



Unpacking the Empowerment Impact of Zakat Microcapital Programs: The Role of Entrepreneurial Character

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Abstract

This study examines the role of entrepreneurial character in shaping the economic empowerment of mentees participating in productive zakat programs. While many empowerment initiatives focus primarily on financial assistance, recent development literature emphasizes the importance of behavioral transformation in achieving sustainable economic outcomes. This research aims to empirically test whether entrepreneurial character functions as a key mechanism linking economic assistance to empowerment within the context of Islamic social finance. The study employs a quantitative explanatory design using cross-sectional survey data collected from 365 mentees participating in productive zakat programs administered by the National Zakat Agency of Indonesia (BAZNAS). Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine the relationship between entrepreneurial character and economic empowerment. The results reveal a strong and statistically significant positive effect of entrepreneurial character on economic empowerment ($\beta = 0.763$, $p < 0.001$). The model demonstrates substantial explanatory power ($R^2 = 0.582$) and strong predictive relevance, indicating that behavioral attributes such as persistence, opportunity orientation, and proactive action play a crucial role in sustaining economic independence among beneficiaries. These findings reinforce the behavioral empowerment perspective, suggesting that empowerment outcomes depend not only on access to capital but also on the development of internal capacities. The study contributes to the integration of entrepreneurship theory and Islamic social finance by demonstrating that productive zakat programs can serve as institutional mechanisms to cultivate entrepreneurial agency among beneficiaries. Practically, the findings highlight the importance of mentoring and character development in designing effective zakat-based empowerment programs.

Keywords: Entrepreneurial Character, Economic Empowerment, Productive Zakat, Islamic Social Finance, Microenterprise Development.

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Introduction

In contemporary economic development literature, empowerment is increasingly understood as transforming individuals' internal capacities, rather than simply increasing access to resources. This approach emphasizes that the sustainability of economic change depends on individuals' ability to form productive identities and act under conditions of uncertainty. Global development reports emphasize that economic interventions that focus solely on assets tend to have short-term impacts (Hafidh et al., 2024; Dźwigoł, 2021). Hamzah & Othman (2023) showed that variations in business program outcomes were more influenced by behavioral factors than by the amount of financial assistance. Similar findings in microenterprise studies by Fu & Krauss (2024); Blattman et al. (2018) showed that psychological changes in recipients were more important determinants of entrepreneurial intentions than access to capital alone.

Despite this, empowerment practices in many countries are still dominated by an asset-based approach. Microenterprise programs are often designed with the linear assumption that additional resources automatically lead to independence (Santoso et al., 2025). Shepherd et al (2019) show that this assumption ignores the psychological dimensions that determine an individual's ability to capitalize on opportunities. Campos et al (2018) emphasize that entrepreneurial character is a significant predictor of small business success. Without behavioral change, economic interventions tend to be unstable. The behavioral development perspective even suggests that true empowerment occurs when individuals develop independent decision-making capacity (Autio et al., 2025; Chaves-Ladino & Jiménez-Hernández, 2025).

In the context of Islamic social policy, productive zakat has developed as an empowerment model oriented toward the formation of economic agents. Modern zakat programs increasingly integrate mentoring, business training, and character building (Sarif et al., 2024; Sutrisno & Haron, 2020). Sylvia et al (2025) found that zakat-based mentoring increases recipients' confidence in managing businesses. Arifin & Anwar (2021) assert that the future of Islamic social finance depends on human capacity building. Hamid et al (2024) also point out that effective zakat programs emphasize behavioral transformation, not simply distributing funds.

Previous research provides strong evidence that entrepreneurial character is directly related to empowerment outcomes. Newman et al (2019) found that entrepreneurship has a significant relationship with micro-enterprise performance in developing countries (Mozumdar et al., 2020; Khan et al., 2021). A longitudinal study showed that behavior-based training resulted in increased entrepreneurial desire (Ubfal et al., 2019). Lozano-Isla et al (2018) demonstrated that psychological interventions increase small business profitability. Campos et al (2018) found that character behavior was more influential than technical training. Recent meta-analysis studies by Ramalho et al (2022); Kushwaha & Singh (2023); Yani (2024) confirm that psychological factors are the foundation of entrepreneurial success. .

A significant issue arises when empowerment is evaluated solely through financial indicators. This approach fails to explain why some recipients achieve independence while

others do not. Without understanding the character dimension, empowerment theory is incomplete. Therefore, entrepreneurial character needs to be positioned at the center of analysis in empowerment studies. To date, there has been little research explicitly examining the relationship between entrepreneurial character and empowerment in the context of Islamic social finance. Zakat literature focuses more on governance and distribution, while entrepreneurship literature rarely uses the zakat context as a platform for testing theories. This lack of integration creates a significant theoretical gap.

This study aims to examine the influence of entrepreneurial character on student empowerment in a productive zakat program. Theoretically, this study expands the behavioral empowerment framework by incorporating the context of Islamic social finance. Practically, this research provides a basis for designing a zakat program that emphasizes character transformation as the core of empowerment.

If empowerment is understood as the transformation of economic agents, then entrepreneurial character directly determines empowerment outcomes. Individuals with persistence, opportunity orientation, and risk tolerance are better able to maintain productive activities and control economic decisions. This perspective emphasizes that empowerment is the result of internalized character, not simply external intervention (Fuad et al., 2022; Wood et al., 2021).

Based on this theoretical framework, this study proposes the following hypothesis:

H1: Entrepreneurial character has a positive influence on the economic empowerment of the beneficiaries.

This hypothesis places entrepreneurial character at the center of the theoretical explanation in the zakat-based empowerment model.

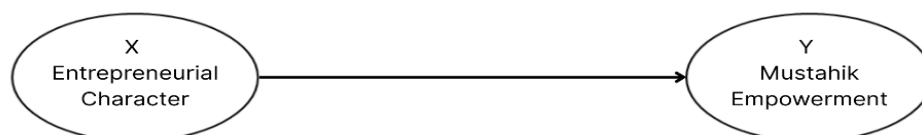


Figure 1. Conceptual Framework

Source: Authors' Model, 2026

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Literature Review

Economic empowerment studies have undergone a significant shift over the past decade from a resource-based approach to a behavior-based one. Development literature has sparked a shift in the understanding that sustainable empowerment is determined not by the magnitude of financial intervention, but by the transformation of individuals' internal capacities. Global development reports indicate that changes in mindset, productive identity, and decision-making capabilities are at the heart of modern empowerment (Mehta & Bhattacharjee, 2021). Llorente-Alonso et al. (2024) emphasized that the heterogeneity of business program outcomes is explained more by psychological factors than by capital factors. Further experimental studies have also shown that interventions that ignore the behavioral dimension tend to produce temporary effects (Albarracín et al., 2025). Thus, economic empowerment is increasingly understood as an agent of change, not simply a distribution of assets.

This approach, known as the behavioral empowerment framework, positions individuals as active actors interpreting economic opportunities. Within this framework, behavioral factors are central to explaining why empowerment programs produce uneven outcomes. This perspective opens space for integrating entrepreneurship theory into empowerment studies.

Contemporary entrepreneurship literature views entrepreneurial character as a socio-behavioral construct that explains how individuals act under uncertainty. Sukma (2024) showed that the success of small businesses is highly dependent on action orientation, persistence, and adaptive learning ability (Raut et al., 2021; Mensah et al., 2021). Newman et al (2019) found that entrepreneurial character has a direct relationship with microbusiness performance in various developing countries. Recent meta-analytic studies suggest that psychological factors are strong predictors of entrepreneurial intentions (Pigola et al., 2024; Khatami et al., 2024; Shepherd et al., 2019).

Entrepreneurial character is not understood as a fixed, innate trait, but rather as a capacity that can be developed through mentoring and social experiences. Individuals with a strong entrepreneurial character are better able to transform opportunities into productive actions. Within an empowerment framework, this character serves as an internal mechanism that allows individuals to control economic decisions and maintain business activity. Therefore, entrepreneurial character can be positioned as the core of the transformation of economic agents.

This research, in the context of productive zakat, makes a significant contribution to the literature on Islamic social finance. Zakat functions not only as an instrument of redistribution but also as an ecosystem for the formation of new economic agents. Recent studies have shown that mentoring-based zakat programs can increase recipients' self-confidence and organizational growth (Shiyuti et al., 2021; Napitupulu et al., 2024). Wang et al. (2023) also emphasize that mentoring in micro-enterprise programs increases self-efficacy and entrepreneurial intentions.

Thus, the zakat context provides an empirical laboratory for testing behavioral empowerment theory. This research focuses not on zakat as a variable, but rather on using zakat settings to understand how entrepreneurial traits contribute to empowerment. This approach shifts the zakat discourse from a normative narrative analysis to a global theory-based approach to behavior.

Research Method

This section includes research design, data collection instruments, participants/sample, the procedure of data collection, and data analysis. This study used a quantitative approach with a cross-sectional explanatory survey design to examine the relationship between entrepreneurial character and the economic empowerment of productive zakat program recipients. Cross-sectional designs are commonly used in behavioral empowerment research because they allow testing of psychological constructs through simultaneous measurement within a single time period. Modern entrepreneurship studies increasingly use survey designs to test structural relationships between latent constructs, as described by Newman et al (2019) in their analysis of entrepreneurship in developing countries. Shepherd et al (2019) assert that testing behavioral models requires a survey-based structural approach. A similar approach was used in economic empowerment research by Ashraf (2021), which demonstrated that psychological constructs can be reliably tested through a cross-sectional structural model. Hair et al (2021) also emphasized that this design is suitable for theory testing in applied social research.

Data collection was conducted via a self-administered questionnaire distributed through Google Forms to all mentees receiving BAZNAS RI assistance. The distribution of the questionnaires was facilitated by the central PPID BAZNAS RI based on an official research request letter from the research institution. This procedure ensures direct access to the target population without interference with respondents' answers. Self-administered surveys have become a common method in contemporary social research because they increase respondent reach and data collection efficiency, as explained by (Gummer et al., 2022). Each respondent received an explanation of the research objectives, assurance of confidentiality, and the right to discontinue participation at any time. Participation was voluntary and anonymous, in accordance with the principle of informed consent in social research.

The study population comprised recipients of zakat-based business assistance under the guidance of the Badan Amil Zakat Nasional Republik Indonesia (BAZNAS RI). Purposive sampling was used because the study targeted a population with specific characteristics relevant to the theoretical framework. In behavioral construct-based research, purposive sampling is considered appropriate when the research objective is to test a theoretical model, rather than to estimate general population parameters. Etikan et al (2016) explain that purposive sampling is effective for studying clearly defined populations. Creswell & Poth (2023) emphasize that this technique increases the relevance of data in applied social research. also emphasizes that purposeful sampling can strengthen the internal validity of theory-driven

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research. Respondents must meet the following criteria: receiving business assistance, actively running a business for at least six months, and participating in mentoring.

The 365 respondents met the sample size standard for latent construct-based structural model analysis. Hair et al (2021) explained that sample sizes above 300 provide stability in SEM parameter estimates. Kock & Hadaya (2018) showed that large sample sizes reduce estimation bias in PLS-SEM. Sarstedt et al (2022) added that psychological construct-based research requires the ability to increase model reliability. Thus, this study's sample size meets the methodological requirements for structural model testing.

Entrepreneurial character is measured through behavioral indicators, including business persistence, opportunity orientation, risk tolerance, and action discipline. Behavior-based measures are considered more accurate than declarative attitude measures in entrepreneurship studies. Müller et al. (2023) suggest that the entrepreneurial construct must be operationalized through concrete actions. Newman et al (2019) used a similar approach to measuring microenterprise performance. Stevenson et al. (2024) emphasized the importance of the action dimension in the entrepreneurial construct. Shepherd et al (2019) also demonstrated that behavioral orientation is negatively related to the desire to strive.

Economic empowerment is measured by indicators of control over business decisions, desire for economic activity, and adaptability to market changes. This approach aligns with the definition of empowerment as the capacity to act independently. The Global Development Report emphasizes that empowerment encompasses control over economic decisions and reflects agents' ability to influence the economic environment (Dushkova & Ivlieva, 2024). Li et al. (2022) suggest that empowerment is multidimensional and encompasses adaptive capacity. A recent study by Maiorano et al (2021) also emphasizes the relationship between decision-making capacity and economic stagnation.

Data analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM), as it is well-suited to predictive models based on psychological constructs. Hair et al (2021) explain that PLS-SEM is effective for applied social research with latent variables. al. (2022) emphasize that PLS is suitable for both exploratory and predictive modeling. al. (2016) show that PLS-SEM is stable for behavioral data that are not always normally distributed. Kock & Hadaya (2018) also emphasize the superiority of PLS in entrepreneurship research.

The evaluation model includes convergent validity (AVE), internal reliability (Composite Reliability and Cronbach's Alpha), and discriminant validity using the Fornell–Larcker criterion and the HTMT ratio. Multicollinearity testing was performed using the Variance Inflation Factor (VIF). Predictive power was tested using R^2 and Q^2 . Path significance was tested using bootstrapping with 5,000 resamples to assess the stability of the estimates.

Result

Demographic Characteristics of Research Respondents

Table 1. Demographic Characteristics of Respondents

| Variable | Category | Frequency | Percentage (%) | |
|-----------------------------|------------------------|------------------|-----------------------|-------|
| Gender | Male | 160 | 44.44 | |
| | Female | 200 | 55.56 | |
| Age | <20 years | 3 | 0.83 | |
| | 20–29 years | 31 | 8.61 | |
| | 30–39 years | 100 | 27.78 | |
| | 40–49 years | 110 | 30.56 | |
| | 50–59 years | 84 | 23.33 | |
| | ≥60 years | 32 | 8.89 | |
| Marital status | Single | 25 | 6.94 | |
| | Married | 295 | 81.94 | |
| | Widowed | 27 | 7.50 | |
| | Divorced | 13 | 3.61 | |
| Occupation | Entrepreneur / MSME | 218 | 60.56 | |
| | Farmer / livestock | 103 | 28.61 | |
| | Housewife | 21 | 5.83 | |
| | Daily labor | 8 | 2.22 | |
| | Others | 10 | 2.78 | |
| Monthly income | < IDR 500k | 68 | 18.89 | |
| | 500k–999k | 53 | 14.72 | |
| | 1–1.9M | 96 | 26.67 | |
| | 2–2.9M | 107 | 29.72 | |
| | ≥3M | 36 | 10.00 | |
| Education | Senior high | 163 | 45.28 | |
| | Elementary | 68 | 18.89 | |
| | Junior high | 67 | 18.61 | |
| | Bachelor | 41 | 11.39 | |
| | Diploma | 18 | 5.00 | |
| | No schooling | 3 | 0.83 | |
| Province | Sulawesi Barat | 163 | 45.28 | |
| | Sulawesi Selatan | 52 | 14.44 | |
| | Jawa Timur | 23 | 6.39 | |
| | Jawa Tengah | 18 | 5.00 | |
| | Sumatera Barat | 12 | 3.33 | |
| | DKI Jakarta | 12 | 3.33 | |
| | Kalimantan Tengah | 11 | 3.06 | |
| | Aceh | 10 | 2.78 | |
| | Jambi | 10 | 2.78 | |
| | Kalimantan Selatan | 10 | 2.78 | |
| | Jawa Barat | 9 | 2.50 | |
| | DI Yogyakarta | 9 | 2.50 | |
| | Provinces <1% combined | 21 | 5.83 | |
| | Program type | Rural economy | 148 | 41.11 |
| | | Urban economy | 97 | 26.94 |
| Micro zakat | | 90 | 25.00 | |
| Product optimization | | 25 | 6.94 | |
| Assistance frequency | Very frequent | 119 | 33.06 | |
| | Frequent | 77 | 21.39 | |
| | Rare | 69 | 19.17 | |

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| | | |
|------------|----|-------|
| Occasional | 59 | 16.39 |
| Never | 36 | 10.00 |

Source: Processed Data, 2026

The distribution of respondents indicates that the majority are in the 30-49 age group, which cumulatively covers more than half of the study sample. There were slightly more female respondents than male respondents. Most respondents were married. In terms of occupation, the largest proportion came from micro-entrepreneurs and the agriculture/livestock sector. The education level was dominated by high school or equivalent. Geographically, respondents were drawn to several key provinces, particularly West Sulawesi and South Sulawesi. The frequency of mentoring indicated that most respondents received mentoring on a regular to very regular basis. This pattern reflects the composition of the study sample, which is dominated by the productive age group with a micro-entrepreneurial economic background.

Model Specification

The research's structural model examines the influence of entrepreneurial character on economic empowerment. The measurement model is reflective with multi-item indicators. The structural model is shown in Figure 2.

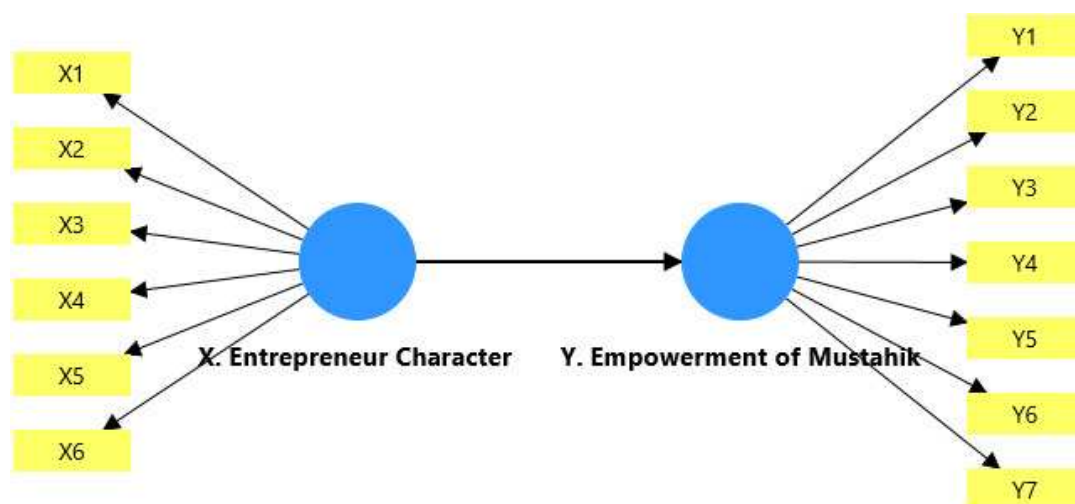


Figure 2. Research Model

Source: Data Processing Results Smart PLS4, 2026

Measurement Model

The evaluation of the measurement model was conducted by testing outer loadings, internal reliability, and convergent validity.

Table 2. Outer Loading of Measurement Indicators

| Indicator | Entrepreneurial Character | Economic Empowerment |
|-----------|---------------------------|----------------------|
| X1 | 0.740 | – |
| X2 | 0.799 | – |
| X3 | 0.724 | – |
| X4 | 0.808 | – |
| X6 | 0.842 | – |

| | | |
|----|---|-------|
| Y1 | – | 0.713 |
| Y2 | – | 0.845 |
| Y3 | – | 0.834 |
| Y6 | – | 0.629 |
| Y7 | – | 0.623 |

Source: Data Processing Results Smart PLS4, 2026

Discriminant Validity

Table 3. Cross Loadings

| Indicator | Entrepreneurial Character | Economic Empowerment |
|-----------|---------------------------|----------------------|
| X1 | 0.740 | 0.519 |
| X2 | 0.799 | 0.619 |
| X3 | 0.724 | 0.567 |
| X4 | 0.808 | 0.640 |
| X6 | 0.842 | 0.636 |
| Y1 | 0.746 | 0.713 |
| Y2 | 0.605 | 0.845 |
| Y3 | 0.575 | 0.834 |
| Y6 | 0.355 | 0.629 |
| Y7 | 0.340 | 0.623 |

Source: Data Processing Results Smart PLS4, 2026

Table 4. HTMT Ratio

| Construct | EC | Empowerment |
|-------------|-------|-------------|
| EC | 0.784 | – |
| Empowerment | 0.763 | 0.735 |

Source: Data Processing Results Smart PLS4, 2026

Structural Model

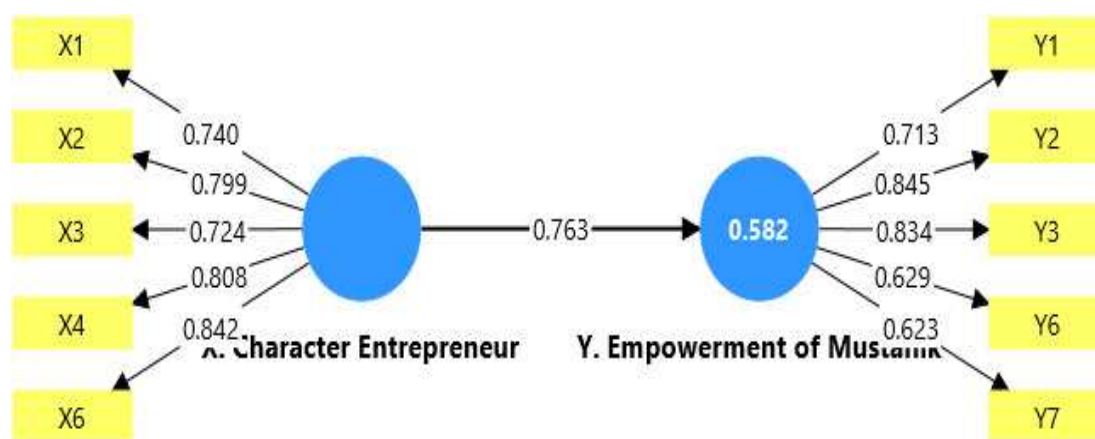


Figure 3. Structural Path Coefficient Model

Source: Data Processing Results Smart PLS4, 2026

Table 5. Coefficient of Determination (R²)

| Construct | R ² | Adjusted R ² |
|-------------|----------------|-------------------------|
| Empowerment | 0.582 | 0.581 |

Source: Data Processing Results Smart PLS4, 2026

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Table 6. Effect Size (f^2)

| Path | f^2 |
|------------------|-------|
| EC → Empowerment | 1.394 |

Source: Data Processing Results Smart PLS4, 2026

Collinearity Assessment

Table 7. VIF

| Indicator | VIF |
|-----------|-------|
| X1 | 1.689 |
| X2 | 1.895 |
| X3 | 1.561 |
| X4 | 1.894 |
| X6 | 2.139 |
| Y1 | 1.294 |
| Y2 | 2.776 |
| Y3 | 2.718 |
| Y6 | 5.072 |
| Y7 | 5.010 |

Source: Data Processing Results Smart PLS4, 2026

Model Fit

Table 8. Model Fit Indices

| Index | Value |
|------------|---------|
| SRMR | 0.140 |
| d_ULS | 1.085 |
| d_G | 0.556 |
| Chi-square | 900.070 |
| NFI | 0.604 |

Source: Data Processing Results Smart PLS4, 2026

Hypothesis Testing

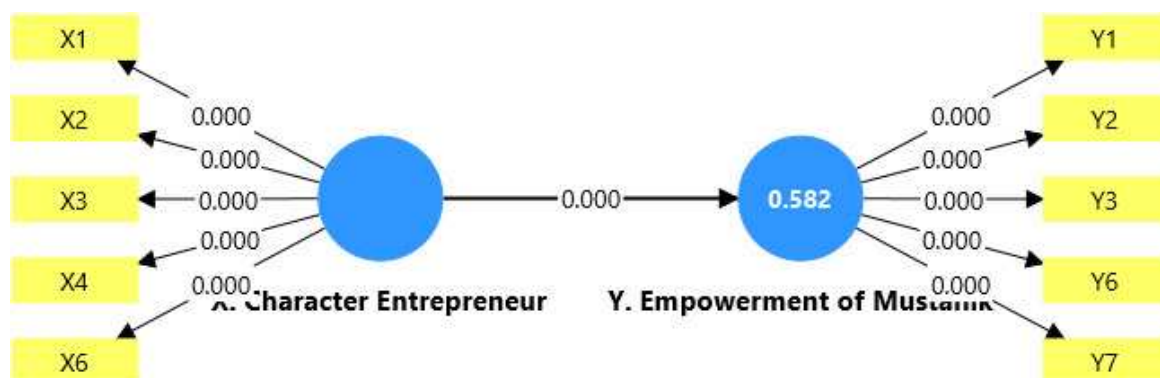


Figure 4. Bootstrapping Distribution

Source: Data Processing Results Smart PLS4, 2026

Table 9. Bootstrapping Results

| Path | Coefficient | T | P |
|------------------|-------------|--------|-------|
| EC → Empowerment | 0.763 | 38.450 | 0.000 |

Source: Data Processing Results Smart PLS4, 2026

Predictive Relevance

Table 10. PLS-Predict Indicator Summary

| Indicator | Q ² |
|-----------|----------------|
| Y1 | 0.513 |
| Y2 | 0.361 |
| Y3 | 0.322 |
| Y6 | 0.106 |
| Y7 | 0.092 |

Source: Data Processing Results Smart PLS4, 2026

Table 11. LV Predict Summary

| Construct | Q ² | RMSE | MAE |
|-------------|----------------|-------|-------|
| Empowerment | 0.575 | 0.656 | 0.494 |

Source: Data Processing Results Smart PLS4, 2026

Predictive Comparison

Table 12. LV Predict Summary

| Construct | PLS loss | IA loss | Diff | t | p |
|-------------|----------|---------|--------|-------|-------|
| Empowerment | 0.388 | 0.489 | -0.101 | 5.920 | 0.000 |

Source: Data Processing Results Smart PLS4, 2026

Table 13. Integrated PLS-SEM Results with Interpretation and References

| Component | Indicator / Construct | Loading / Statistic | Reliability / Fit | Predictive / Structural | Interpretation | Method Benchmark | Reference |
|-------------------|-----------------------|---------------------|-------------------|-------------------------|--------------------|------------------|---------------------|
| Measurement model | X1 | 0.740 | | | Valid indicator | >0.70 acceptable | (Hair et al., 2021) |
| | X2 | 0.799 | | | Strong loading | >0.70 | |
| | X3 | 0.724 | | | Acceptable loading | >0.70 | |
| | X4 | 0.808 | | | Strong loading | >0.70 | |
| | X6 | 0.842 | | | Strong loading | >0.70 | |
| | Y1 | 0.713 | | | Acceptable loading | >0.70 | |
| | Y2 | 0.845 | | | Strong loading | >0.70 | |
| | Y3 | 0.834 | | | Strong loading | >0.70 | |

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| | | | | | | |
|-----------------------|-----------------------------|-------|---------|---------------------------|--|------------------------|
| | Y6 | 0.629 | | Marginal but retained | 0.60–0.70 tolerable | |
| | Y7 | 0.623 | | Marginal but retained | 0.60–0.70 tolerable | |
| Reliability | Cronbach's alpha (EC) | 0.842 | | Reliable | >0.70 | (Hair et al., 2021) |
| | Composite reliability (EC) | 0.888 | | High reliability | >0.70 | |
| | AVE (EC) | 0.615 | | Convergent validity met | >0.50 | |
| | Cronbach's alpha (Emp) | 0.797 | | Reliable | >0.70 | |
| | Composite reliability (Emp) | 0.853 | | Reliable | >0.70 | |
| | AVE (Emp) | 0.540 | | Convergent validity met | >0.50 | |
| Discriminant validity | HTMT | 0.856 | | Discriminant supported | <0.90 | (Hensele et al., 2016) |
| | Fornell–Larcker (EC) | 0.784 | | Valid | $\sqrt{\text{AVE}} > \text{correlation}$ | (Hair et al., 2021) |
| | Fornell–Larcker (Emp) | 0.735 | | Valid | $\sqrt{\text{AVE}} > \text{correlation}$ | (Hair et al., 2021) |
| Structural model | Path EC → Emp | 0.763 | p=0.000 | Strong significant effect | p < 0.05 | (Hair et al., 2021) |
| | R ² Empowerment | 0.582 | | Moderate–strong | 0.50+ strong | |
| | f ² | 1.394 | | Large effect | >0.35 large | (Newman et al., 2019) |
| Collinearity | Max VIF | 5.072 | | Acceptable | <5–10 threshold | (Hair et al., 2021) |
| Model fit | SRMR | 0.140 | | Acceptable | <0.15 | (Hensele et al., 2016) |
| | NFI | 0.604 | | Moderate fit | >0.60 acceptable | (Hair et al., 2021) |
| Predictive relevance | Q ² (LV) | 0.575 | | Strong predictive power | >0 | (Shmueli et al., 2019) |
| | RMSE | 0.656 | | Low prediction error | Lower is better | |

| | | | | | | |
|-------|-----------------|--------|---------|------------------------|------------------|-----------------------|
| | MAE | 0.494 | | Low prediction error | Lower is better | |
| CVPAT | Loss difference | -0.101 | p=0.000 | Predictive superiority | Significant diff | (Sharma et al., 2024) |

Source: Data Processing Results Smart PLS4, 2026

This table shows that the measurement model is generally robust enough to construct complex behaviors such as entrepreneurial character and economic empowerment. Most indicators demonstrate stable contributions to their constructs, while some indicators fall below acceptable limits. This is common in social research, where the phenomena being measured do not always yield statistically "clean" indicators. Discriminant validity confirms that the two constructs remain conceptually distinguishable, although the closeness between the values suggests that character and empowerment are substantively related.

At the structural level, the model shows a very strong relationship between entrepreneurial character and the empowerment of *mustahik*. The model's explanatory power is high for social research, meaning that the variation in empowerment in the sample is significantly related to the character dimensions. However, the strength of this relationship should not be interpreted as a sole explanation. While the simple model helps to clearly demonstrate the role of character, it also suggests that other factors outside the model may also play a role. Multicollinearity tests indicate that the estimated relationship remains stable, suggesting that the identified effects are not due to overlapping indicators.

In terms of prediction, the model demonstrates a consistent ability to describe empowerment outcomes. Predictive relevance values indicate that the model not only fits the research data but also has the potential to be used to understand similar situations. Predictive comparison results indicate that the model outperforms benchmark alternatives, strengthening its practical value for empowerment program evaluation. Thus, the table demonstrates that the model performs well in measurement, structural, and predictive terms, while still leaving room for broader model development in future research.

Discussion

The findings of this study provide strong support for the human agency framework that positions individuals as the primary drivers of economic change (Grillitsch et al., 2021; Jiang & Wang, 2024). However, the strength of the relationship between entrepreneurial traits and empowerment in this study is greater than that generally reported in conventional empowerment literature. This challenges the assumptions of some structural development theories, which argue that economic transformation is primarily determined by institutional factors and access to resources (Ojediran & Anderson, 2020; Yıldırım & Gökalp, 2016; Manasoe et al., 2023). In a sample of *mustahik* receiving productive zakat, the data suggest that internal behavioral capacity has substantial explanatory power. This finding does not deny the importance of structure, but rather indicates that in an organized mentoring environment,

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agency variables may be a more direct predictor of empowerment than macrostructural variables.

However, these results should not be read as a complete victory for the agency paradigm. Empowerment literature has long warned against the dangers of psychological reductionism, the tendency to reduce poverty to a matter of individual character (Frankenhuis & Nettle, 2020). This research could potentially be misinterpreted as legitimizing this approach. Therefore, it is important to emphasize that the entrepreneurial character strengths identified in the model do not exist in a vacuum. They emerge within the zakat assistance ecosystem that provides training, mentoring, and social support. In other words, character serves as a mediator between institutional interventions and economic outcomes. Without a structured program context, the effects of character would likely not have been observed in this study.

In the entrepreneurship literature, these findings support the view that entrepreneurship is a learnable competency rather than a fixed innate trait (Autio et al., 2025; Chaves-Ladino & Jiménez-Hernández, 2025; Bischoff et al., 2020). However, a more critical body of literature on entrepreneurship training suggests that many training programs yield weak or short-lived effects. A recent meta-analytic study showed that the impact of training is highly dependent on the intensity of mentoring and the desire for post-intervention support (Chaves-Ladino & Jiménez-Hernández, 2025). Within this framework, the research findings can be read as evidence that successful entrepreneurial character is not simply the result of short-term training, but rather the product of long-term interactions between individuals and the zakat mentoring system. This means that character is not only taught but also nurtured by institutions.

This study shares similarities with previous research in positioning zakat as an instrument of economic empowerment for *mustahik* and employing a quantitative approach to analyze its impact on beneficiaries' welfare. However, earlier studies primarily focused on external factors influencing welfare and the role of zakat in poverty alleviation and income inequality reduction. In contrast, the present study emphasizes entrepreneurial character as an internal mechanism that explains how productive zakat programs can foster beneficiaries' economic self-reliance from a behavioral empowerment perspective (Ayuniyyah et al., 2022; Ayuniyyah et al., 2025).

The most important conceptual contribution of this research lies in integrating modern entrepreneurship theory with the architecture of empowerment in Islamic economics. The literature on productive zakat is often treated as a social policy discourse, rather than as an empirically testable theory of empowerment. This research demonstrates that zakat can be understood as a social engineering mechanism that systematically shapes agency capacity. Within this framework, zakat functions not merely as an instrument of redistribution but as a technology of human development with its own institutional logic (Widiastuti et al., 2018; Wahyuni & Wulandari, 2024). This perspective expands global empowerment theory by incorporating spiritual and communitarian dimensions rarely discussed in Western literature.

However, the research model has important limitations that need to be acknowledged. First, the simple structural model opens up the possibility of omitted variable bias. Economic

empowerment is almost certainly influenced by other factors such as market access, social networks, and the stability of the business environment. The relatively high R^2 value does not necessarily imply that entrepreneurial traits are the sole explanatory factor. Second, the cross-sectional design does not allow for long-term causal inference. The identified relationships are strong associations, not evidence of permanent transformation. Without longitudinal data, it is uncertain whether the traits developed will persist after the mentoring program ends.

Furthermore, generalizations of these characteristics need to be carefully limited. The research sample is situated within a zakat ecosystem with distinctive social norms and religious motivations. This context can amplify the effects of these characteristics through mechanisms of community solidarity that are not always present in secular empowerment programs. Therefore, the research findings are not automatically transferable to all economic development contexts. However, it makes an important contribution: this research demonstrates that values-based institutional design can generate empowerment dynamics distinct from those of conventional development models.

Overall, this study positions entrepreneurial character as a bridge between institutional intervention and economic independence, while rejecting the simplistic dichotomy between structure and agency. The empowerment of *mustahik* emerges as a synthesis of individual character building and zakat-based social engineering. This position offers a more integrative theoretical framework in which empowerment is understood as a simultaneous process of psychological and institutional transformation. Thus, this study not only adds to the empirical evidence but also encourages a revision of our understanding of the relationship among religion, entrepreneurship, and human development.

Conclusion

This study demonstrates that entrepreneurial character is a significant predictor of the economic empowerment of *mustahik* (recipients of zakat) within the productive zakat program. These findings confirm that economic empowerment does not depend solely on material interventions but is strongly influenced by individuals' behavioral capabilities. Characteristics such as perseverance, proactivity, and action orientation serve as mechanisms linking economic assistance to more stable independence. Thus, this study strengthens the human agency approach in the entrepreneurship and empowerment literature and demonstrates that this framework can be empirically operationalized within the Islamic economic ecosystem. Productive zakat emerges not merely as an instrument of redistribution, but as a systematic framework for building human capacity.

Overall, this research offers a framework for understanding how *mustahik* empowerment results from a synthesis of individual character transformation and zakat-based institutional engineering. This perspective encourages an approach to empowerment that does not neglect the psychological, social, and religious dimensions but instead views them as interconnected processes in human economic development.

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Limitations of the Study

However, the study findings should be interpreted with several limitations in mind. The cross-sectional design does not allow for long-term causal inference regarding the stability of entrepreneurial traits after the intervention ends. The relatively simple structural model also leaves open the possibility of other factors not yet included, such as market access, mentoring quality, and local economic conditions. Furthermore, the research context, situated within a religion-based zakat ecosystem, requires caution when generalizing to non-religious contexts. Self-report-based measurements also have the potential to contain perceptual biases that are not entirely avoidable in behavioral research.

These limitations also open up a future research agenda. Longitudinal studies are needed to examine the long-term effects of empowerment. More comprehensive models that incorporate structural and institutional variables can help clarify empowerment as an interaction between individual agency and the social environment. Comparative research across contexts is also crucial for identifying universal and contextual elements in character-based empowerment. Furthermore, exploring the role of religious values and social capital in shaping entrepreneurial character is a promising area for developing a more integrative empowerment theory.

Declaration of conflicting interest

The authors declare that there is no conflict of interest regarding the publication of this article.

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