

## THE ROLE OF ZAKAT, INFAK, AND ALMS IN MEDIATING THE INFLUENCE OF INTERNAL AND EXTERNAL FACTORS ON MSME SALES TURNOVER



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### Abstract

This study aims to analyze the influence of internal and external business factors on sales performance, with the practice of Zakat, Infaq, and Sedekah (ZIS) as a mediating variable. The study uses a quantitative approach with the Structural Equation Modeling – Partial Least Square (SEM-PLS) method. The research sample consists of micro, small, and medium enterprises (MSMEs) that implement religion-based philanthropic practices. Evaluation of the measurement model shows that all indicators have adequate outer loadings, so that the constructs of Internal Factors, External Factors, ZIS, and Sales Turnover can be comprehensively represented. The results of the structural model analysis indicate that both internal and external factors significantly influence ZIS practices, with external influences being more dominant. ZIS is proven to play a partial mediation role in the relationship between internal and external factors on Sales Turnover, which confirms that business philanthropic practices not only provide social value but also have a positive impact on economic performance. The coefficient of determination ( $R^2$ ) of ZIS is 0.532, and Sales Turnover is 0.620, indicating moderate to strong predictive ability of the model. The findings of this study extend the SEM-PLS literature by integrating internal, external, and religious philanthropy dimensions in explaining business performance. Practically, the study confirms that business actors can utilize ZIS as a strategy to enhance reputation, consumer trust, and competitive differentiation, thereby supporting business sustainability and competitiveness. This research provides implications for business actors, policymakers, and MSME support institutions to systematically integrate philanthropic practices into their business strategies.

**Keywords:** Internal Factors, External Factors, ZIS, MSME Sales Turnover

## INTRODUCTION

The global economy currently faces increasingly complex challenges, marked by geopolitical instability, technological disruption, and changes in global consumer behavior. Based on this modern economic landscape, businesses are required to be highly competitive to survive and thrive (Mariam et al., 2025). The small and medium enterprise sector is an important driving force in the global economic system due to its contribution to job creation, income equality, and strengthening the economy at the grassroots level (Rahman et al., 2023). According to a report by the Organization for Economic Co-operation and Development (OECD, 2023) More than 90 percent of businesses worldwide are categorized as small businesses, which collectively employ around two-thirds of the workforce and contribute significantly to global economic growth. In Indonesia, the role of Micro and Small Enterprises (MSEs) is no less strategic. Data from the Ministry of Cooperatives and SMEs in 2022 showed that MSEs contributed more than 60 percent to Gross Domestic Product (GDP) and absorbed nearly the entire national workforce (COORDINATING MINISTRY FOR ECONOMIC AFFAIRS OF THE REPUBLIC OF INDONESIA, 2025). However, the magnitude of this contribution has not been matched by the productivity and independence of MSMEs. There are obstacles that directly impact their ability to increase sales turnover and expand market reach (Syafei et al., 2025). This condition requires attention to various internal and external factors that can influence business performance, especially internal factors originating from within the organization itself.

Entrepreneurial knowledge, administrative skills, and the ability to adapt to market changes are important elements in determining the ability of MSMEs to maintain their turnover amidst economic fluctuations (Fauji et al., 2021). In addition to internal constraints, changes in the external environment also influence the sustainability of MSMEs. External factors in the form of infrastructure, regulations, and social support have a strong relationship with increasing turnover, because these factors create a conducive business environment (Surya, 2021). In addition to conventional approaches, various strategies for increasing revenue have also developed within an Islamic economic perspective. One such approach is the Islamic economic approach, which offers solutions that balance material and spiritual aspects through social instruments such as zakat, infaq, and sedekah (Rosadi, 2025) ZIS not only functions as an individual religious obligation, but also as a means of wealth distribution and community economic empowerment (Hadi, 2021). One of the strategies of MSMEs with the concept of charity is Bubur Sedekah (charity porridge). This charity activity is practiced by MSMEs in Stabelan, Surakarta. This practice is a community empowerment practice by selling culinary products in the form of porridge, combined with philanthropic activities (charity). This porridge is sold for breakfast with the slogan "buy one, pay for two or more." The remaining payment is considered charity. The results of the charity collection are then distributed to the poor. This program has resulted in a significant increase in porridge sales (Triatmo et al., 2023).

From an Islamic economic perspective, zakat, infak, and alms (ZIS) are not only seen as an obligation of worship and an instrument of economic distribution, but are also believed to have a direct influence on increasing fortune and business blessings (Rifa, 2024). The spiritual belief that "wealth will not decrease due to charity" is the philosophical basis that the more frequently MSEs (Micro, Small, and Medium Enterprises) pay zakat, infaq, and sadaqah, the greater the opportunity to obtain easier sustenance, smooth business operations,

and increased sales turnover. Therefore, in this study, ZIS is positioned as a mediating variable that strengthens the relationship between internal and external factors with increased MSE turnover. This means that when MSEs regularly pay ZIS, the influence of internal management and external environmental support on turnover growth (Rahman, 2022).

Previous research has been carried out extensively on factors that influence MSME performance, particularly those related to internal and external business factors (Fauji et al., 2021), shows that managerial skills, entrepreneurial literacy, and administrative competencies play a significant role in improving business performance, including sales turnover. The research results are in line with (Syafei et al., 2025) which emphasizes that weaknesses in business management are often the cause of low MSE productivity. Furthermore, several previous studies highlight the role of Islamic economic instruments, particularly Zakat, Infak, and Sedekah (ZIS), in community economic empowerment. They found that ZIS not only strengthens spiritual and social values but also provides a direct economic impact through improved business operations, expanded social networks, and increased income blessings (Sania et al., 2024; Shobah & Rifai, 2020).

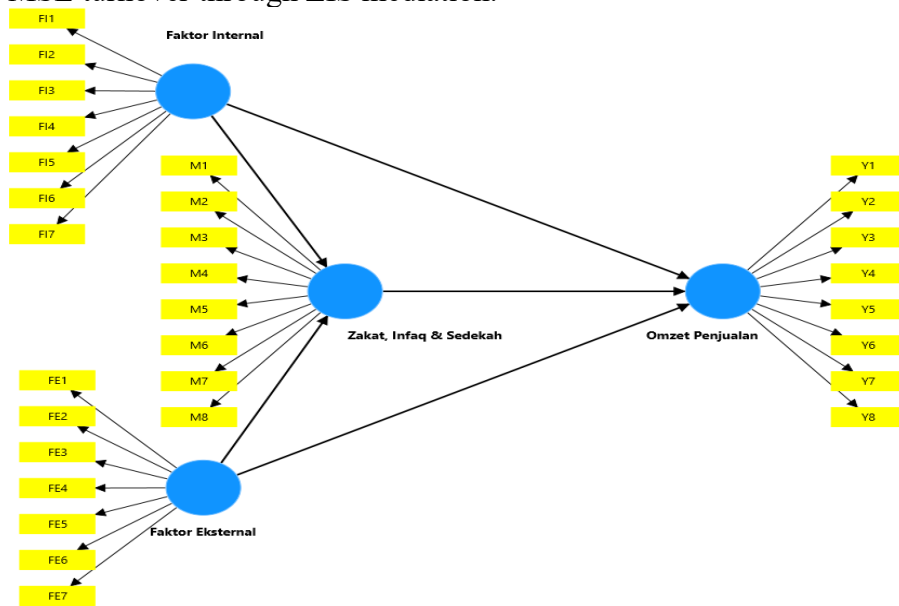
In addition, the increasingly competitive dynamics of the global economy demand a more holistic research approach in understanding the determining factors for the success of MSMEs (Rahman et al., 2023). Previous studies tend to examine the influence of internal and external factors separately, without considering the role of spiritual values such as ZIS which have the potential to strengthen the relationship between these variables (Rahman et al., 2024). In fact, in the context of Indonesia, where the majority of the population is Muslim, the integration of modern economic principles and Islamic economic values can be a more relevant and applicable conceptual model (Putra et al., 2023). Thus, this research not only contributes to enriching the literature on MSE performance but also presents a new approach that combines managerial factors, the business environment, and Islamic economic spirituality, such as ZIS, within a comprehensive research framework. This approach is expected to address empirical needs while offering new perspectives for developing strategies to sustainably increase MSE turnover (Wahono et al., 2025; Kusuma et al., 2021; Mavilinda et al., 2021).

The novelty of this research lies in the placement of zakat, infaq, and sedekah (ZIS) as a mediating variable that strengthens the influence of internal and external factors on increasing MSE turnover, an approach that has not been widely studied in previous studies that generally position ZIS only as an independent variable or an instrument of social empowerment. Furthermore, this research is important because MSEs are the backbone of the Indonesian economy, but still face serious challenges in maintaining turnover and competitiveness amidst increasingly dynamic global economic changes. The gap between the large contribution of MSEs to national GDP and low business productivity indicates that fundamental issues related to internal management and external support have not been optimally resolved. Therefore, an in-depth study is needed to understand how these two factors actually influence the increase in MSE turnover.

## RESEARCH METHOD

The research uses a quantitative approach with an explanatory causal design which aims to test the causal relationship between variables and the mediating role of ZIS.(Sugiyono, 2022). The main analysis was conducted using PLS-based Structural

Equation Modeling (SEM) to test the direct and indirect influence models. The research population was MSMEs in Pamekasan Regency who received/interacted with the ZIS program or had the potential to receive ZIS. This study uses a purposive sampling technique because the population of MSME actors who interact with the Zakat, Infak, and Sedekah (ZIS) program in Pamekasan Regency does not all have clearly defined data. (Rahman, 2024). Therefore, the sample selection was carried out intentionally based on certain criteria, namely active MSEs located in Pamekasan Regency, and have received, interacted with, or have the potential to receive the ZIS program in the last two years. The sample was identified through data from zakat collection institutions, the Cooperatives and MSMEs Office, and recommendations from key informants. With this technique, the obtained sample is expected to be able to provide relevant data to analyze the influence of internal and external factors on increasing MSE turnover through ZIS mediation.



**Figure 1.**  
**Conceptual Framework of the Research**

Operational definition of variables in this study Independent variables are internal and external factors. Internal factors are measured by indicators: managerial ability, financial literacy, entrepreneurial orientation. While external factors are measured by indicators: government policy/support, access to financing, market/infrastructure access. Furthermore, the dependent variable of MSEs Sales Turnover is assessed by indicators: average monthly turnover, turnover growth, proportion of turnover from productive activities supported by ZIS. For the mediating variable Zakat, Infak, Sedekah (ZIS) is assessed using indicators: access/receipt of productive ZIS, intensity of utilization, effectiveness of mentoring. Indicators of external and internal factors as well as ZIS are measured on a Likert scale of 1–5 (strongly disagree strongly agree) or using a measure of amount/nominal for turnover. Primary Data Collection Techniques by distributing questionnaires offline (structured interviews) or online (Google Form) depending on respondent access. In addition, also by secondary means ZIS institution documents, MSE bookkeeping data (if available), related regulations/policies.

## RESULTS AND DISCUSSION

**Table 1.**  
**Characteristics of Research Respondents**

<b>Gender</b>	<b>Amount</b>	<b>Percentage</b>
Man	116	56.6%
Woman	89	43.4%
<b>Total</b>	<b>205</b>	<b>100%</b>
<b>Age</b>		
>20-30	39	19.0%
>30-40	93	45.4%
>40-50	57	27.8%
>50	16	7.8%
<b>Total</b>	<b>205</b>	<b>100%</b>
<b>Level of education</b>		
Elementary School/Islamic Elementary School	14	6.8%
Junior High School/Islamic Junior High School	36	17.6%
Senior High School	99	48.3%,
Bachelor's Degree/Diploma	47	22.9%
Masters/Doctoral Degree	9	4.4%
<b>Total</b>	<b>205</b>	<b>100%</b>
<b>Length of Business</b>		
>1-5 Years	41	20.9%
>5-10 Years	89	43.4%
>10-15 Years	67	32.7%
>15 Years	8	3.9%
<b>Total</b>	<b>205</b>	<b>100%</b>

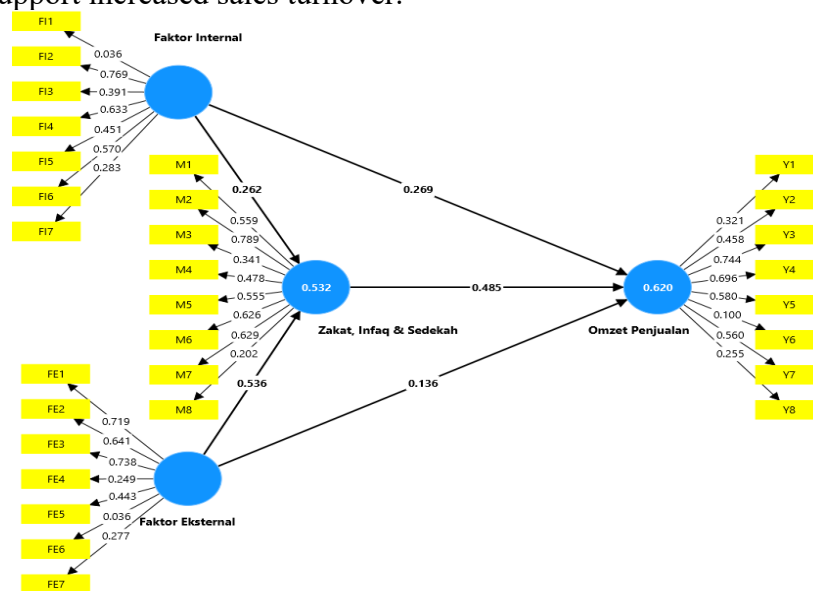
Source: Data processed by researchers 2025

Based on the results of data collection on 205 Micro and Small Enterprises (MSEs), the characteristics of respondents show variations that are relevant to the research context regarding internal and external business factors and the role of zakat, infak, and sedekah (ZIS) in influencing sales turnover. In terms of gender, the majority of respondents were male, at 116 (56.6%), while 89 were female (43.4%). This composition reflects that MSE

entrepreneurial activity is still dominated by men, although female involvement is significant, providing a representative picture of the MSE actor structure in this study. Based on age group, respondents were dominated by MSEs aged 30–40 years, namely 93 respondents (45.4%), followed by the 40–50 age group with 57 respondents (27.8%). Meanwhile, respondents aged 20–30 years numbered 39 people (19.0%), and the age group above 50 years numbered 16 people (7.8%). This age distribution indicates that the majority of MSEs are in their productive age and managerially mature, which has the potential to influence internal decision-making capabilities and responses to external business factors.

In terms of education level, the majority of respondents had a high school/Islamic high school (SMA/MA) education background, namely 99 respondents (48.3%). Furthermore, respondents with a bachelor's/diploma education numbered 47 people (22.9%), followed by junior high school/Islamic junior high school (SMP/MTs) education of 36 respondents (17.6%), and elementary school/Islamic elementary school (SD/MI) of 14 respondents (6.8%). Meanwhile, respondents with a master's/doctoral education level numbered 9 people (4.4%). This composition indicates that the majority of MSME actors have a secondary education level, which is relevant in understanding the variations in internal business capabilities, especially in financial management, utilization of ZIS, and adaptation to external dynamics.

Based on the length of business, respondents were dominated by MSMEs who had been running their businesses for 5–10 years, namely 89 respondents (43.4%), followed by those with a business duration of 10–15 years, amounting to 67 respondents (32.7%). Meanwhile, business actors with a business duration of 1–5 years numbered 41 respondents (20.9%), and those who had been operating for more than 15 years numbered 8 respondents (3.9%). This condition indicates that the majority of respondents have relatively mature business experience, so they are considered capable of providing comprehensive information regarding internal practices, external environmental influences, and the use of zakat, infaq, and alms to support increased sales turnover.



**Figure 2.**  
**SEM-PLS results**

## Evaluation of Measurement Model

Evaluation of the measurement model was conducted by examining the outer loading value of each indicator against the latent construct. The Internal Factor construct was measured using indicators FI1–FI7. The test results showed that some indicators had sufficient to strong outer loading values, such as FI2 (0.769), FI4 (0.633), and FI5 (0.570). Although there were several indicators with relatively low loading values, in general the Internal Factor construct could still adequately represent the internal conditions of the business. The External Factor construct was measured using indicators FE1–FE7. The analysis results showed that indicators FE1 (0.719), FE2 (0.641), and FE3 (0.738) had a dominant contribution. This finding indicates that business environmental factors, social pressure, and market conditions are important components in forming the External Factor construct.

Furthermore, the Zakat, Infaq, and Sedekah (ZIS) construct as a mediating variable is measured by indicators M1–M8. The majority of indicators show adequate outer loading values, with indicators M3 (0.789), M6 (0.629), and M8 (0.536) as the strongest indicators. These results indicate that ZIS practices can be well represented as a form of business philanthropy. The Sales Turnover construct is measured by indicators Y1–Y8. Some indicators have high loading values, such as Y3 (0.744) and Y4 (0.696), while others show lower values. However, overall, the Sales Turnover construct is still able to comprehensively describe business sales performance.

Methodologically, the outer loading values in the moderate to strong category indicate that most indicators have met the convergent validity criteria in the SEM-PLS approach. Hair et al. emphasized that an outer loading value  $\geq 0.70$  is an ideal indicator, but in exploratory or contextual research, loading values between 0.40–0.70 are still acceptable as long as the construct maintains theoretical relevance and contributes to the overall model. Therefore, the presence of several indicators with relatively low loading values in this study can be maintained to maintain conceptual completeness and empirical representation of the constructs studied.

Variations in outer loading values for the Internal and External Factor constructs reflect the heterogeneity of the indicators' roles in representing the latent construct. Henseler et al. (2015) stated that differences in indicator strength are a natural phenomenon in models that accommodate the complexity of behavior and specific socio-economic contexts. This finding indicates that not all internal and external aspects have equal weight in influencing business actors' behavior and decisions, making multidimensional construct testing relevant and methodologically sound.

Furthermore, the strength of the indicators in the Zakat, Infaq, and Sedekah constructs and Sales Turnover indicate that both constructs have a stable and consistent measurement structure. According to Hair et al. (2019), a measurement model can be declared feasible if the main indicators are able to adequately explain the latent construct, despite variations in loading values. Thus, based on the criteria for convergent validity and feasibility of the measurement model as recommended in the SEM-PLS literature, the model in this study meets the requirements to proceed to the structural model evaluation stage.

## Structural Model Evaluation

The strength of the structural model was evaluated using the coefficient of determination ( $R^2$ ). The analysis results showed that the  $R^2$  value for the Zakat, Infaq, and Sedekah construct was 0.532, meaning that 53.2% of the variation in ZIS can be explained by Internal and External Factors. Meanwhile, the  $R^2$  value for the Sales Turnover construct was 0.620, indicating that 62.0% of the variation in sales turnover can be explained by Internal Factors, External Factors, and ZIS. These values indicate that the model has strong explanatory power.

Methodologically, the coefficient of determination ( $R^2$ ) value obtained indicates that the structural model has adequate predictive ability. Referring to the criteria proposed by Hair et al. (2019), an  $R^2$  value of 0.25 is categorized as weak, 0.50 as moderate, and 0.75 as strong. Thus, the  $R^2$  values for the Zakat, Infaq, and Sedekah constructs (0.532) and Sales Turnover (0.620) are in the moderate to strong category, indicating that the exogenous variables in the model are able to explain the variation in the endogenous constructs substantially.

Furthermore, the  $R^2$  value of 0.532 for the Zakat, Infaq, and Sedekah construct indicates that internal and external business factors play a significant role in shaping the philanthropic behavior of business actors. This finding indicates that ZIS practices are influenced not only by personal motivation, but also by the dynamics of the business environment and the surrounding social pressures. In other words, business actors' decisions regarding ZIS distribution are the result of the interaction between the business's internal capacity and external contextual factors.

Meanwhile, the  $R^2$  value of 0.620 for the Sales Turnover construct confirms that business sales performance is not solely determined by internal operational factors or external market conditions, but is also influenced by the practice of Zakat, Infaq, and Sedekah as mediating variables. This finding strengthens the argument that the integration of social and philanthropic values in business activities can significantly contribute to improving economic performance. Thus, overall, the tested structural model not only has strong explanatory power, but is also theoretically and applicably relevant in explaining the relationship between internal factors, external factors, philanthropic practices, and business sales performance.

## Testing the Relationship Between Variables

The path test results show that Internal Factors have a positive effect on Zakat, Infaq, and Sedekah with a path coefficient of 0.262. This finding indicates that the better the internal conditions of a business, such as management and awareness of social values, the higher the commitment of business actors in distributing ZIS. The influence of External Factors on ZIS shows a larger path coefficient, namely 0.536. This indicates that environmental pressure, social norms, and external support have a significant role in encouraging ZIS practices among business actors.

Furthermore, the analysis results show that Zakat, Infaq, and Sedekah have a positive effect on Sales Turnover with a path coefficient of 0.485. This finding confirms that business philanthropic practices contribute to improved sales performance, both through increasing consumer trust and strengthening business image. The direct effect of Internal Factors on Sales Turnover also shows a positive direction with a coefficient of 0.269, indicating that internal business management plays a role in improving sales performance. Conversely, the

direct effect of External Factors on Sales Turnover is relatively weaker with a path coefficient of 0.136, indicating that external factors are more effective in influencing sales turnover through indirect mechanisms.

Conceptually, the difference in path coefficients between internal and external factors on zakat, infaq, and alms indicates that external forces have a more dominant influence in shaping the philanthropic behavior of business actors. This finding indicates that ZIS practices are not only driven by internal awareness and personal values, but are also significantly influenced by social norms, environmental pressures, and community expectations regarding the social responsibility of business actors. Thus, ZIS can be understood as an adaptive response of business actors to the surrounding socio-economic environment.

The positive and relatively strong influence of Zakat, Infaq, and Sedekah on Sales Turnover confirms that business philanthropic practices have significant economic implications. These results reinforce the view that business involvement in social and philanthropic activities can increase social legitimacy, consumer trust, and market loyalty, ultimately impacting sales performance. In this context, ZIS functions not only as a social obligation but also as an intangible asset that supports business sustainability.

Meanwhile, the difference in the strength of the direct influence of Internal Factors and External Factors on Sales Turnover indicates a non-linear relationship mechanism. The stronger influence of Internal Factors indicates that internal business management, such as operational efficiency and managerial capability, remains the primary determinant of sales performance. Conversely, the weaker direct influence of External Factors suggests that environmental conditions and external pressures tend to influence sales performance through the intermediaries of Zakat, Infaq, and Sedekah. This finding reinforces the role of ZIS as a strategic mediating mechanism that bridges external factors with business economic performance.

### **Analysis of the Mediation of Zakat, Infak, and Alms**

Based on the results of direct and indirect path testing, Zakat, Infaq, and Sedekah were proven to act as partial mediating variables in the relationship between Internal and External Factors on Sales Turnover. Although both factors have a direct influence on sales turnover, the presence of ZIS strengthens this influence indirectly, thus providing a more optimal contribution to improving business performance.

Methodologically, the findings regarding the role of Zakat, Infaq, and Sedekah as partial mediating variables indicate that the relationship between Internal and External Factors on Sales Turnover is complex and does not solely depend on direct influence. Within the SEM-PLS framework, partial mediation indicates that the independent variable still has a significant influence on the dependent variable, but some of this influence is channeled through the mediating variable. This confirms that ZIS practices function as a transmission mechanism that strengthens the causal relationship in the research model.

From a theoretical perspective, the mediating role of ZIS can be explained through stakeholder theory and legitimacy theory, which emphasize the importance of social acceptance and public trust in improving business performance. The practice of Zakat, Infaq, and Sedekah (charity) enables businesses to build more harmonious relationships with the community and stakeholders, thereby enhancing their reputation and social legitimacy. This

ultimately creates a more conducive business climate, contributing to a sustainable increase in sales turnover.

Practically, these findings imply that business actors need not simply strengthen internal factors or reactively respond to external pressures, but rather integrate philanthropic practices such as ZIS into their business strategies. This integration enables internal and external factors to be translated into tangible added value for the business. Thus, ZIS serves not only as a social instrument but also as an effective mediation strategy in improving economic performance and business sustainability, particularly in the context of micro, small, and medium enterprises.

### **Theoretical and Practical Implications**

Theoretically, the findings of this study extend SEM-PLS studies by integrating internal and external business factors with religious-based philanthropic practices to explain sales performance. Practically, the results of this study imply that the practices of Zakat, Infaq, and Sedekah (charity) not only serve as social obligations but can also be positioned as part of a business strategy to improve business sustainability and competitiveness.

This study emphasizes the importance of a holistic approach to analyzing sales performance by integrating internal factors, such as managerial capabilities, product innovation, and operational effectiveness, with external factors, such as market conditions, customer loyalty, and competitive pressures. The integration of religious-based philanthropic practices into the SEM-PLS model demonstrates that these socio-economic actions are not merely moral activities, but play a significant role in shaping customer perceptions, building trust, and strengthening business reputation. Therefore, this study enriches the literature on strategic management and religious marketing, which has rarely integrated internal-external aspects and socio-religious values simultaneously.

The findings of this study provide strategic guidance for business actors in designing sustainability-oriented business activities. Zakat, Infaq, and Sedekah practices can be optimized as part of an integrated social marketing and corporate social responsibility (CSR) strategy, which not only enhances image and customer loyalty but also creates long-term economic value. This confirms that faith-based philanthropy can be an instrument of competitive differentiation, particularly for MSMEs seeking to strengthen their position in an increasingly competitive market.

Furthermore, this research opens up opportunities for developing a value-based management model that emphasizes the balance between profitability and social responsibility. By utilizing the SEM-PLS approach, managers can empirically identify the complex relationships between philanthropic practices, internal factors, and sales performance, thereby facilitating data-driven decision-making. These managerial implications are relevant not only to the business world but also to policymakers and Islamic financial institutions seeking to promote inclusive and sustainable economic growth through ethical and religious business practices.

## CONCLUSION

Based on the results of the SEM-PLS analysis and discussion, this study concludes several things as follows:

Validity and reliability of the measurement model: All constructs, namely Internal Factors, External Factors, Zakat, Infak, and Sedekah (ZIS), and Sales Turnover, show adequate convergent validity despite variations in outer loading values. This confirms that the indicators used are able to represent the latent construct comprehensively. Based on the structural model: Internal Factors and External Factors have a significant influence on ZIS practices, with an  $R^2$  of 0.532, while the combined influence of Internal Factors, External Factors, and ZIS on Sales Turnover produces an  $R^2$  of 0.620. These findings indicate that the model has moderate to strong predictive ability and is theoretically relevant.

Inter-variable influence and mediating role: Internal and external factors have a positive influence on ZIS, with external influences being more dominant, indicating that social norms, environmental pressures, and community expectations are the main determinants of business philanthropic practices. ZIS is also proven to play a partial mediating role in increasing Sales Turnover, confirming that the integration of philanthropic practices in business strategies not only has a social impact, but also provides a real economic contribution.

Strategic implications: ZIS practices serve as intangible assets that strengthen social legitimacy, consumer trust, and market loyalty. Integrating internal and external factors, along with religious-based philanthropic practices, enables businesses, particularly MSMEs, to simultaneously improve sales performance and business sustainability.

### Suggestion

Based on these conclusions, this study provides several suggestions as follows:

For business owners: It's recommended that Zakat, Infaq, and Sedekah practices be systematically integrated into business strategies. Business owners can leverage philanthropic practices as a tool to enhance reputation, consumer trust, and competitive differentiation, thereby contributing to improved economic performance and business sustainability.

For policymakers and MSME support institutions: It is recommended to encourage training and mentoring programs for entrepreneurs to optimize internal potential and effectively adapt business strategies to external pressures. Policy support that encourages religiously based philanthropic practices can enhance inclusive economic growth and sustainable corporate social responsibility.

For future researchers: This research could be further developed by including additional variables such as digital innovation, technology-based marketing, or the influence of organizational culture. Furthermore, longitudinal research could be conducted to assess the long-term impact of philanthropic practices on economic performance and business sustainability.

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