

## The Economic Empowerment of Women Micro-Entrepreneurs: How is the Islamic Wealth Management Impact?

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### Article Info

#### Paper Type:

Research Paper

Received: September 1, 2023

Revised: November 12, 2023

Accepted: December 1, 2023.

First Available online: December 1, 2023

Publication Date: December 1, 2023.



Nurasyiah, A., Monoarfa, H., Kusnendi, Firmansyah, Rosida, R., & Ismail, S. (2023). The economic empowerment of women micro-entrepreneurs: How is the Islamic wealth management impact?. *Review of Islamic Economics and Finance (RIEF)*. 6(2), pp. 187-208

### Abstract

**Purpose** – This research aims to analyze what factors keep women economically empowered during the COVID-19 period. The basic theory used is the theory of famines of poverty (Amartya Sen), which states that one of the main factors for women's economic empowerment is access to financial resources. In this study, the financial governance carried out refers to the Islamic Wealth Management concept developed by experts.

**Methodology** - The method used in this study is quantitative with a causality approach, and besides that, the data analysis technique used is Structural Equation Modeling-Partial Least Square (SEM-PLS). The subjects of this study were female micro-entrepreneurs who were able to be empowered during the Covid-19 pandemic.

**Findings** - The results of this study conclude that of the five aspects of Islamic Wealth Management, there are wealth accumulation, wealth protection, and wealth distribution have a significant effect on women's economic empowerment. Furthermore, the wealth creation and wealth purification variables do not have a significant effect on women's economic empowerment.

**Keywords:** Islamic Wealth Management, Women's Empowerment, Micro-Entrepreneurs, Covid-19.

## 1. INTRODUCTION

Research on women entrepreneurs or empowering women's potential for economic self-reliance has become an interesting global research issue. This is because the current position of women is considered to be on par with men, especially in meeting the economic needs of the family. For instance, research conducted by Billah & Kabir (2020) revealed that gender equality, both in terms of employment and household management, continues to increase. Additionally, several studies have shown that providing microcredit to poor women is more effective than providing it to men (Basah & Tahir, 2019). Other research findings suggest that becoming an entrepreneur can be the best option for women, as they are believed to have better financial management skills (Bello & Maiyaki, 2018).

Based on the aforementioned explanations, it can be concluded that the world is entering a new era where women have equal opportunities to contribute in various fields, both in employment and in households. The current role of women should be appreciated not only because their numbers are greater than men but also because women have the ability to manage, care for, and provide for their families.

On the other hand, the spread of the coronavirus (COVID-19) pandemic until early 2021 has had a significant impact on global human life (Baharudin, Iksan & Abdi, Nur, 2020). The health crisis has subsequently led to other crises, such as social, economic, and cultural crises. This crisis has also had a significant effect on the economic and social conditions in Indonesia, where many micro-businesses have gone bankrupt, there have been large-scale layoffs, divorce rates have increased, and many women have become the primary economic providers for their families (Sosial et al., 2020).

According to Lahsasna (2017), many women's professions during the COVID-19 pandemic include micro-business owners or small traders. This is risky if these women are not empowered and not provided with investments or support, as small businesses can easily go bankrupt without sufficient capital. Moreover, it is a fact that women find it difficult to access credit opportunities, as most financial institutions only provide credit to the formal sector. Thus, women who mostly operate in the informal sector are unable to obtain loans, even though the loan amounts are relatively small.

Given these conditions, empowering women becomes an important policy objective to enhance not only the well-being of women themselves but also the positive impact on families and society (As'ad et al., 2018). This has become one of the programs of the Sustainable Development Goals (SDGs), namely promoting gender equality and empowering women. Therefore, studying factors that influence women's economic empowerment is crucial (Sitepu & Utami, 2019). Previous research by Billah & Kabir (2020) suggests that understanding Sharia financial literacy can influence women's empowerment and help mitigate the economic impact of COVID-19 on their families.

The application of comprehensive and holistic Islamic Wealth Management directs a structured approach for individuals, both Muslims and non-Muslims, from material, family, community, and sustainability perspectives. Furthermore, Islamic Wealth Management covers the next value for every financial decision made (Salleh, 2012). Additionally, according to Al-Abbadi & Abdullah (2017), Islamic Wealth Management offers a solution to personal finance consumerism through understanding the basic concepts of Islamic wealth management, practicing financial planning, and using consumption principles to avoid consumerism.

Based on the background explanations above, the focus of this first-year research will be on exploring the factors of women's empowerment during the COVID-19 pandemic. This research

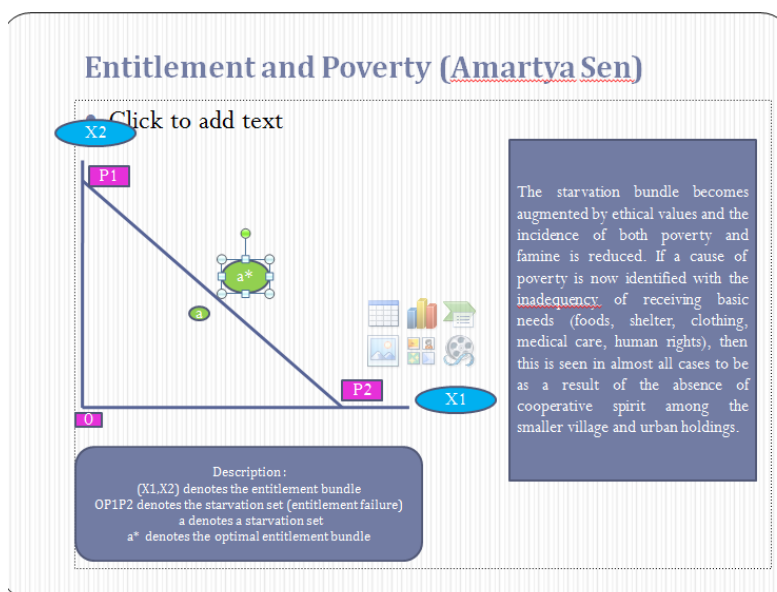
will utilize the concept of Wealth Management, specifically Islamic Wealth Management. The variables used in this research are derived from the variables within Islamic Wealth Management, including wealth creation, wealth accumulation, wealth protection, wealth purification, and wealth distribution.

## 2. LITERATURE REVIEW

### 2.1 Economic Empowerment of Women

One of the development economists who considers the gender equality in poverty alleviation programs is Amartya Sen. In his theory of Entitlement and Poverty, Amartya Sen (1999) states that a set of basic needs, such as food, clothing, housing, healthcare, and protection of human rights, along with a set of ethical values, can reduce poverty among women. In general, the foundational theory outlined in his book "Famines and Poverty" can be seen in Figure 1.

In Figure 1, it can be observed that values  $X_1$  and  $X_2$  represent a set of rights held by women, and region  $OP_1P_2$  represents a set of basic needs available. In region  $OP_1P_2$ , the value  $a$  is below the sloping curve, indicating the area where women cannot fulfill their basic needs, leading to starvation among poor women. The optimal point is  $a^*$ , representing the optimal value of a set of rights that women should possess. This value is above the region  $OP_1P_2$  because, in addition to the right to meet their basic needs, poverty alleviation programs for women should incorporate ethical values. Additionally, (Duflo, 2011) concludes that increasing job opportunities for women has a positive impact on female education. The types of job opportunities that can be developed include China's Household Production Responsibility System, which allows women to manage household-related work such as agricultural activities, thus increasing family income. This approach benefits women and contributes to family income.



**Gambar 1. Entitlement and Poverty**

Source: Sen (1999 : 48)

The perspective on the role or position of women in the economy differs between Western (conventional) thinking and Islamic thinking. In Western countries, women pursuing careers are considered essential, leading to the following demands (Syahatah, 1998: 125): 1. Limiting women's work is a restriction on their freedom and diminishes their essence. 2. Prohibiting women from working is no longer in line with progress and modernization. 3. Prohibiting women from working means stifling potential human resources. 4. Religious leaders' calls for women to return to their households are regressive. 5. Women should be able to work even in harsh and incompatible environments. In Islam, women's natural role is to manage households, be wives, mothers to their children, and act as educators, organizers, and caregivers. Women are the leaders of their households and are accountable for their leadership.

Several indicators have been developed by previous researchers to confirm the multidimensional dimensions used as keywords in empowering impoverished women in a more comprehensive and multidimensional manner. One example is the Women Empowerment Index, which consists of Economic Decision Making (who spends money, buys houses, daily necessities), Household Decision Making (healthcare, child health, cooking, family planning), and Freedom of Movement (visiting relatives, going out alone, going to the hospital alone, going shopping with others). This scoring method is similar to the one used in the Human Development Index (Haque et al., 2011). Furthermore, Chaudhry & Nosheen (2012) concluded that empowering Muslim women is influenced by education, access to media, cultural and social norms in society, and women's participation rates in work and household activities.

## 2.2 Concept of Islamic Wealth Management

Islamic Wealth Management (IWM) is viewed as a service that meets the investment needs of surplus funds of Muslims in a Sharia-compliant manner while delivering good returns (As'ad et al., 2018). According to Al-Abbadi & Abdullah (2017), IWM comprises Islamic financial planning and investment portfolio management. IWM differs from conventional wealth management, particularly in terms of prohibiting interest, gharar (uncertainty), maysir (gambling), and the use of forbidden items (Salleh, 2012). Some important elements in IWM, as categorized by scholars, include (Amanda et al., 2018):

1. Use wealth to gain blessings, strengthen faith in Allah, and cleanse oneself of greed
2. Responsible for one's family.
3. Fulfill social obligations like taxes.
4. Productive role in promoting economic growth, improving efficiency and productivity, providing financing for research and development.
5. Voluntary social responsibility to alleviate poverty and ignorance.
6. Leadership role in protecting Islam, fighting injustice and exploitation, and improving moral and market economics.

The findings related to macroeconomic and financial factors are mixed. A possible explanation can be the selection of different variables, periods, and methods. The results show that investor sentiment-related variables like investor Google search trends have impacts on the cryptocurrencies. In general, the findings of Dempere (2019) Liu and Tsyvinski (2018) indicate that different cryptocurrencies have similar characteristics and determinants.

## 2.3 Concept Wealth Generation/Creation

In the Islamic view, the concept of wealth generation encompasses more than just accumulating wealth. This is based on the belief that wealth is a test from Allah, as an abundance of money can indicate either failure or success. Additionally, the primary purpose

of life for Muslims is to achieve true success (al-falah), which is success in both this world and the hereafter (Farooq, 2014). There are two allowable ways to acquire wealth in Islam (Sitepu & Utami, 2019):

1. Acquiring wealth directly, through work, before it belongs to someone else. Islam emphasizes working based on faith, work ethics, and Islamic morals (Marwanti & Astuti, 2012). Working is a natural and integral part of being human, and work driven by a sense of faith elevates one's dignity as Allah's representative on Earth (Yentifa, 2012).
2. Acquiring wealth possessed by others through transactions. According to Andarsari & Ningtyas (2019), this can occur in two ways:
  - a. Acquisition of wealth that occurs directly and spontaneously (ijtibary) and cannot be refused, such as inheritance.
  - b. Acquisition of wealth that occurs by one's own will (ikhtiary), such as gifts or mutual agreements between two or more parties..

#### **2.4 Concept of Wealth Accumulation**

Wealth accumulation involves increasing one's wealth through Sharia-compliant investment activities or financial products that meet Sharia criteria (Byrne et al., 2019). Investment management includes planning such as business planning and investment planning. Business planning generates income through entrepreneurship, while investment planning aims to gain income or wealth by investing in various sectors, including real sector partnerships or using products offered by Islamic financial institutions (Masse, 2015).

In the institutional context, Islamic financial instruments can be utilized for the wealth accumulation phase in IWM, classified into five types (Deere et al., 2013):

- 1) Musyarakah securities with ownership and control over all company assets through stock ownership.
- 2) Sukuk securities, mostly representing limited-term debt or financing arrangements.
- 3) Takaful or insurance contracts, facilitating risk transfer.
- 4) Islamic mutual funds, managed by managers on behalf of clients for fees and recovery of expenses incurred in portfolio management.
- 5) Bank accounts in Islamic banks.

#### **2.5 Concept Wealth Protection/Preservation**

Wealth protection is a primary goal in Sharia (Sari, 2020). In the wealth protection phase, individuals take steps to manage risks, which may lead to loss or scarcity, due to market, investment, or natural risks. Risk management can be done traditionally, such as through personal emergency funds or using Sharia-compliant insurance products (takaful) (Sugianto, 2019).

The fatwa issued by DSN MUI No. 21/DSNMUI/X/2001 defines takaful as an effort undertaken to mutually protect and assist one another through investments in the form of tabarru' funds or assets. The framework for addressing specific risks or dangers is established through contracts that adhere to Islamic law. Takaful, or Sharia-compliant insurance, upholds the values of mutual cooperation, brotherhood, and shared responsibility while eliminating elements prohibited by Sharia in business operations and all activities (Harmoko & Sunaryo, 2017).



## 2.6 Concept of Wealth Purification

Wealth purification is a phase that distinguishes Islamic wealth management from conventional systems. Islam believes that wealth purification doesn't merely mean purifying wealth obtained through forbidden means but rather extracting the rights of others entrusted by Allah (Muneeza, 2018). Wealth purification has two meanings. First, it involves purifying wealth itself through various commands determined by Sharia, including zakat, charity, and others. Second, it can also mean purifying something by using wealth, essentially cleansing individuals of their sins through the wealth bestowed by God (Lahsasna, 2017b). Wealth purification can be accomplished through zakat, infak, and sedekah. Additionally, literature on zakat generally states that zakat is a Sharia-compliant instrument aimed at alleviating poverty and enhancing social well-being for the Muslim community (Billah & Kabir, 2020).

## 2.7 Concept of Wealth Distribution

Wealth distribution, or wealth distribution, is a step taken after wealth purification, typically carried out when an individual who possesses wealth passes away (Basah & Tahir, 2019). In Islam, wealth distribution encompasses the use of personal wealth for faraid (inheritance laws), expenditure for collective societal needs (education, health, and economic necessities of the poor), endowments (wakaf), and giving to those in need (sadaqah) (Bello & Maiyaki, 2018).

## 3. METHODOLOGY

### 3.1 Research Approach/Method

The research method used in this study is the causal method with a quantitative approach. The causal research method seeks to find explanations in the form of cause-and-effect relationships among various concepts or variables, leading to general conclusions. The quantitative approach is a type of analytical method favored by researchers for completing dissertations or theses, enabling them to develop hypotheses and empirically test these hypotheses (Augusty, 2014). The data analysis employed in this study is Structural Equation Modeling with Partial Least Square (SEM-PLS). SEM-PLS is a powerful factor indeterminacy analysis method because it doesn't assume that data must adhere to a specific measurement scale; data can be of a small size, and PLS-SEM can also confirm a theory (F. Hair et al., 2016).

Through the SEM-PLS approach, it's assumed that all variance measures are useful for explanation. As the approach estimates latent variables as a linear combination of indicators, it avoids indeterminacy issues and provides a precise definition of score components (Ghazali, 2014).

SEM-PLS can determine whether the proposed model, consisting of a series of causal relationships between latent variables and relationships between latent variables and their indicators, can be simultaneously accepted or rejected. Given that this study aims to test a theory, data analysis can be conducted using SEM-PLS with the assistance of SmartPLS 3.0 tools. According to Ghazali as cited by Sulistyowati (2013), the use of SEM-PLS doesn't consider assumptions of Ordinary Least Square (OLS) regression, such as the need for multivariate normal distribution of data and the absence of outliers and multicollinearity problems among exogenous variables. Testing using SEM-PLS can be done without a strong theoretical basis, ignoring some assumptions, and the accuracy of model parameter predictions can be observed through the determination coefficient or R-Square value; furthermore, parameter estimation can

be conducted without satisfying goodness of fit requirements..

### 3.2 Research Object

The object of this study consists of several variables. According to Sofyan as cited by Sulistyowati (2017), in multivariate analysis using structural equation modeling (SEM), there are two types of variables: latent variables and indicator variables. There are two types of latent variables: exogenous latent variables and endogenous latent variables. In this study, the exogenous latent variables are wealth creation (X1), wealth accumulation (X2), wealth protection (X3), wealth distribution (X4), and wealth purification (X5). The endogenous latent variable is economic empowerment (Y).

### 3.3 Research Subject

In this study, the target population is women who have micro businesses in the West Java region. To ensure effective and efficient research, a research sample must be determined. A sample is a subset of the population, consisting of several population members. This subset is chosen because it's often impractical to collect data from the entire population. Therefore, a representative portion of the population, called the sample, is formed (Augusty, 2014).

The sampling technique used is non-probability sampling, as it's based on the wide distribution of the sample and the researcher's ability to conduct the study. The sample for this study includes women micro-business owners who are still able to operate their businesses during the COVID-19 pandemic and have also utilized bank financing for their businesses. They are located in the Subang and Garut Regencies. The chosen sampling method is purposive sampling, characterized by selecting samples based on the research needs or specific purposes that provide particular information for the researcher..

Furthermore, the criteria for respondents needed are as follows:

1. Women who had a business before the pandemic began.
2. Women who could continue operating their businesses during the COVID-19 period.
3. Women who have used or are still using bank financing for their business capital.

To meet the requirements of this study, the researcher needs a sample ranging from 200 to 300. This is based on the analysis method used, which is Partial Least Square-Structural Equation Modeling (PLS-SEM) (Ghozali, 2014). For optimal results, this study aims to gather a sample of 300 respondents.

### 3.4 Data Collection Instrument

The research instrument used in this study is a questionnaire. The questionnaire method involves a systematic series or list of questions, which are then systematically sent to respondents for completion and returned to the researcher (Bungin, 2005). The distribution of the questionnaire is conducted via Google Forms through the internet, considering the pandemic situation caused by COVID-19.

The measurement of questions in this research instrument will be aided by using an interval scale. The interval scale is a measurement tool that generates data with a range of values that have meaning, although the absolute values might lack meaning. This scale allows for the calculation of means, standard deviations, parameter statistical tests, correlations, and more. The data technique resulting from the agreed-disagree scale approach will be developed using questions with agree and disagree options, with a value range between 1 and 10 (Augusty, 2014). Here is an example of an interval scale with an agreedisagree scale approach in this study:

**Table 1 Interval Measurement Scale**


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I always pay zakat on time.

Strongly Disagree Strongly Agree

1	2	3	4	5	6	7	8	9	10
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*Sourcer : Augusty (2014)*

To determine the answer categories whether they are classified as high, moderate, or low, first, the interval classes are determined. Based on the respondents' answer alternatives, the answer categories can be determined using the formula as follows:

**Table 2. Category Measurement Scale**

Scale	Category
$X > (\mu + 1,0\sigma)$	High
$(\mu - 1,0\sigma) \leq X \leq (\mu + 1,0\sigma)$	Medium
$X < (\mu - 1,0\sigma)$	Low

Note:

X = Empirical Score

$\mu$  = Theoretical Mean = ((skor min + skor maks)/2)

$\sigma$  = Standard Deviation ((skor maks – skor min)/6)

#### 4. RESULTS AND DISCUSSION

In this section, the author will analyze and interpret the research results obtained to answer the research hypotheses. The method used in this study is Partial Least Square - Structural Equation Modeling (SEM - PLS). The data processing tool used is the Smart-PLS 3 software. Therefore, the analysis steps performed in this section are as follows:

##### 4.1 Outer Model Testing

###### 1. Convergent Validity

Convergent Validity test is conducted to measure the validity of indicators or questions by looking at the outer loadings of each indicator or question. Indicators or items are considered reliable if their correlation values are above 0.70. However, in further development, loading values of 0.50 to 0.60 are still acceptable.



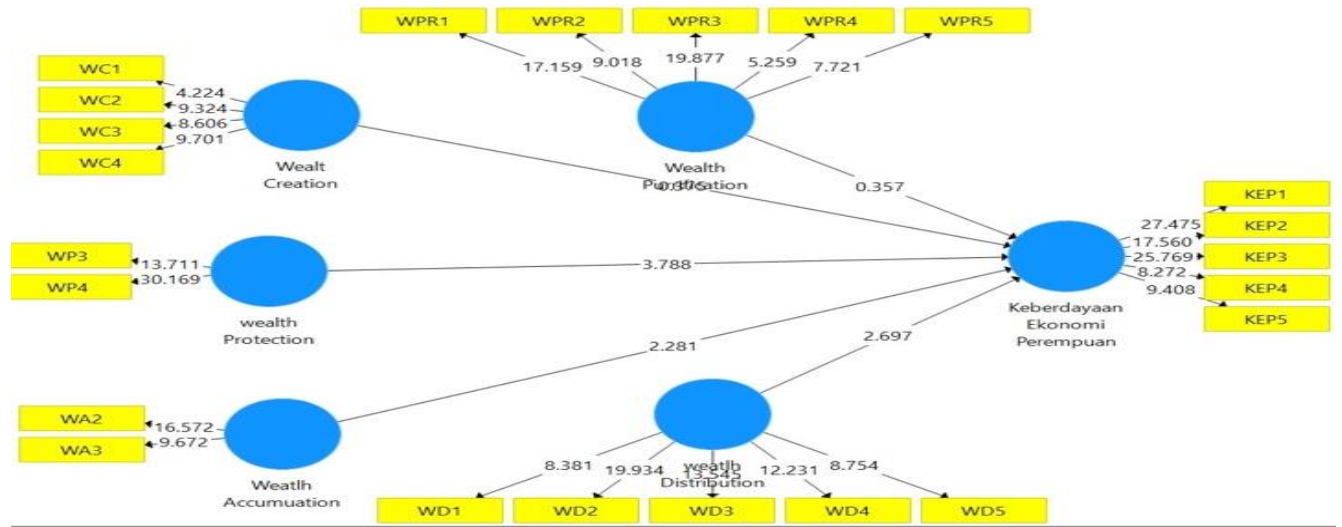


Figure 1. Convergent Validity

Source: Smart-PLS processing results

Table 4. Outer Loadings

	Economic empowerment of women	Wealth Creation	Wealth Purification	Wealth Accumulation	Wealth Protection	Wealth Distribution
KEP1	0,827					
KEP2	0,794					
KEP3	0,839					
KEP4	0,581					
KEP5	0,570					
WA2				0,840		
WA3				0,727		
WC1		0,516				
WC2		0,656				
WC3		0,723				
WC4		0,774				
WD1						0,581
WD2						0,789
WD3						0,758
WD4						0,684
WD5						0,548
WP3					0,803	
WP4					0,898	
WPR1			0,776			
WPR2			0,669			
WPR3			0,809			

WPR4	0,526
WPR5	0,653

*Source: Smart-PLS processing results*

Based on the results above, it can be seen that items KEP4, KEP5, WC1, WC2, WD1, WD4, WD5, and WRP2 have outer loadings values below 0.70. But conceptually, it's still acceptable.

## 2. Discriminant Validity

Discriminant validity is done to ensure that each concept of each latent model is different from the other variables. A validity test is performed to determine how accurately a measuring instrument performs its measuring function. The first criterion for measuring the Discriminant Validity can be seen from cross loadings between the indicator and the construction. If the correlation of the structure (latent variable) with its own indicator has a higher value, then this indicates that each latent structure can predict the indicator on the respective structure better than the indicators on the other structure.

**Table 5. Cross Loadings**

	Economic Empowerment of Women	Wealth Creation	Wealth Purification	Wealth Accumulation	Wealth Protection	Wealth Distribution
KEP1	0,827	0,331	0,323	0,460	0,467	0,513
KEP2	0,794	0,231	0,128	0,220	0,429	0,240
KEP3	0,839	0,232	0,182	0,342	0,399	0,299
KEP4	0,581	0,131	0,033	0,112	0,182	0,102
KEP5	0,570	0,353	0,352	0,287	0,279	0,340
WA2	0,373	0,314	0,064	0,840	0,232	0,176
WA3	0,294	0,427	0,414	0,727	0,540	0,475
WC1	0,257	0,516	0,126	0,274	0,251	0,146
WC2	0,166	0,656	0,342	0,242	0,364	0,300
WC3	0,255	0,723	0,422	0,331	0,311	0,466
WC4	0,273	0,774	0,390	0,361	0,334	0,419
WD1	0,232	0,453	0,572	0,266	0,301	0,581
WD2	0,378	0,383	0,466	0,346	0,393	0,789
WD3	0,389	0,349	0,323	0,315	0,386	0,758

WD4	0,285	0,289	0,361	0,185	0,261	0,684
WD5	0,202	0,258	0,437	0,174	0,190	0,548
WP3	0,364	0,510	0,429	0,452	0,803	0,502
WP4	0,491	0,315	0,287	0,359	0,898	0,323
WPR1	0,230	0,267	0,776	0,177	0,301	0,355
WPR2	0,172	0,308	0,669	0,219	0,214	0,406
WPR3	0,279	0,393	0,809	0,227	0,300	0,499
WPR4	0,096	0,250	0,526	0,093	0,231	0,338
WPR5	0,230	0,411	0,653	0,208	0,347	0,490

*Source: Smart-PLS processing results*

Based on the results of the above test, it can be seen that the correlation of each structure with its indicator is greater when compared to each structure on another structure. This suggests that each latent structure is able to predict the indicator on its structure better than the indicators on other blocks. From these results, it can be concluded that all constructions in the estimated model meet the criteria of discriminant validity. The average variance extracted test is the second test of discriminant validity by looking at the Fornell-Lacker criteria for each construction.

**Table 6. Fornell-Lacker**

	Economic empowerment of women	Wealth Creation	Wealth Purification	Wealth Accumulation	Wealth Protection	Wealth Distribution
Economic empowerment of women	0,732					
Wealth Creation	0,366	0,674				
Wealth Purification	0,309	0,476	0,694			
Wealth Accumulation	0,428	0,461	0,276	0,786		
Wealth Protection	0,510	0,464	0,405	0,465	0,852	
Wealth Distribution	0,454	0,503	0,605	0,390	0,466	0,679

*Source: Smart-PLS processing results*

Based on testing using Fornell-Lacker, it can be seen that the AVE root ( $\sqrt{\text{AVE}}$ ) of each structure is greater than the correlation of any structure with other structures. So based on the results above, it may be concluded that each structure has met the discriminant validity.

### 3. Reliability

The reliability test is carried out using two criteria, namely Composite Reliability and Cronbach's alpha. According to Ghazali, a structure is said to be reliable when it has a value of composite reliability and a Cronbach alpha greater than 0.70. Cronbach's alpha is used to measure the bottom boundary of the reliability value of a structure, while compound reliability is used to measure the value of the actual reliability of a construction.

**Table 7. Cronbach's Alpha dan Composite Reliability**

	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
<b>Keberdayaan Ekonomi Perempuan</b>	<b>0,783</b>	<b>0,849</b>
<i>Wealth Creation</i>	<b>0,592</b>	<b>0,765</b>
<i>Wealth Purification</i>	<b>0,732</b>	<b>0,820</b>
<i>Wealth Accumulation</i>	<b>0,385</b>	<b>0,762</b>
<i>Wealth Protection</i>	<b>0,628</b>	<b>0,840</b>
<i>wealth Distribution</i>	<b>0,710</b>	<b>0,807</b>

**Source: Smart-PLS processing results**

Based on the above results, Cronbach's alpha value on Wealth Creation is 0.592, which means it's fairly reliable; on Wealth Accumulation, it has a Cronbach alpha value of 0.385, which means it's unreliable; and the alpha value on wealth protection is 0.628, which means it's reliable, while for other constructions, it is said to be reliable and very reliable.

A composite reliability test is used to show the internal consistency of an indicator in a latent variable. On the results above, it can be seen that the value of the composite reliability of any structure is more than 0.70. So based on the results below, it is known that all constructions are reliable. This is because composite reliability is better assessed in estimating the internal consistency of a structure.

*Inner Model Testing*1. The results *Analysis R-Square (R<sup>2</sup>)*

The R-Square test aims to explain how large the proportion of dependent variables can be explained by all independent variables.

**Table 8. R-Square**

	<i>R Square</i>	<i>R Square Adjusted</i>
<i>Economic empowerment of women</i>	0,348	0,339

*Source: Smart-PLS processing results*

Based on the results of the R-Square test above, the value for the women's economic freedom variable is 0.348. The R-square value means that the variables wealth creation, wealth purification, rich accumulation, rich protection, and wealth distribution are able to explain the dependent variable, namely female economic liberty of 35% and 65%, as described by variables outside the research model.

2. *Analysis of Multicollinearity*

Multicollinearity analysis is used to find out if a measured structure is completely different from other structures. The indication of multicollinearity can be seen in the result of the VIF value; that is, when the value of  $VIF > 5$ , it indicates the presence of multicollinearity, whereas when  $VIF < 5$ , there is no multicollinearity.

**Table 9. Outer VIF Values**

INDICATORS	VIF
KEP1	1,605
KEP2	2,002
KEP3	2,256
KEP4	1,383
KEP5	1,155
WA2	1,060
WA3	1,060
WC1	1,041
WC2	1,285
WC3	1,385

WC4	1,425
WD1	1,378
WD2	1,486
WD3	1,452
WD4	1,405
WD5	1,351
WP3	1,266
WP4	1,266
WPR1	1,554
WPR2	1,415
WPR3	1,611
WPR4	1,267
WPR5	1,293

*Source: Smart-PLS processing results*

**Table 10. Inner VIF Values**

	<i>Economic Empowerment of Women</i>
<i>Economic Empowerment of Women</i>	
<i>Wealth Creation</i>	1,652
<i>Wealth Purification</i>	1,709
<i>Wealth Accumulation</i>	1,441
<i>Wealth Protection</i>	1,542
<i>Wealth Distribution</i>	1,867

*Source: Smart-PLS processing results*

Based on the results of the test above, it can be seen that the VIF in each construction is less than 5. So it may be concluded that this pinching is free of the problem of multicollinearity.

### 3. Analysis F-Square ( $F^2$ )

The F-Square test was performed to determine the degree of influence of the latent variable predictor.



**Table 11. F-Square**

<i>Economic Empowerment of Women</i>	
<i>Economic Empowerment of Women</i>	
<i>Wealht Creation</i>	0,001
<i>Wealth Purification</i>	0,001
<i>Wealth Accumulation</i>	0,036
<i>Wealth Protection</i>	0,095
<i>Wealth Distribution</i>	0,047

*Source: Smart-PLS processing results*

Based on the table 12 Total Effects, the results of this study are as follows:

<b>Table 12. Path Coefficient</b>					
Hypothesis	T-Statistic	T-Table	P Values	Results	Conclusion
<b>Hypothesis I:</b> Ha : $\beta > 0$ , which means <i>wealth creation</i> has a positive impact on women's economic integrity	0,375	1,96	0,708	<ul style="list-style-type: none"> <li>T-Statistic &lt; T-Table</li> <li>P-Values &gt; 0,05</li> </ul>	Ha rejected
<b>Hypothesis II</b> Ha : $\beta > 0$ , which means <i>wealth purification</i> has a positive impact on women's economic integrity	0.357	1,96	0,721	<ul style="list-style-type: none"> <li>T-Statistic diterima &lt; T-Table</li> <li>P-Values &gt; 0,05</li> </ul>	Ha rejected
<b>Hypothesis III</b> Ha : $\beta > 0$ , which means <i>wealth accumulation</i> has a positive impact on women's economic integrity	2,281	1,96	0,023	<ul style="list-style-type: none"> <li>T-Statistic &gt; T-Table</li> <li>P-Values &lt; 0.05</li> </ul>	Ha accepted
<b>Hipotesis IV</b> Ha : $\beta > 0$ , which means <i>wealth Protection</i> has a positive impact on	3,788	1,96	0,000	<ul style="list-style-type: none"> <li>T Statistic &gt; T-Table</li> <li>P-Values &lt; 0.05</li> </ul>	Ha accepted

women's economic integrity				
<b>Hipotesis V</b>	2,697	1,96	0,007	• T-statistic > Ha accepted T-table
Ha : $\beta > 0$ , artinya <i>wealth distribution</i> has a positive impact on women's economic integrity				• P-Values < 0.05

**Source: Smart-PLS processing results**

The results of this study are in line with the research conducted by Sumarni (2020), which states that a high level of Shariah financial literacy can play a role in helping to mitigate the economic impact of COVID-19 on micro, small and medium enterprise (MSME) perpetrators and ultimately promote business sustainability. It is based on a study by Mukhlisin dkk. (2019), in which the National Shariah Economic and Financial Committee (KNEKS) published that one can determine the level of shariah financial literacy by looking at the understanding and application of the pillars that exist in Islamic Wealth Management.

This research was also supported by Basah & Tahir (2019), who stated that Islamic Wealth Management is able to provide further value for every financial decision made, including the management of the enterprise run by Muslim MSME perpetrators in preparing for unexpected things such as the COVID-19 pandemic. One of the key aspects of Islamic wealth management that is capable of influencing the level of business sustainability, according to Sugianto (2019) research, is the aspect of business planning that is found in one of the pillars of Islamic wealth management, namely wealth accumulation. (akumulasi kekayaan). This aspect ensures that an individual is serious about operating the business he has in accordance with Islamic Shariah (Mukhlisin dkk., 2019).

Through business planning, a Muslim MSME perpetrator will be able to better prepare himself for uncertain circumstances on the ground, both internally and externally. Mahadi Dkk. (2019) also supports the results of this research with his statement that the application of Islamic wealth management carried out by an individual can be beneficial in their financial preparation in later days. In this study, it was demonstrated that the application of high Islamic wealth management aspects by Muslim MSME perpetrators has an impact on the enterprises they have; the majority of the enterprises conducted by respondents persisted during the COVID-19 pandemic.

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Through the implementation of Islamic Wealth Management, the perpetrators of MSME are not only limited to ensuring the sustainability of the business and earning profits but also to

ensuring the prosperity of the wealth acquired. This is demonstrated by the application of the aspects of wealth purification, which is the action of the Muslim MSME in purifying the wealth he has through zakat, infak, and sedekah. In fact, the zakat can bring blessings and justice to a person's property. Moreover, through it, a person's wealth increases in the presence of Allah, *Azza Wa Jalla*, who is the true owner of the wealth (Ariff & Mohamad, 2018).

Based on the findings of the research associated with the theoretical concept as well as the empirical results of previous research that supports the influence of the degree of application of Islamic Wealth Management on the level of sustainability of enterprises, it can be stated that the results of the research carried out have matched and supported some previous research results.

The results of the study showed that there was a direct influence between the variable rate of application of Islamic Wealth Management (X) and the Household Welfare of the Perpetrators of MSME (Y) during the COVID-19 pandemic, in accordance with the results of previous research carried out by Basah & Tahir (2019), in which the study stated that *masalah* is one of the things that can be achieved from Islamic Wealth Management through integration with *maqashid shariah*.

Through a system that covers all aspects of life, the faith (*ad-din*), the human self (*an-nafs*), the understanding (*al-'aql*), the offspring (*an-nasl*), and the wealth (*al-mal*) are the values of the Qur'an for prosperity, according to Swadjajaja dkk. However, this study is not entirely consistent with the research carried out by Swadjaja dkk. (2019), because one of the indicators in compiling the latent variable MSME Home Welfare Level (Y), namely property care (*al-mal*), has a less strong value. This is due to the use of less reliable indicators, which, if used, will interfere with the validity and reliability of other indicators.

The fulfillment of the *maqashid shariah* of Muslim MSME perpetrators in terms of mental care can be seen through their ease in performing five-time prayer routinely during the COVID-19 pandemic, their ease in paying zakat fitrah during the month of Ramadan during the time of COVID-19, their ease in taking infection every day during the epidemic, and their ease in cleansing themselves before the salad (shower and/or wudu) during the pandemics. As for mental care, it is easy to access health services (puskesmas, hospitals, and others) and to be able to buy medication during the crisis, have a personal and decent place of residence during the epidemic, and always maintain health through the consumption of nutritious foods and an exercise routine during the outbreak.

Next, in terms of maintaining reason, it is always following religious studies which provide a sense of calm, comfort, and encourage you to always pray and be patient during the Covid-19 pandemic, regularly read and study the Al-Qur'an and Hadith every day during the Covid-19 pandemic. , taking 12 years of mandatory formal education (SMA/SMK/MA) until completion, as well as taking care of offspring through the ability to pay for children's education up to college, preparing and having savings for the child's future, and increasing time with family during the Covid pandemic -19..

Another study that supports the relationship between the rate of application of Islamic Wealth Management and the level of well-being is a study conducted by Imani (2019), in which the study carried out a measurement of the welfare of MSME fish harvesters in Sukolilo Surabaya Kenjeran. Despite facing fluctuating sales, the MSMEs have the principle that everyone returns to God and always feels sufficient under any circumstances.

Based on the findings of the research associated with the theoretical concept as well as the empirical results of previous research that supports the influence of the rate of application of Islamic Wealth Management on the welfare rate of households of MSME Muslims in Indonesia,

it can be stated that the results of the study have been consistent and support some of the previous research results.

The results of this study are supported by research from Sumarni (2020), Mukhlisin dkk. (2019), Basah & Tahir (2019), and Imani (2019) that suggests that an improved understanding of Shariah financial literacy can play a role in helping to mitigate the economic impact of Covid-19 on MSME perpetrators. Shari'ah financial literature in this study is measured with indicators published by the National Shari'ah Economic and Financial Committee (KNEKS), where it is seen from the understanding of a family in conducting Islamic financial management that is loaded in the pillars of Islamic Wealth Management.

MSME households that apply Islamic Wealth Management in a comprehensive and holistic manner will direct their attention in a structured way towards a family or individual, both Muslim and non-Muslim, from a material, family, community, and sustainability perspective. This includes the management of MSME businesses that are carried out by households, where the business itself is one of the aspects of wealth accumulation.

Sharia economics and business can be a solution to overcome economic shocks that occur and recover from these shocks by prioritizing the achievement of sharia goals (maqashid sharia). Fulfillment of maqashid sharia, which includes safeguarding religion, soul, mind, lineage, and assets, will encourage the realization of prosperity, according to research conducted by Imani (2019) on fish cracker MSMEs in Kenjeran Sukolilo Surabaya.

Based on the research findings associated with theoretical concepts as well as the empirical results of previous studies that support the role of the latent variable level of MSME business continuity (Z) in mediating the positive effect of the level of implementation of Islamic Wealth Management (X) on the level of Women's Economic Empowerment (Y), Therefore, it can be stated that the results of the research conducted are appropriate and support some of the results of previous research.

## 5. CONCLUSION

Based on the results of this study, some of the following conclusions can be drawn:

1. The Implementation of Islamic Wealth Management in general for Women Microentrepreneurs is already in the high category. In more, detail each aspect, namely: Wealth Creation, Wealth Purification, and Wealth Distribution, tends to be in the high category, meaning that the majority of respondents have been able to create wealth (Wealth Creation), purify their wealth (Wealth Purification), and distribute their wealth to other people, other (Wealth Distribution) as for the aspects of protecting wealth (Wealth Protection) and increasing wealth by investing outside the main job (Wealth Accumulation), they are still in the medium category.
2. The level of Economic Empowerment of Women Microentrepreneurs is in the high category, meaning that the women who are respondents are already able to have a good role in their family's economy.
3. Based on the results of the causality test, wealth creation and wealth purification have no effect on women's economic empowerment. Meanwhile, wealth accumulation, wealth protection, and wealth distribution can influence women's economic empowerment. This means that when a woman is able to work (wealth creation) and clean up her wealth (wealth purification), it is not an indication that the woman plays an important role in the family, but after the woman is able to create additional income outside of her main job, is able to protect her family through insurance, and distributes her wealth, then these women are economically more capable of empowering themselves and their families.

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