

PRODUCTIVE INFAQ FUNDS FOR THE WELFARENESS OF THE POOR

Ahmad Roziq, University of Jember

Samsul Arifin, University of Jember

Agus Mahardiyanto, University of Jember

Daniel T H Manurung, STIE Widya Gama Lumajang

ABSTRACT

The purpose of this study is to demonstrate the efficacy of productive infaq funds in terms of business performance and poor welfare. This research employs the PLS method to conduct explanatory research. SmartPls version 3 is used as the statistical tool in this study. The type of data used is primary data from respondents who are poor and receive productive infaq funds from BAZNAS to finance their small businesses. The study's findings demonstrate that (a) productive infaq funds have a positive and significant impact on poor people's business performance; (b) productive infaq funds have a positive and significant impact on poor people's welfare; and (c) business performance has a positive and significant impact on poor people's welfare. Therefore, in order to achieve the expected Welfare, that is, Welfare based on Maqashid al Syariah, it is also necessary to improve business performance. Fuqara 'and masaakin are required to run their businesses as efficiently as possible in order to ensure the prosperity of themselves and their families.

Keyword: Business, BAZNAS, Distribution, Empowerment.

INTRODUCTION

Poverty is a multifaceted issue that countries throughout the world have always faced. Indonesia, as a developing country, also faced these issues. According to data from the Central Statistics Agency (BPS), the percentage of people living in poverty increased significantly between 2010 and 2020, reaching 9.78 percent in semester 1 of March 2020 and also increasing in semester two. In September 2020, the poverty rate was 10.19 percent, up from 0.41 percent in September 2019. Indonesia has been facing a pandemic situation, particularly since 2020, due to the Covid-19 virus, which affects not only one health sector but also a variety of other sectors, including the economy. Since the entry of Covid-19 into Indonesia, the Indonesian economy has only grown by 2.97 percent in the first quarter of 2020 (BPS, 2020). This clearly indicates that the economy in this country is facing extraordinary difficulties and pressures. The Indonesian economy then experienced a severe contraction of -5.32 percent in the second quarter (BPS, 2020).

Table 1 shows data on the number of poor people in Indonesia, which shows that in 2020 there will be an increase in the percentage of poor people from semester 1 to semester 2, which is an increase of 0.41 percent. This percentage increase was due to the Covid-19 pandemic spreading in Indonesia since the end of 2019. Since the entry of Covid-19 into Indonesia, it was

recorded that in the first quarter of 2020, the Indonesian economy only reached 2.97 percent (BPS, 2020). It certainly indicates an indication that the economy in this country is experiencing extraordinary challenges and pressures. Then in the second quarter of the Indonesian economy experienced a very strong contraction of -5.32 percent.

Year	1st semester (on March)	2nd semester (on September)
2015	11.22	11.13
2016	10.86	10.70
2017	10.64	10.17
2018	9.82	9.66
2019	9.41	9.22
2020	9.78	10.19

Source: Central Bureau of Statistics (BPS, 2020)

Islam teaches to always care for others; Islam recommends philanthropic instruments that can be used optimally for the Welfare of people's lives, namely Zakat, Infaq, and Alms (ZIS) is a form of social care because ZIS is included in the form of implementation of a humane economy, namely realizing the distribution of wealth and not only revolves around a few people, ZIS has an impact on economic balance and strengthens human relations or *hablum minan nash*. The main purpose of Infaq, according to Islam, is to maintain economic balance and harmony in society. Infaq can help the needy, the poor in order to fulfill basic needs and can make it possible to make them a responsible community; not only limited to this, but infaq can also have an impact on the needs of building public worship facilities and public facilities (Rosadi, 2019).

Based on the Zakat and Poverty map data for the Provinces of West Java, Central Java, and East Java, the total population of Lumajang Regency, which is included in the poor group, is 103,690 people or about 0.99% of the total population, apart from being in the poor group, the population of Lumajang Regency is also are in the poor, vulnerable group which is 354,007 people or equal to 11% of the total population of Lumajang Regency, because there are still many people who are in the poor, vulnerable group, this makes Lumajang Regency need a strategy for planning economic strengthening programs so that people who are in the poor, vulnerable group can be even stronger in the face of economic downturn. Poverty alleviation by providing productive ZIS funds has been considered as a solution to Islamic philanthropic instruments that can directly impact the Welfare of mustahiq. Jalaluddin (2012) proves that Productive ZIS has a significant effect on the Welfare of mustahiq, and research conducted by Nisa (2018) proves that Productive ZIS has a positive and significant effect. In contrast to the two studies, (Alaydrus, 2017; Roziq et al., 2021; Tanjung, 2019) with research results proves that Productive ZIS does not affect the Welfare of mustahiq.

Based on research Rafdison & Nafik (2018), it proves that Productive ZIS funds affect capital strengthening and increasing mustahiq business performance, and Wafi & Herianingrum (2019) proves that Productive Zakat has a significant effect on mustahiq business performance. Based on Wafi & Herianingrum's (2019) research, it proves that business performance has a significant effect on mustahiq Welfare; in contrast to this study, Alaydrus's (2017) research proves that mustahiq business growth has no significant effect on mustahiq Welfare in Pasuruan City. Based on the theoretical explanation regarding the impact of Productive ZIS funds and the

results of previous studies that show differences in these results, this study has the objectives of (a) to identify and analyze the effect of the distribution of productive Infaq funds on the business performance of the poor, (b) to identify and analyze the effect of the distribution of productive infaq funds on the Welfare of the poor, (c) to determine and analyze the effect of mustahiq business performance on the Welfare of the poor.

LITERATURE REVIEW

Islamic Welfare Theory

The view of Islam related to the concept of Islamic Welfare is that it lies in the matter where Islam views that Welfare must be oriented to the interests of the world and the hereafter. Ibn Taimiyah's thoughts in (Anwar 2018; Hidayah et al., 2021; Roziq et al., 2021) related to Welfare are that the state has the obligation and responsibility to improve the Welfare of its people as a mandate so that the state must manage wealth proportionally and be responsible for the benefit of its people. According to him, the state has a responsibility to create prosperity and avoid poverty. In addition, he also stated that the poor have the right to obtain state wealth, and the wealth obtained must be used to alleviate poverty and create prosperity. The state must assist people who have limited ability to meet their needs. Assistance provided by the state can be in the form of consumptive or productive assistance.

Ibnu Taimiyah also argues that the state's role is not only limited to meeting the minimum standards for the needs of its people, but also in fulfilling a decent life and helping its people achieve independence. Related to this, there is a concept offered by Ibn Taimiyah, namely the floating of zakat institutions, Kafarat or fines, alms, and grants by the government. According to Ibn Taimiyah, in order to enforce a justice, the state is required to be able to distinguish between those who are proper and those who are not in the distribution of livelihoods and public positions, which is no less important is the redistribution of income between the rich and the poor for the sake of justice and the level of equity which is the responsibility of the people. In line with Ibn Taimiyah's view, Beik & Arsyianti (2016) argue that there are three functions. First, the allocation function, in this case, the government, must ensure that natural resources and capital resources can be allocated and enjoyed by all levels of society. This allocation function can also be represented in a budgeting policy. Through this, the money available to the state can be used for various programs that support the realization of G to P (Government to People Transfer). Second, the distribution function is the function of the state in ensuring that income and wealth are not only felt by certain groups but can be felt by all levels of society. Also, strengthen the G to P (Government to People Transfer). Third, the function of stabilization and protection, namely, the state must create socio-economic stability and provide protection and security guarantees against various kinds of threats from outside and within the country.

The concept of Welfare in Islam is the fulfillment of basic needs (Basic Need). Regarding the fulfillment of the basic principles, Al Ghazali (2016) in January states that five main foundations have been ordered by the Shari'a where individuals need the five foundations and socially, the five foundations are religion (deen), soul (nafs), descent (nasl), wealth (maal), and finally reason ('aql). Al Ghazali emphasized that the fulfillment of the world's needs and the hereafter is the main goal of sharia. He also argues that to achieve prosperity, three hierarchies of social utility must be fulfilled. Namely, dhuriyah, hajiyah, and tahsiniyah. Dhuriyah is related to the needs of the community that must be fulfilled to realize the five foundations mentioned

above. Hajiyah is an insignificant activity needed in order to maintain the five foundations, but this pilgrimage is more needed in the aspect of alleviating and removing obstacles and difficulties in life. At the same time, Tahsiniyah is everything that goes beyond the limits of comfort, primary and other needs that are enlightening and embellishing life. According to Al Ghazali, this is a necessity or obligation (fardhu kifayah) of the state to fulfill it. So Al Ghazali's thinking concludes that in order to achieve prosperity, the five foundations of sharia that have been mentioned above must be fulfilled, namely religion (deen), soul (nafs), offspring (nasl), property (maal), and finally reason ('aql).

Al Syathibi's thoughts in Anwar (2018) his thoughts on Welfare are related to the ability to connect Islamic concepts with the concepts of property ownership, taxation, production demand, distribution, and consumption. Al Syathibi argues that property ownership is not only circulated among a few rich people, but must also be distributed equally to create social and economic justice among the people. Al Syaithibi commits to the concept of masha' al sharia, which is reflected in his opinion that taxes must be charged to the people and then used for the Welfare and common good.

According to KH. Abdul Maatin in Rosadi (2019) Infaq has two main meanings, namely: (1) something is cut off, or something is missing, (2) something is hidden, or something is obscured. Based on these two understandings, the relevant meaning related to Infaq is the first meaning. Because the second understanding refers more to the notion of hypocrisy, (Rosadi, 2019) argues that a person's actions in using his property conceptually will disappear from his side, and there is no longer a relationship between property and its owner. As for the second meaning, a hypocrite always hides his disbelief and does not want to show his denial of Islam. Concluding that Infaq is not only used for one thing, namely obligations, but can include all kinds of expenses or maintenance. In line with this, Juhro et al. (2019) stated that Infaq is a gift or given by someone whether it is for good or bad. Therefore, there is a term in the Qur'an that mentions Infaq Fii Sabilillah (Infaq in terms of goodness) and Infaq Fii Thagut (Infaq in terms of badness). Business performance is a complex task due to the multidimensional nature of performance since organizations require different performance criteria for different purposes. Then the most important thing is to design and integrate these measurements justifiably and understandably (Lestari, 2018) Defining company performance is not only measured in one aspect of performance but is measured by three aspects, namely financial performance, business performance, and organizational performance aspects. Meanwhile, according to Widodo in (Lestari, 2018), performance indicators to determine the performance of micro-enterprise measures are sales value, profit, company asset value, household asset value, credit, household living costs, and household savings.

H₁ Productive Infaq has associated with Business Performance.

Welfare is something that humans always want. Productive infaq becomes an intermediary for the distribution from the rich to the poor. Management of ZIS productively has been considered to impact the Welfare of mustahiq; the distribution of ZIS in the current era is consumptive oriented but has been widely developed with distribution and productive utilization. The concept of Welfare, in this case, is Welfare according to Islam, namely the achievement of Maqashid al Sharia (Qardawi, 1986:978). Many studies have been conducted and prove that the distribution of Productive ZIS can affect the Welfare of mustahiq. As stated by PIRAC (Hamid & Abidin

2018), to improve the Welfare of the people, ZIS is one of the instruments, ZIS if managed properly and correctly it will improve people's Welfare and be able to improve work ethic, and ZIS can also act as an economic mapping tool.

H₂ Productive infaq has associated with Welfare.

The achievement of a welfare cannot be separated from the existence of an even distribution of income; as stated by Beik, a business's economic growth is expected to produce a welfare. Any ZIS funds that are not produced or only by consumptive distribution, the amount will decrease due to consumption activities, but if these funds are produced in the real sector, it will be something that is profitable for the economy as a whole, especially in developing countries where development is indeed needed. Economic infrastructure in the country. Most of the real sectors in Indonesia are MSMEs. A welfare will be difficult to achieve if economic activities experience bottlenecks, especially in the real sector trade; the real sector in Indonesia, which is still dominated by micro-enterprises, of course, can be used as a reference to be able to sell empowered MSMEs, one of which is by providing productive ZIS funds for mustahiq business activities. Based on Wafi & Herianingrum's (2019) research, it proves that business performance has a significant effect on the Welfare of *mustahiq*.

H₃ Business Performance has associated with Welfare.

METHODOLOGY

Based on the formulation of the problem that has been proposed, this research is categorized as explanatory research. This study will examine the relationship between the Productive Infaq variable with the business performance variable and the welfare variable of Fuqara' and Masaakin at BAZNAS in Indonesia. The population in this study were all people/individuals/mustahiq who received Productive Infaq from BAZNAS, Lumajang Regency. Based on the data obtained, the total population of Fuqara' and Masaakin who received Productive Infaq until December 2020 were 179 Fuqara' and Masaakin. Determination of the sample in this study uses the Purposive Sampling method, which is a technique to determine the sample based on certain considerations (Sugiyono, 2013). The criteria for the sample in this study are as follows: (a) have received productive Infaq funding for at least one year; (b) own a business; (c) be at least 17 years old, and (d) willing to answer. This study uses the PLS (Partial Least Square) approach model with the SmartPLS 3 Student Version program. PLS model evaluation is done by evaluating the outer model and inner model. The outer model is a measurement model to assess the validity and reliability of a model. To obtain a convergent validity, discriminant validity, composite reliability, and Cronbach alpha, it must go through an algorithmic iteration process, including the value of R² as a predictive model determination parameter. The inner model is a structural model to analyze the causality relationship between latent variables. To determine the existence of a causal relationship through the bootstrapping process, the parameter t-statistics test.

RESULTS AND DISCUSSION

The construct validity test was carried out through two validity tests: the convergent validity test and the discriminant validity test. This test is carried out to determine the relationship or correlation between uncorrelated constructs. It must be measured from the loading factor value, which must be > 0.70 , and the Average Variance Extracted (AVE) value must be measured to be 0.50 . The following is the output of the loading factor value and the AVE value from the results of the convergent validity test. Convergent validity on each research variable can be seen in table 4.8 above; based on the table, the loading factor values of each manifest variable are all valid because the value is > 0.70 and is declared to have passed the convergent validity test.

After knowing the convergent validity through the loading factor value, the next is convergent validity through the Average Variance Extracted (AVE) value. The following is the AVE value for each variable. Based on table 4.9 above, it is known that the AVE value for the Productive Infaq variable is $0.789 > 0.50$, and the Business Performance variable is $0.779 > 0.50$, and the Welfare variable is $0.604 > 0.50$, the AVE value of the three variables is more than 0.50 then it means that the three constructs are categorized as valid.

This discriminant validity test is done by looking at the cross-loading value and the correlation value between latent constructs. Based on the cross-loading test, it can be explained that the value of cross loading correlation on the construct or variable of Productive Infaq (X) with the indicator IP (IP.1= 0.894 , IP.2= 0.887 , IP.3= 0.883) is greater than the IP indicator (IP. 1, IP.2, IP.3) to other constructs (Business Performance and Welfare). The cross-correlation or cross-loading correlation of the construct or variable of Business Performance (Y1) with the indicator KU (KU.1= 0.870 , KU.2= 0.895) is higher than the correlation value to other constructs in the model (Productive Infaq and Welfare). Cross-correlation or cross-loading correlation of the construct or variable Welfare (Y2) with the indicator KS (KS.1= 0.765 , KS.2= 0.768 , KS.3= 0.812 , KS.4= 0.727 , KS.5= 0.811) these values higher than the correlation value between other constructs in the model (Productive Infaq and Business Performance). Based on the results of the analysis, it can be said that each constructor variable in this study is declared valid.

After knowing and comparing the value of the cross-loading correlation of each variable, the next step is to compare the value of the square root of AVE with the correlation between latent constructs. Based on the results of the latent value of the correlation variable, ave and the square root of ave Usaha (Y1) of 0.661 and the correlation between the Productive Infaq (X) variable on Welfare (Y2) of 0.707 , which is smaller than the value of the AVE Square root of the Productive Infaq variable of 0.888 , as well as other variables, namely Business Performance (Y1) and Welfare (Y2) are smaller than the square root value of AVE for each of these variables. Thus, the three variable constructs are categorized as valid based on the comparison of the correlation value with the square root value of AVE.

The collinearity test stages are used to determine whether the variables in the model have a strong correlation with other variables, if the collinearity value is high or more than $5 (>5)$, then the indicator must be dropped or removed from the model, the following are the results of the collinearity test in this study: Based on the collinearity test on each indicator in the Outer VIF is at a value of <5 it means that each indicator is not correlated, then on the results of the Inner VIF test the correlation value between constructs or variables is <5 it means that each constructor variables are not correlated with each other.

In reliability testing, it can be seen from the values of Composite Reliability and Cronbach Alpha. However, in this study, we will look at the Composite Reliability value with the criterion value of the Composite Reliability of each variable being greater than 0.70. Based on the results of the reliability test, it can be explained that the Cronbach Alpha value on the Productive Infaq variable is 0.866, and the Composite Reliability value on that variable is 0.918. As for the Business Performance variable, the Cronbach Alpha value is 0.717, and the Composite Reliability value is 0.876. While the next is for the Welfare variable, where the Cronbach Alpha value is 0.837, and the Composite Reliability value is 0.884. So that the three variables can be said to be reliable because the value is above 0.70.

Tests on the structural model (Inner Model) are carried out to ensure that the structural model has been built properly and accurately. These are the steps carried out in the evaluation of the Inner model. The value of R^2 is a goodness fit model test whose testing procedure is to compare the R^2 value of the bootstrapping calculation with the standard value. The assessment categories used in this study were 0.67 to interpret the strong model, 0.33 to interpret the moderate model, and 0.19 to interpret the weak model. The R – Square (R^2) test results in this study can be seen to know the value of Square (R^2). The value of R^2 on the Business Performance variable (Y1) is 0.437 > 0.33 categorized with a moderate model, based on the R^2 value of 0.437, which means that the Productive Infaq (X) variable can explain the Business Performance variable (Y1) of 0.437 or 43.7% and the remaining 56.3% is explained or influenced by other variables outside the study, the relationship between the Productive Infaq (X) and Business Performance (Y1) variables is substantial.

The R^2 value of the Welfare variable (Y2) is 0.615 > 0.33 but still, less than 0.67 (<67), meaning that the Productive Infaq (X) and Business Performance (Y1) variables can explain the Welfare variable (Y2) of 0.615 or 61.5% while the remaining 38.5% is explained or influenced by other variables outside the study. The relationship between the variables of Productive Infaq (X) and Business Performance (Y1) with Welfare (Y2) is a moderate category relationship. In testing the hypothesis, the procedure used is to compare the data values of t-statistics and probability values; the significance used is Two-Tailed with a t-statistic of 1.96 and a significance of 5%. The following is the result of bootstrapping using SmartPLS 3 Student Version.

Path Coefficients	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P Value
Productive Infaq (X) -> Business Performance (Y1)	0.661	0.666	0.070	9.509	0.000
Productive Infaq (X) -> Wellfareness (Y2)	0.409	0.407	0.089	4.590	0.000
Business Performance (Y1) -> Wellfareness (Y2)	0.452	0.456	0.075	6.001	0.000

Source: Data processed 2021.

Based on the results of the Path Coefficients test in Table 2 above, it can be explained that the results of this study indicate that there are an influence between the Productive Infaq (X) variable on the Fuqara' and Masaakin (Y1) Business Performance variables, this statement is

proven based on the results of the Path Coefficients test above that is, with a t-statistic value of $9.509 > 1.96$ and a significance value (P Value) of $0.000 < 0.05$, it can be concluded that Productive Infaq (X) has a direct and significant effect on the Business Performance of Fuqara' and Masaakin (Y1) in BAZNAS Lumajang Regency.

This study indicates that Productive Infaq (X) has a direct and significant effect on the Welfare of Fuqara' and Masaakin (Y2). It is based on the results of Path Coefficients testing with a t-statistic value of $4.590 > 1.96$ and a significance value (P Value) of $0.000 < 0.05$, it can be concluded that Productive Infaq (X) has a direct and significant effect on the Welfare of Fuqara' and Masaakin (Y2) at BAZNAS Lumajang Regency.

This study indicates that Business Performance (Y1) has a significant direct effect on the Welfare of Fuqara' and Masaakin (Y2). It is based on the results of Path Coefficients testing with a t-statistic value of $6.001 > 1.96$ and a significance value (P Value) of $0.000 < 0.05$, it can be concluded that Business Performance (Y1) has a direct and significant effect on the Welfare of Fuqara' and Masaakin (Y2) at BAZNAS Lumajang Regency.

Then, based on the existing model in this study, there is also an indirect effect of Productive Infaq on Welfare through Business Performance. Based on the results of the Specific Indirect Effect test by showing an at-statistic value of $4.429 > 1.96$ and a significance (P Value) of $0.000 < 0.05$, it can be concluded that Productive Infaq (X) has a positive and significant indirect effect on the Welfare of Fuqara ' and Masaakin (Y2) through Business Performance (Y1) at BAZNAS Lumajang Regency. Based on the value of the specific indirect effect, it can be said that business performance is an intervening variable or mediator, or in other words, the business performance variable can play a good role in mediating the influence between the variables of Productive Infaq and Welfare.

Specific Indirect Effect	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistic	P-Value
Productive Infaq (X) -> Business Performance (Y1) -> Wellfareness (Y2)	0.298	0.305	0.067	4.429	0.000

Source: Data processed 2021.

Based on the results (Table 3) of the analysis, it is stated that Productive Infaq has associated with the Business Performance of Fuqara' and Masaakin at BAZNAS Lumajang Regency so that Hypothesis 1 in this study is accepted. Based on the results of the research conducted, there is a significant effect of the existence of productive Infaq funds for Fuqara' and Masaakin Business Performance at BAZNAS Lumajang Regency as evidenced by the results of data analysis using PLS, in hypothesis testing, there is a positive and significant effect of Productive Infaq on Business Performance with a value of t-statistic $9.509 > 1.96$ and a significance value (P Value) of $0.000 < 0.05$. The results of this study are following research conducted by Alaydrus (2017), which proves that there is a positive and significant influence on the growth of mustahiq micro-enterprises in the city of Pasuruan. Research conducted by Rafdison & Nafik (2018) also proves that the use of Infaq funds for productive activities managed and channeled productively can change the capital structure of MSME actors so that it also has an impact on strengthening capital and managing business performance. Another

research is the research conducted by Wafi & Herianingrum (2019), which proves that productive zakat affects mustahiq business performance at the Nurul Hayat National Amil Zakat Institute Bojonegoro district. Based on the results of the discussion above, Hypothesis 1 is accepted. The greater the Infaq funds given to Fuqara and Masaakin who have businesses, the more they will be able to develop their businesses. Therefore, to achieve good business performance, it is necessary to properly utilize Productive Infaq funds to increase sales volume and profit growth in businesses run by fuqara' and Masaaki. Done will also increase.

Based on the analysis results above, Productive Infaq has associated with the Welfare of Fuqara' and Masaakin at BAZNAS Lumajang Regency so that hypothesis 2 is accepted. Based on the results of research that has been carried out, BAZNAS has empowered Infaq through the Productive Economy program by utilizing the productive Infaq funds so that it will provide employment, provide educational opportunities for recipient families, provide access to health services, this is following the concept of the Welfare State. It stated that the state must be able to improve the Welfare of its people either directly or through its social institutions. The results of this study are following research conducted by Nisa (2018), which proves that Productive ZIS affects the Welfare of mustahiq in Baitul Maal Dluhal Islam Malang City. Then the research conducted by Wafi & Herianingrum (2019) which proves that Productive Infaq affects business performance. This research also proves that there is a significant effect of Productive Infaq on the Welfare of mustahiq at the Nurul Hayat National Amil Zakat Institute, Bojonegoro Regency. Based on the discussion above, Hypothesis 2 is accepted. The greater the Infaq funds provided, the higher the level of Welfare seen from the perspective of Maqashid al Syariah. Therefore, to achieve an Islamic welfare based on Maqashid al-Sharia, it can be done by increasing the amount of nominal of Infaq funds distributed to fuqara' and masaakin; apart from being given funds with a larger nominal, it is also necessary to carry out good supervision and guidance to fuqara' and masaakin in order to get maximum results.

Based on the above analysis results, which states that Business Performance has associated with Welfare of Fuqara' and Masaakin at BAZNAS Lumajang Regency. It shows that the business activities of recipients of capital assistance from BAZNAS Lumajang Regency can affect the Welfare of the results of Infaq fund management for business activities, based on the measurement indicator, namely an increase in sales volume where the average answer of respondents is 4.31, which is agreed, and the average value of the increase in profit or profit of 4.31, which is agreed. That is, from an increase in business performance that impacts increasing the Welfare of Fuqara 'and Masaakin. The results of this study are following research conducted by Wafi & Herianingrum (2019), which proves that business performance has a significant effect on the Welfare of mustahiq at the Nurul Hayat National Amil Zakat Institute, Bojonegoro Regency. Based on the discussion above, Hypothesis 3 is accepted. That is, the business performance of Fuqara' and Masaakin by utilizing productive infaq funds can affect the Welfare of Fuqara' and Masaakin. Therefore, to achieve the expected Welfare, namely Welfare based on Maqashid al Syariah, it is also necessary to improve business performance, fuqara 'and masaakin are required to run their business as well as possible so that they and their families can prosper.

CONCLUSION

Productive infaq funds for business activities for the poor and the poor who own businesses will improve their business performance, both in terms of increasing sales volume and

profit or profit growth. Productive Infaq has an impact on Business Performance (Y1) in the sense that if the Distributed Productive Infaq funds increase, the Business Performance carried out by Fuqara' and Masaakin will also increase. Productive Infaq will have an impact on the Welfare of Fuqara' and Masaakin. This is shown from the results of research and data analysis conducted that there is a significant effect on welfare as measured by Maqashid al Syariah. Whereas Productive Infaq affects the Welfare of Fuqara' and Masaakin, which means that if Productive Infaq funds are distributed increased, then Welfare will also increase along with the increase in productive Infaq funds. Business Performance affects the Welfare of Fuqara' and Masaakin. This shows that running a business from productive infaq funds can improve the welfare of Fuqara' and Masaakin at BAZNAS Lumajang Regency, where welfare is measured based on Maqashid al Syariah. Whereas Business Performance has an effect on the Welfare of Fuqara' and Masaakin, the greater the Business Performance carried out by Fuqara' and Masaakin, Welfare will also be easily achieved along with the improvement of Business Performance.

This study suggests that BAZNAS Lumajang Regency needs to increase the distribution of productive Infaq funds as well as provide guidance and supervision so that the business results of the poor are profitable and at the same time can have an impact on the welfare of Fuqara' and Masaakin. For the government, it is necessary to replicate the method that has been done by BAZNAS in providing productive assistance to the poor, so that economic independence will be achieved among the community. For people who receive Productive Infaq fund assistance in order to maximize the use of these funds so that they can better feel the benefits of the Productive Infaq fund assistance program from BAZNAS Lumajang Regency. In addition, based on the results of research, Business Performance is still quite low at 0.437 or 43.7%, Fuqara' and Masaakin need to explore their business further and try to be able to develop their business so that it will increase sales volume and profits. In addition, the profits obtained will be greater so that it also increases welfare. For further researchers, it is hoped that they can add variables that were not examined in this study, and it is also hoped that the measurement of Welfare is not only based on Islamic concepts or the achievement of Maqashid al Syariah but can also be added to Welfare from other perspectives, of course, supported by adequate theory Welfare in the next research can be measured based on the CIBEST Quadrant, which is measuring spiritual and material Welfare with the research target being households receiving social funds or Productive Infaq funds.

REFERENCES

- Alaydrus, M.Z. (2017). *The effect of productive zakat on the growth of micro-enterprises and the welfare of mustahik at the amil zakat agency in Pasuruan, East Java*. Unpublished doctoral dissertation, Universitas Airlangga.
- Anwar, S. (2018). *Introduction to Islamic economics and finance philosophy*. Depok: RajaGrafindo Persada.
- 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.
- BPS. (2020). <https://www.bps.go.id/publication/2020/04/29/e9011b3155d45d70823c141f/statistik-indonesia-2020.html>
- Hamid, R.S., & Anwar, S.M. (2019). *Variant-based structural equation modeling (SEM)*. Jakarta: PT Incubator for Indonesian Writers.

- Hidayah, N., Nugroho, L., Prihanto, H., & Prihantini, D. (2021). Company characteristics, disclosure of social responsibility, and its impact on company performance: An empirical study in Indonesia. *Journal of Asian Finance, Economics and Business*, 8(6), 889-895.
- Jalaluddin. (2012). The effect of zakat, infaq, and productive sadaqah on micro business growth and absorption of manpower and mustahiq welfare. *Journal of Economics*, 22(3), 270-277.
- Juhro, S.M., Syarifuddin, F., Sakti, A., & Suryanti, E.T. (2019). *Islamic public and social finance*. Jakarta: Raja Grafindo Persada.
- Lestari, C. (2018). Optimizing the utilization of infaq-alm's funds in increasing farmers' income with the alsintas program (Case Study in Saleh Jaya Village, Banyuasin, South Sumatra). *Raden Fatah Islamic University E-Journal*, 04(02), 143-156.
- Nisa, R.C. (2018). The effect of productive zakat, infaq, and shadaqoh (zis) funds of baznas malang city on business productivity and welfare mustahiq baitul mal dluhal islam merjosari malang city. *Scientific Journal of FEB UB Students*, 6(2)
- Rafdison, M.A., & Nafik, M. (2018). Impact of Infaq Distribution for Productive Business Activities in Strengthening Capital and Increasing MSME Performance. *Journal of Theoretical and Applied Islamic Economics*, 5(1), 19-31.
- Rosadi, A. (2019). *Zakat and waqf: Conception, regulation, and implementation*. Bandung: Symbiosis Rekatama Media.
- Roziq, A., Sulistiyo, A.B., Shulthoni, M., & Anugerah, E.G. (2021). An escalation model of muzakki's trust and loyalty towards payment of zakat at baznas Indonesia. *Journal of Asian Finance, Economics and Business*, 8(3), 551-559.
- Sugiyono. (2013). *Quantitative and qualitative research methodology and R & D*. Bandung: Alfabeta.
- Tanjung, D.S. (2019). The effect of productive zakat from the medan city baznas on business growth and mustahik welfare in the district of medan timur. *AT-TASAWUTH: Journal of Islamic Economics*, 4(2), 349-370.
- Wafi, L.H. & Herianingrum, S. (2019). Provision of productive zakat for working capital performance and mustahik economic welfare at the national amil zakat valley nurul hayat in Bojonegoro. *Journal of Theory and Applied Islamic Economics*, 6(7), 1494-1508.

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.