor N = total population (observed households)
Welfare	$W = \frac{w}{N}$	W = welfare index; $0 \leq W \leq 1$ w = number of prosperous families (materially and spiritually rich) N = Total population (observed households)

Source: Beik & Arsyianti (2015)

RESULT AND DISCUSSION

Respondents in this study were 100 households as zakat recipients of micro-enterprise capital assistance initiated by BMD Sigi, with 66% of those households comprising 4-6 family members. The respondents were 90% male and 10% female. The age of the respondents was in the range of 21–80, with respondents in the 36–50 age range representing the majority (43%) of the total respondents. The majority (89%) of respondents are married. Regarding education, most of the respondents (33%) graduated from high school. The majority of the respondents (38%) are farmers. Table 6 details the characteristics of the respondents sampled in this study.

Table 6. Demographic Characteristics of Respondents

Characteristics	Total	Percentage (%)
Gender		
Male	90	90%
Female	10	10%
Age		
21 – 35 years	20	20%
36 – 50 years	43	43%
51 – 65 years	34	34%
66 – 80 years	3	3%
Marital status		
Marry	87	87%
Not married yet	1	1%
Divorced	5	5%
Death divorce	7	7%
School		
No school	9	9%
Elementary school	30	30%
Junior high school	25	25%
Senior high school	33	33%
Diploma/Bachelor	3	3%
Type of Business/Job		
Employee	4	4%
Trader	17	17%
Farmer	38	38%
Laborer	8	8%
Craftsman	5	5%
Sew	3	3%
Other	25	25%
Number of family members		
1 – 3	28	28%
4 – 6	66	66%
> 6	6	6%

Source: primary data processed (2021)

The first calculation of the CIBEST Welfare Index is to measure the material value (MV). This material value measures the condition of the mustahiq material, which is measured based on household income. The MV calculation is performed before and after the mustahiq receives the zakat aid.

BMD Sigi facilitates mustahiq's access to IDR 2,000,000-3,000,000 as business capital. The institution also supports MSMEs entrepreneurs' business improvement through coaching, workshops, and monitoring. After receiving the business capital support, there was a significant change in mustahiq's income. Analysis of material indicators shows that BMD Sigi's business capital support has a positive impact on mustahiq's household income. Table 7 informs the changes in mustahiq's median income.

The median income of a mustahiq household before receiving the assistance was IDR 2,980,700 and after receiving the aid was IDR 4,035,700. This shows an increase in operating profit revenue with an average change of 35.39% or IDR 1,055,000. This is evident that the productive zakat distribution of BMD Sigi for capital support has a positive impact on mustahiq's business income. This result is consistent with Arifin & Anwar (2021) who found that productive zakat could increase economic income of mustahiq after a disaster, and with Najmudin et al. (2021) who found the same outcomes for MSME entrepreneurs after the Sunda Straits tsunami disaster in Pandeglang Regency. This finding is also confirmed by Furqani et al. (2018); Ladiku et al. (2021); Mayes et al. (2017); Hamidi et al. (2019); Romdhoni (2018); Rini et al., (2020); Jedidia & Guerbouj (2021), who found that the productive-based zakat distribution for business capital effectively increases MSMEs income and thus improves the quality of life of those disadvantaged MSMEs.

Table 7. Average Income Change Mustahiq

Average income of mustahiq (IDR)		Average change (IDR)
Before receiving Capital assistance	After receiving Capital assistance	
2,980,700	4,035,700	1,055,000

Source: primary data processed (2021)

The second step of the CIBEST Welfare Index is to measure Spiritual Value (SV) pre and post receiving the assistance. This SV assesses the mustahiq's spiritual state based on several indicators, such as the practice of worship (prayer, fasting, zakat and infaq), the family environment and the local government policies. A Likert scale from 1 to 5 was used for the study. The higher the scores, the better the spirituality and vice versa the lower scores. In general, this study finds a 10% increase in SV from the sample, indicating that the zakat distribution has affected the spirituality of the beneficiaries. Table 8 shows the result of the second step of measuring the CIBEST Welfare Index.

Table 8. Mustahiq Household Spiritual Score Average
Before and After Receiving Business Capital Assistance

Variable	Average Spiritual Score		Change
	Before	After	Percent (%)
Prayer	3,59	3,98	9,8%
Fasting	3,77	4,11	8,3%
Zakat and infak	3,95	4,45	11,2%
Household environment	4,02	4,47	10,1%
Government policy environment	3,97	4,45	10,8%
Average spiritual score of the total observed household	3,86	4,29	10%

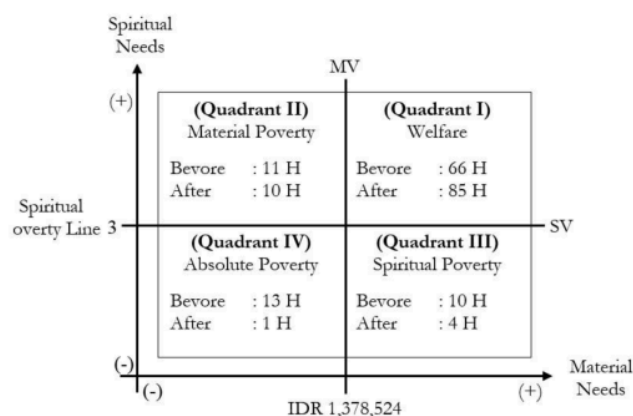
Source: primary data processed (2021)

Prior to receiving zakat aid, mustahiq households had an average spiritual score of 3.86. After receiving business capital support from BMD Sigi, the average spiritual score

rose to 4.29. This increase was previously supported by Maulidia & Mukhlis (2021); Beik & Arsyianti (2016); Nurzaman et al. (2017); Ayuniyyah et al. (2018); Ayyubi & Saputri (2018); Tolkah (2019); Rijal et al. (2020); Fathoni et al. (2021), who found that zakat distribution for productive purposes is associated with the increase in spirituality of mustahiq households.

The material value (MV) and spiritual value (SV) above demonstrate that productive zakat distribution by BMD Sigi positively affects the material and spiritual needs of the mustahiq households following the 2018 Sulawesi natural disaster. The CIBEST quadrant analysis was further carried out. There are four quadrants in CIBEST, i.e., quadrant I (material and spiritual needs are met), quadrant II (materially poor), quadrant III (spiritually poor) and quadrant IV (absolutely poor or materially and spiritually poor). The CIBEST quadrant of current MV and SV is shown in Figure 2.

Figure 2. CIBEST Quadrant Before and After Receiving Business Capital Assistance



Source: primary data processed (2021)

Before receiving capital support from zakat fund, the difference in the number of mustahiq households in quadrant I compared to other quadrants is quite significant. Figure 2 illustrates that up to 66 (out of 100 households) have their material and spiritual needs met. In the wake of receiving the capital support, the number grew to 85 mustahiq households. In quadrant II, the number of materially poor households was 11 prior to receiving the assistance, which was further decreased to 10 families after receiving the assistance. In quadrant III, the number of spiritually poor households prior to receiving the aid was 10 and further decreased to 4 families after being assisted with zakat fund. In quadrant IV, the number of absolutely poor households was 13, which decreased to 1 family after receiving capital assistance from zakat. These results are in line with Maulidia & Mukhlis (2021); Beik & Arsyianti (2016); Nurzaman et al. (2017); Ayuniyyah et al. (2018); Ayyubi & Saputri (2018); Tolkah (2019); Rijal et al. (2020); Fathoni et al. (2021). In detail, the change in the CIBEST quadrant percentage in terms of pre and post receiving zakat assistance for productive purposes is explained in Table 9.

**Table 9. Percentage Change in Number of Mustahiq Households
Before and After Receiving Capital Assistance**

Quadrant	Number of Households <i>Mustahiq</i> (H)		Change
	Bevore	After	Percent (%)
Quadrant I (Welfare)	66	85	19 %
Quadrant II (Material Poverty)	11	10	-1%
Quadrant III (Spiritual Poverty)	10	4	-6%
Quadrant IV (Absolute Poverty)	13	1	-12%

Source: Primary data processed (2021)

Qualitative Observation

Direct observation was conducted during the survey for the CIBEST analysis, using unstructured interviews with respondents. This move has allowed us to better understand the facts behind the quantitative results in the CIBEST Index, as explained above. The BMD Sigi's model works to provide credit to support MSMEs entrepreneurs on a revolving basis. Recipients must repay the principal loan in monthly installments. The amount is adjusted to the turnover of the business income. BMD neither charges interest on loans nor does it impose penalties for late installment payments. Our unstructured interviews gained a critical insight on this particular issue, showing that such a practiced business model was really helpful for the sample households as they can avoid interest on debt loans.

Furthermore, direct observation has allowed us to understand that the BMD Sigi forms the team to supervise the mustahiq in managing their business. The guidance, monitoring and technical support is effectively carried out for 12 months. The information from the unstructured interview indicates that such supervision is beneficial for the mustahiqs to understand the technical and practical aspects of managing MSMEs business, e.g., cash-flow management, and leadership organization, among others. That is, such supervision is key to the success of asnaf entrepreneurship programs. Aside from this, our interview has revealed critical understanding of the respondents regarding their spirituality. The assistance contributed by the BMD Sigi is not only to be advantaged financially, but also spiritually beneficial. This is evident from our face-to-face talk with the respondents, expressing their thoughts that the disaster was the test from the Almighty.

Furthermore, direct observation has allowed us to understand that the BMD Sigi forms the team to oversee the mustahiqs in conducting their business. The guidance, supervision and technical support is effectively carried out for 12 months. The information from the unstructured interview shows that such monitoring is beneficial for the mustahiqs to understand the technical and practical aspects of running MSMEs business, e.g., cash flow management, managerial organization and others. That said, such oversight is key to the success of asnaf entrepreneurial programs. Apart from that, our interview revealed a critical understanding of the interviewees regarding their spirituality. The assistance provided by the BMD Sigi was not only be financially beneficial, but also emotionally advantageous. This is evident from our personal conversations with respondents, that they expressed their thoughts upon the disaster happened as test from the Almighty.

CONCLUSION

Zakat fund has a proven long-term benefit if it is directed for productive venture capital on a rolling basis, followed by coaching, monitoring, and business assistance for the mustahiq. This study has gained scholarly evidence for this claim from 100 respondents of BMD Sigi's zakat recipients. This study found that this institution's productive zakat distribution program, which provides capital support, positively impacted mustahiq's household income with an average increase of 35.39%. It also positively affects mustahiq's spirituality, with a 10% increase after gaining business support. Specifically, the CIBEST quadrant in our study shows a 19% growth in Quadrant I (material and spiritual well-being), a 1% decrease in Quadrant II (material poverty), a 6% decrease in Quadrant III (spiritual poverty), and a 12% decrease in quadrant IV (absolute poverty). This evidence is essential to explain the contribution of zakat to improving the well-being of disadvantaged MSME entrepreneurs in a post-disaster area.

The findings of this paper imply that the government should implement policies that support zakat institutions in maximizing their role. The government can fully support zakat-based Islamic microfinance institutions with a proven track record of helping the community by providing people experiencing poverty with easy access to micro-enterprise capital. In addition, BMD Sigi can increase the number of target groups and new Mustahiq while expanding the service area to other disaster-hit places in Donggala Regency and Palu City, considering that the disaster victims, in particular, MSMEs entrepreneurs in the region still need capital support.

ACKNOWLEDGEMENT

The author would like to thank Prof. Nurdin for his supervision, two anonymous reviewers for their critical and constructive comments, and Baznas Microfinance Sigi and the Faculty of Islamic Economics and Business, Datokarama State Islamic University Palu for their technical support.

REFERENCES

- Adebayo, R. I. (2020). Utilizing Zakat for Attaining Sustainable Development Goals (SDGs) in Nigeria. *International Conference of Zakat*, 231–242. <https://doi.org/10.37706/iconz.2020.233>.
- Adnan, N. I. M., Kashim, M. I. A. M., Hamat, Z., Adnan, H. M., Adnan, N. I. M., & Sham, F. M. (2019). The Potential for Implementing Microfinancing from the Zakat Fund in Malaysia. *Humanities and Social Sciences Reviews*, 7(4), 524–548. <https://doi.org/10.18510/hssr.2019.7473>.
- Ali, A. F. M., Zal, W. A. A., Hamid, N. A., Anuar, T. F. T., Salleh, H. M., & Rasdi, S. A. M. (2022). The Moderating Effect of Zakāh Distribution on the Economic Well-being of the Poor: An Analysis in Kelantan, Malaysia. *Journal of King Abdulaziz University: Islamic Economics*, 35(1), 75–97. <https://doi.org/10.4197/Islec.35-1.5>.
- Ali, I., & Hatta, Z. A. (2014). Zakat as a Poverty Reduction Mechanism among the Muslim Community: Case Study of Bangladesh, Malaysia, and Indonesia. *Asian Social Work and Policy Review*, 8(1), 59–70. <https://doi.org/10.1111/aswp.12025>.

- Arifin, N., & Anwar, A. Z. (2021). The Improvement Model of Microenterprises of Post-Disaster through Empowerment of Productive Zakat. *Journal of Governance and Regulation*, 10(4), 156–163. <https://doi.org/10.22495/JGRV10I4ART14>.
- Arouri, M., Nguyen, C., & Youssef, A. Ben. (2015). Natural Disasters, Household Welfare, and Resilience: Evidence from Rural Vietnam. *World Development*, 70, 59–77. <https://doi.org/10.1016/j.worlddev.2014.12.017>.
- Ayuniyyah, Q., Pramanik, A. H., Saad, N. M., & Ariffin, M. I. (2018). Zakat for Poverty Alleviation and Income Inequality Reduction. *Journal of Islamic Monetary Economics and Finance*, 4(1), 85–100. <https://doi.org/10.21098/jimf.v4i1.767>.
- Ayyubi, S. El, & Saputri, H. E. (2018). Analysis of the Impact of Zakat, Infak, and Sadaqah Distribution on Poverty Alleviation Based on the CIBEST Model (Case Study: Jogokariyan Baitul Maal Mosque, Yogyakarta). *International Journal of Zakat*, 3(2), 85–97.
- Aziz, Y., Mansor, F., Waqar, S., & Haji Abdullah, L. (2020). The Nexus Between Zakat and Poverty Reduction, Is The Effective Utilization of Zakat Necessary for Achieving SDGs: A Multidimensional Poverty Index Approach. *Asian Social Work and Policy Review*, 14(3), 235–247. <https://doi.org/10.1111/aswp.12212>.
- Azmi, N. N. I. N. M., & Thaker, M. A. B. M. T. (2020). Literature Survey on Islamic Microfinance. *Global Review of Islamic Economics and Business*, 8(1), 23–30. <https://doi.org/10.14421/grieb.2020.081-03>.
- Bank Indonesia. (2019a). *Kajian Ekonomi dan Keuangan Regional Provinsi Sulawesi Tengah - Februari 2019*. <https://www.bi.go.id/id/publikasi/laporan/lpp/Documents/KEKRProvinsiSulawesiTengahPeriodeFebruari2019.pdf>.
- Bank Indonesia. (2019b). *Laporan Perekonomian Provinsi Sulawesi Tengah - Agustus 2019*. <https://www.bi.go.id/id/publikasi/laporan/lpp/Documents/LaporanPerekonomianProvinsiSulawesiTengahPeriodeAgustus2019.pdf>.
- Beik, I. S., & Arsyianti, L. D. (2015). Construction Of CIBEST Model as Measurement of Poverty and Welfare Indices From Islamic Perspective. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 7(1), 87–104. <https://doi.org/10.15408/aiq.v7i1.1361>.
- Beik, I. S., & Arsyianti, L. D. (2016). Measuring Zakat Impact on Poverty and Welfare Using Cibest Model. *Journal of Islamic Monetary Economics and Finance*, 1(2), 141–160. <https://doi.org/10.21098/jimf.v1i2.524>.
- Bilo, C., & Machado, A. C. (2020). The Role of Zakat in the Provision of Social Protection: A Comparison between Jordan and Sudan. *International Journal of Sociology and Social Policy*, 40(3–4), 236–248. <https://doi.org/10.1108/IJSSP-11-2018-0218>.
- Bouanani, M., & Belhadj, B. (2020). Does Zakat Reduce Poverty? Evidence from Tunisia Using the Fuzzy Approach. *Metroeconomica*, 71(4), 835–850. <https://doi.org/10.1111/meca.12304>.
- Boustan, L. P., Kahn, M. E., Rhode, P. W., & Yanguas, M. L. (2020). The Effect of Natural Disasters on Economic Activity in US Counties: A Century of Data. *Journal of Urban Economics*, 118, 103257. <https://doi.org/10.1016/j.jue.2020.103257>.
- Creswell, J. W. (2013). *Research Design: Pendekatan Kualitatif, Kuantitatif, dan Mixed*. Yogyakarta: Pustaka Pelajar.

- Daly, P., Mahdi, S., McCaughey, J., Mundzir, I., Halim, A., Nizamuddin, Ardiansyah, & Srimulyani, E. (2020). Rethinking Relief, Reconstruction and Development: Evaluating the Effectiveness and Sustainability of Post-Disaster Livelihood Aid. *International Journal of Disaster Risk Reduction*, 49. <https://doi.org/10.1016/j.ijdrr.2020.101650>.
- Damanhur, D., Nuruddin, A., & Siregar, S. (2017). The Model of Productive Zakat Distribution In Increasing The Society Welfare In Aceh Province. *IOSR Journal Of Humanities And Social Science*, 22(11), 77–82. <https://doi.org/10.9790/0837-2211067782>.
- Esawe, A., Esawe, K., & Esawe, N. (2019). Using Zakat to Build the Resilience of Communities to Disasters: Evidence from Egypt. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3331506>
- Fathoni, A. A., Bahri, E. S., & Kamal, M. (2021). Measurement of Zakat Impact on Baitul Maal Hidayatullah: Evidence from Indonesia. *ZISWAF: Jurnal Zakat Dan Wakaf*, 8(1), 1–17. <https://doi.org/10.21043/ziswaf.v8i1.7691>.
- Fianto, B. A., Gan, C., & Hu, B. (2019). Financing from Islamic Microfinance Institutions: Evidence from Indonesia. *Agricultural Finance Review*, 79(5), 633–645. <https://doi.org/10.1108/AFR-10-2018-0091>.
- Furqani, H., Mulyany, R., & Yunus, F. (2018). Zakat for Economic Empowerment of The Poor in Indonesia: Models and Implications. *Iqtishadia*, 11(2), 392–411. <https://doi.org/10.21043/iqtishadia.v11i2.3973>.
- Hamidi, I., Suhel, & Latif, A. (2019). The Effectivities of Zakat Productive Funds toward Zakat Recipient Income in Palembang. *Jurnal Ekonomi Pembangunan*, 17(1), 24–30. <https://doi.org/10.29259/jep.v17i1.8965>.
- Hariyanto, E., Taufiq, M., Abidin, Z., Ulum, M., & Maimun. (2020). Effectiveness of the Economic System to Zakat and Waqf for Empowerment of the Ummah in Indonesia. *International Journal of Advanced Science and Technology*, 29(6), 1910–1916.
- Hasan, H., & Ali, S. S. (2019). The Impact of Zakah Transfer on Multidimensional Poverty: The Case of Pakistan. *Journal of Islamic Business and Management (JIBM)*, 9(1), 84–97. <https://doi.org/10.26501/jibm/2019.0901-006>.
- Hoque, N., Khan, M. A., & Mohammad, K. D. (2015). Poverty Alleviation by Zakah in a Transitional Economy: A Small Business Entrepreneurial Framework. *Journal of Global Entrepreneurship Research*, 5, 7. <https://doi.org/10.1186/s40497-015-0025-8>.
- Ibrahim, S. M. (2015). The Role of Zakat in Establishing Social Welfare and Economic Sustainability. *International Journal of Management and Commerce Innovations*, 3(1), 437–441.
- Jaelani. (2016). Zakah Management for Poverty Alleviation in Indonesia and Brunei Darussalam. *Turkish Economic Review*, 3(3), 495–512.
- Jedidia, K. Ben, & Guerbouj, K. (2021). Effects of Zakat on the Economic Growth in Selected Islamic Countries: Empirical Evidence. *International Journal of Development Issues*, 20(1), 126–142. <https://doi.org/10.1108/IJDI-05-2020-0100>.
- Kareem, M. K., & Bankole, A. S. (2016). Zakah, Poverty Alleviation and Inclusive Growth in Nigeria. *Journal of Islamic Finance*, 5(2), 53–65. <https://doi.org/10.12816/0045117>.

- Khasandy, E. A., & Badrudin, R. (2019). The Influence of Zakat on Economic Growth and Welfare Society in Indonesia. *Integrated Journal of Business and Economics*, 3(1), 65-80. <https://doi.org/10.33019/ijbe.v3i1.89>.
- Kholis, N., & Mugiyati. (2021). Distribution of Productive Zakat for Reducing Urban Poverty in Indonesia. *International Journal of Innovation, Creativity and Change*, 15(3), 1–12. <https://doi.org/10.53333/ijicc2013/15303>.
- Ladiku, H., Kasim, N. M., & Waliko. (2021). Implications of Zakat Management on Improving the Welfare of The Poor (Case Study on Indonesian National Zakat Agency (BAZNAS) Gorontalo City). *Research on Humanities and Social Sciences*, 11(14), 25–33. <https://doi.org/10.7176/rhss/11-14-04>.
- Masri, R. M. B. H. (2020). Productive Zakat PROPAZ Steps to Eradicating Poverty in Brunei Darussalam. *International Conference of Zakat*, 469–480. <https://doi.org/10.37706/iconz.2020.230>.
- Maulidia, R., & Mukhlis, I. (2021). Performance Analysis of Zakat-Based Empowerment to Improve Mustahik's Welfare. *Open Access Indonesia Journal of Social Sciences*, 5(1), 239–250. <https://doi.org/10.37275/oaijss.v5i1.105>.
- Mayes, A., Setiawan, D., Isbah, U., & Zuryani, H. (2017). The Role of Productive Zakat for Helping Poor Community in Rokan Hulu Regency (Case Study of National Amil Zakat of Rokan Hulu Regency). *International Journal of Finance and Accounting*, 6(6), 179–185. <https://doi.org/10.5923/j.ijfa.20170606.04>.
- Najmudin, N., Najib, M. A., & Atiah, I. N. (2021). Effectiveness of Zakat Fund Distribution on Empowering MSMES: Study on MSME in Sumur District. *Al Qalam*, 38(1), 97-105. <https://doi.org/10.32678/alqalam.v38i1.4766>.
- Nurhayati, E., Safei, A. A., & Ono, A. (2020). Community Development Through Islamic Microfinance Approach: The Experience of Daarut Tauhid Peduli Bandung, Indonesia. *Wawasan: Jurnal Ilmiah Agama Dan Sosial Budaya*, 5(2), 108–122. <https://doi.org/10.15575/jw.v5i2.9235>.
- Nurzaman, M. S. (2016). Evaluating the Impact of Productive Based Zakat in The Perspective of Human Development Index : A Comparative Analysis. *Kyoto Bulletin of Islamic Area Studies*, 9(29), 42–62.
- Nurzaman, M. S., Annisa, N., Hendharto, R. G., Khairunnajah, & Noviyanti. (2017). Evaluation of the Productive Zakat Program of BAZNAS : A Case Study from Western Indonesia. *International Journal of Zakat*, 2(1), 81–93.
- Pasha, M. K., & Pratama, A. A. N. (2021). Human Development Index, Zakat Infaq Sadaqah, Income Inequality, and Poverty in Java. *Annual International Conference on Islamic Economics and Business (AICIEB)*, 1, 152–161. <https://doi.org/10.18326/AICIEB.V1I0.16>.
- Rahmat, R. S., & Nurzaman, M. S. (2019). Assesment of Zakat Distribution: A Case Study on Zakat Community Development in Bringinsari Village, Sukorejo District, Kendal. *International Journal of Islamic and Middle Eastern Finance and Management*, 12(5), 743–766. <https://doi.org/10.1108/IMEFM-12-2018-0412>.
- Razak, S. H. A. (2020). Zakat and Waqf as Instrument of Islamic Wealth in Poverty Alleviation and Redistribution: Case of Malaysia. *International Journal of Sociology and Social Policy*, 40(3–4), 249–266. <https://doi.org/10.1108/IJSSP-11-2018-0208>.

- Rijal, K., Zainuri, A., & Azwari, P. C. (2020). Impact Analysis of the Zakat, Infaq and Shadaqah Funds Distribution To the Poverty Level of Mustahik By Using Cibest Method. *Fikri: Jurnal Kajian Agama, Sosial Dan Budaya*, 5(1), 145–158. <https://doi.org/https://doi.org/10.25217/jf.v5i1.982>.
- Rini, R., Fatimah, F., & Purwanti, A. (2020). Zakat and Poverty: An Indonesian Experience. *International Journal of Innovation, Creativity and Change*, 10(11), 759–770.
- Romdhoni, A. H. (2018). Effect of Productive Zakat Orogram on the Improvement of Welfare in Sragen Regency. *Jurnal Ekonomi & Keuangan Islam*, 4(1), 41–50. <https://doi.org/10.20885/jeki.vol4.iss1.art5>.
- Rusydiana, A. S., & Devi, A. (2016). Islamic Group Lending and Financial Inclusion. *Signifikan: Jurnal Ilmu Ekonomi*, 5(1), 51–68. <https://doi.org/10.15408/sjie.v5i1.3128>.
- Sabiti, M. B., & Effendi, J. (2017). Islamic Micro Finance and Its Impact on Poverty Reduction of Two Village Models in Bogor, Indonesia. *Signifikan: Jurnal Ilmu Ekonomi*, 6(1), 87–102. <https://doi.org/10.15408/sjie.v6i1.4337>.
- Sulistyowati. (2018). Designing Integrated Zakat-Waqf Models. *Journal of Islamic Monetary Economics and Finance*, 4(2), 347–368.
- Suratini, S. (2018). Micro-Loans and Household Economies: Evidence in Indonesia. *Signifikan: Jurnal Ilmu Ekonomi*, 7(1), 91–102. <https://doi.org/10.15408/sjie.v7i1.5954>.
- Sutrisno, & Haron, R. (2020). Increasing The Role Of Zakat Institutions In Poverty Reduction Through Productive Zakat Programs In Indonesia. *Humanities & Social Sciences Reviews*, 8(3), 1243–1250. <https://doi.org/10.18510/hssr.2020.83127>.
- Tolkah. (2019). Zakat and Empowerment: How the Role of Zakat in Building the Beneficiary's Welfare (Mustahiq) in South Tangerang City. *Italienisch*, 9(2), 179–190.
- Wardani, I. I., & Al Arif, M. N. R. (2021). The Effect of Sharia Bank Financing, Zakat, and Education Expense, on Economic Growth and Human Development Index in Indonesia 2015-2019. *Ekonomika Syariah: Journal of Economic Studies*, 5(1), 1-10. <https://doi.org/10.30983/es.v5i1.4096>.
- Widiastuti, T., Auwalin, I., Rani, L. N., & Al Mustofa, M. U. (2021). A Mediating Effect of Business Growth on Zakat Empowerment Program and Mustahiq's Welfare. *Cogent Business and Management*, 8(1). <https://doi.org/10.1080/23311975.2021.1882039>.
- Wijayanti, I., Ryandono, M. N. H., Yudha, A. T. R. C., & Petra, D. H. S. P. H. (2021). Financial Inclusion through Zakat Institution: Case Study in Indonesia and Brunei Darussalam. *International Journal of Islamic Business and Economics (IJIBEC)*, 5(2), 129–141. <https://doi.org/10.28918/ijibec.v5i2.3354>.
- Yumna, A., & Clarke, M. (2019). Examining the Outreach of Islamic Charity Based Microfinance Programs: Empirical Evidence From Indonesia. *Journal of Islamic Monetary Economics and Finance*, 5(4), 849–872. <https://doi.org/10.21098/jimf.v5i4.1111>.

Uswatun Hasanah - Artikel 2023 - Impact of Zakat-Based Business Capital on Mustahiq's Welfare Post-Disaster in Sigi Regency.pdf

ORIGINALITY REPORT

14%

SIMILARITY INDEX

MATCH ALL SOURCES (ONLY SELECTED SOURCE PRINTED)

★Farhad Taghizadeh-Hesary, Hassanudin Mohd Thas Thaker, M. Ishaq Bhatti, Mohamed Asmy Mohd Thas Thaker. "Islamic Finance and Sustainability - A Research Companion", Routledge, 2025

2%

Publications

EXCLUDE QUOTES	ON	EXCLUDE SOURCES	OFF
EXCLUDE BIBLIOGRAPHY	ON	EXCLUDE MATCHES	OFF