MENTORING MANAGEMENT, PRODUCTIVE FINANCING, AND SHARIA FINANCIAL INCLUSION AS DETERMINANTS OF THE WELFARE OF HALAL MSMES IN LHOKSEUMAWE CITY

Muhammad Hafizh[1]*, Mutia Rahmah[2], Muttaqien[3]
Universitas Malikussaleh, Aceh [1,2,3]
E-mail: muhammad.hafizh@unimal.ac.id[1]*, Mutiarahamah@unimal.ac.id[2], Muttaqien@unimal.ac.id[3]

Received	: 01 August 2025	Published	: 14 October 2025
Revised	: 20 September 2025	DOI	: https://doi.org/10.54443/morfai.v5i4.4233
Accepted	: 05 October 2025	Link Publish	: https://radjapublika.com/index.php/MORFAI/article/view/4233

Abstract

This study aims to examine the influence of mentoring management, productive financing, and Islamic financial inclusion on the welfare of sustainable halal MSMEs in Lhokseumawe City. The research approach uses a descriptive quantitative method, where primary data is collected through distributing questionnaires to halal MSMEs selected using a purposive sampling technique. Descriptive data analysis methods are carried out using multiple linear regression to determine the partial and overall effects between variables and their relationships. The findings of this study are expected to show that effective management mentoring, easy access to productive financing, as well as financial inclusion and participation in Islamic finance contribute positively to improving the welfare of halal MSMEs in Lhokseumawe City. The original value of this study lies in the analysis of the integration of three key factors of Islamic economic empowerment in one empirical model that has not been widely carried out in local contexts such as Lhokseumawe. In addition, the results of this study provide practical implications for strengthening regional policies, Islamic financial institutions, and mentoring institutions in designing appropriate and value-based interventions to support the sustainability of halal MSMEs. The results of the study indicate that partially, the variables of productive financing and Islamic financial inclusion significantly influence the welfare of halal MSMEs in Lhokseumawe City, while mentoring management does not show a significant effect, although the direction of the influence is positive. However, simultaneously, the third variable significantly influences the welfare of halal MSMEs, with a contribution of 64.1% (Adjusted $R^2 = 0.641$). This study offers theoretical and practical contributions by integrating three elements of Islamic economic empowerment within a comprehensive conceptual framework. These findings reinforce the importance of a holistic, sharia-based approach in efforts to improve the economic welfare of marginalized communities. The implications of this study encourage Islamic financial institutions to not only focus on the financing aspect, but also strengthen their educational and social functions through mentoring and improving financial literacy.

Keywords: ***Mentoring Management, Productive Financing, Sharia Financial Inclusion, Welfare of halal MSMEs.***

INTRODUCTION

Halal MSMEs are a strategic new economic force driving inclusive and sustainable economic growth in Indonesia. The concept of halal is not only related to religious aspects but also reflects the principles of ethics, respect, and integrity in conducting business. As the country with the largest Muslim population in the world, Indonesia has significant potential for developing a halal MSME sector capable of penetrating both domestic and global markets. However, halal MSMEs still face various challenges, particularly in terms of access to productive financing, adequate business mentoring, and inclusion in Islamic financial services. A 2022 study by the Financial Services Authority (OJK) revealed that the level of Islamic financial inclusion in Indonesia has only reached 12.12%, far behind conventional financial inclusion, which has exceeded 80%. This low level of inclusion indicates the limited understanding and utilization of Islamic financial products among MSMEs, particularly in regions like Lhokseumawe City. Furthermore, productive financing from Islamic financial institutions is not yet fully accessible to halal MSMEs. Administrative barriers, limited collateral, and a lack of financial literacy are the main factors preventing small business owners from accessing working capital. According to Kusuma and Herianingrum (2020), Sharia-based financing, such as mudharabah and musyarakah, has significant potential to support micro-enterprise growth. However, its success depends heavily on an effective mentoring system and the business management skills of MSMEs themselves. In this context, management mentoring is crucial as a bridge between MSMEs and Islamic financial institutions. Mentoring not only plays a role in strengthening business capacity but also serves as a means of financial education and improving administrative readiness for accessing financing. Furthermore, the well-being of MSMEs is measured not only by increased income but also by aspects such as entrepreneurial aspirations, family economic stability, and improved quality of life. A study by Pratiwi and Lestari (2021) shows that the involvement of MSMEs in the Islamic financial ecosystem, supported by sustainable financing and business mentoring, significantly contributes to improving their well-being. This aligns with the findings of Mahfud et al. (2022) stated that the combination of productive financing and business mentoring can increase the productivity and desire of MSMEs in the halal sector. However, in a region like Lhokseumawe City, which has its own social and economic characteristics, there are not many comprehensive studies examining how these three aspects—management mentoring, productive financing, and Islamic financial inclusion—simultaneously influence the welfare of halal MSMEs. Considering this urgency, this study aims to analyze in depth how the integration of management mentoring, productive financing, and Islamic financial inclusion can be a significant determinant of the welfare of halal MSMEs in Lhokseumawe City. The results of this study are expected to provide theoretical contributions in the development of an MSME-based Islamic economic empowerment model and highlight the importance of policies for local governments, Islamic financial institutions, and mentoring institutions in formulating sustainable halal MSME development strategies.

LITERATURE REVIEW

In the context of this research, Signaling Theory explains how information provided by Islamic financial institutions, local governments, and support agencies to halal MSMEs serves as a signal demonstrating commitment to improving the economic well-being of these entrepreneurs. Programs such as managerial mentoring, productive financing, and Islamic financial inclusion serve as positive signals indicating systematic support to encourage the growth and sustainability of halal MSMEs. For MSMEs, the existence of these programs can be interpreted as a signal that they are within a supportive ecosystem, thereby increasing confidence in investing in their businesses, increasing productivity, and expanding market access. In turn, these signals strengthen perceptions and expectations of improved economic well-being in both the short and long term. Thus, signaling theory explains how the communication of policies and support programs can influence the behavior and perceptions of MSMEs in their pursuit of well-being. (Penman and Reggiani 2013)

Mentoring Management

Mentoring management is the process of managing mentoring activities, from planning, implementation, to evaluation. Mentoring management is carried out to support individuals or groups in increasing their capacity and independence through dialogic and participatory interactions. Furthermore, mentoring is an empowerment process that aims to strengthen the capacity of individuals and target groups through active collaboration between mentors and the community. Mentoring encompasses various aspects, such as education, facilitation, and advocacy, all aimed at achieving individual and collective empowerment. In the context of empowering the economic well-being of MSMEs, mentoring management often serves as a bridge to improve relationships between communities and financial institutions or markets. This enables small business owners to gain access to broader markets and increase their income. Furthermore, sustainable mentoring management can create more inclusive social change, where halal MSMEs are not only beneficiaries but also actively contribute to local economic development. Thus, mentoring serves not only to increase individual capacity but also to build a stronger and more sustainable local economic system. In its implementation, a community-based approach is applied, positioning mentors as the primary facilitators in the empowerment process. These mentors are tasked with providing training, building trusting relationships, and assisting communities in effectively managing their businesses. The mentoring management in this program is also designed to address the specific needs of underprivileged communities. For example, financial literacy training is tailored to the education and experience levels of participants, ensuring the material is more relevant and understandable. Furthermore, mentors assist communities in building business networks and expanding market access through activities such as product exhibitions and collaborations with local partners (Rahayu & Kusuma, 2024). A study by Amalia et al. (2023) showed that the mentoring approach successfully improved the quality of life of underprivileged families, particularly in terms of economic stability and access to basic services such as education and health care. The program also created significant behavioral changes, with communities becoming more motivated to become entrepreneurs and improve their business management.

Productive Financing

Productive financing can be defined as the process of allocating funds from the fund provider to the recipient, with the aim of supporting economic activities, whether for consumption or investment. Financing is the provision of funds needed by individuals or businesses to carry out production activities, with the aim of generating added value or profit. Productive financing in Islamic economics applies principles that focus not only on financial gain but also on sustainability and social welfare. Furthermore, this financing model also implements productivity-based financing, which is channeled to business sectors such as agriculture, trade, and other micro-enterprises. This financing is provided with flexible tenors, enabling underprivileged families to manage their capital effectively, increase business capacity, and boost household income. This productivity-based financing aims to enable beneficiaries to manage their funds wisely to increase the competitiveness of their businesses, while improving their overall quality of life. Financing received by the halal MSME community in Lhokseumawe city enables individuals to expand their business capacity. A study conducted by Amalia et al. (2023) demonstrated that micro-enterprise-based financing can improve business competitiveness by providing access to the capital needed to expand production and expand markets. This financing helps small and medium-sized enterprises overcome their primary constraint, namely limited capital, thereby accelerating their business growth. Furthermore, the long-term impact of this productivity-based financing is increased economic resilience for families and communities. Based on research by Prasetyo and Hartono (2023), communities involved in productive financing programs demonstrated improved business stability and resilience in the face of economic shocks. Thus, the implemented financing programs not only increase business productivity but also improve the overall quality of life for the community, reduce poverty, and promote socio-economic well-being.

Sharia Financial Inclusion

Sharia financial inclusion is one of the main pillars of economic development policy, crucial for alleviating poverty, promoting sustainable economic growth, fostering shared prosperity, and enhancing economic development. Sharia financial inclusion aims to bring the unbanked population into the formal financial system, enabling them to access financial products and services such as credit, savings, insurance, and so on. Sharia financial inclusion implies that people are given access to a variety of appropriate financial services, tailored to their needs and provided at affordable costs. Formal Sharia financial inclusion begins with opening a savings account, engaging in promotions at a bank or other financial service provider, and making and receiving cash payments.

Halal MSMEs Welfare

The welfare of halal MSMEs refers to the fulfillment of the economic, social, and spiritual aspects of Micro, Small, and Medium Enterprises (MSMEs) that operate their businesses based on halal and thayyib principles (good and in accordance with Sharia). Micro, Small, and Medium Enterprises (MSMEs) are productive businesses developed to support macro and micro economic development in Indonesia and influence other sectors to grow (Radhiyyah Zilfa 2022). Halal MSMEs (Micro, Small, and Medium Enterprises that are halal) are businesses that produce and sell products in accordance with Islamic sharia principles. Bank Indonesia (BI) defines MSMEs (SMEs) as companies or industries with the following characteristics: Capital of less than IDR 20 million, a single business cycle requiring only IDR 5 million in capital, maximum assets of IDR 600 million excluding land and buildings, and an annual turnover of < IDR 1 billion.

METHOD

This study employed a quantitative approach. Primary data was collected from questionnaires. The research location was Lhokseumawe City, focusing on the impact of mentoring management, productive financing, and Islamic financial inclusion on the welfare of sustainable halal MSMEs in Lhokseumawe City. Data collection was conducted by distributing questionnaires to a sample of the population using a Likert scale ranging from 1 to 5. The scale ranges from a low of disagree to a high of strongly agree, with 1 = Strongly Disagree, 2 = Disagree, 3 = Disagree, 4 = Agree, and 5 = Strongly Agree. Furthermore, the sample size used in this study was determined based on the indicators of each variable (Hair et al., 2019). The population used in this study was halal MSMEs in Lhokseumawe City. Based on data from the Lhokseumawe City Cooperatives Office, the number of MSMEs is 2,352 units, so by using the Slovin formula with an error rate of 10% as follows:

Sample = 1.325 / (1+ (1.325 x $10\%^2$))
= 1.325 / (1+ (1.352 x $0,1^2$))
= 1.325 / (1+ 13,25)

= 1.325 / 14,25
= 92,08 rounded up to 92

The Slovin formula above yields a sample size of 92.08 MSMEs. To avoid errors in data collection, the sample size was rounded to 92 respondents.

Data Collection Techniques

The data collection technique in this study involved distributing a questionnaire to obtain the primary data needed by the researcher. The questionnaire was distributed offline and online using Google Forms. The questionnaire contained several questions related to Mentoring Management, Productive Financing, and Sharia Financial Inclusion on the welfare of halal MSMEs in Lhokseumawe City. The instrument was a closed-ended questionnaire that had been tested for validity and reliability. The questionnaire was structured based on theoretical indicators for each variable. In addition, brief interviews were conducted to strengthen the context of the quantitative findings. The data obtained were analyzed using multiple linear regression to determine the partial and simultaneous effects between variables. Validity was tested using Pearson Product Moment correlation, while reliability was assessed using Cronbach's Alpha coefficient. Furthermore, to ensure that the requirements for classical regression were met, tests for normality, multicollinearity, heteroscedasticity, and autocorrelation were conducted. The analysis was conducted using SPSS version 24 software. The regression model used in this study is as follows:

$Y = \beta 0 + \beta 1\ X1 + \beta 2\ X2 + ... + \beta m\ Xm + \varepsilon$

Through this approach, the study is expected to provide a valid and reliable empirical picture of the effectiveness of Islamic financial institution interventions in holistically improving the welfare of halal MSMEs.

Research Model

Based on the measurement items and variable indicators previously discussed, the research model used in this study is:

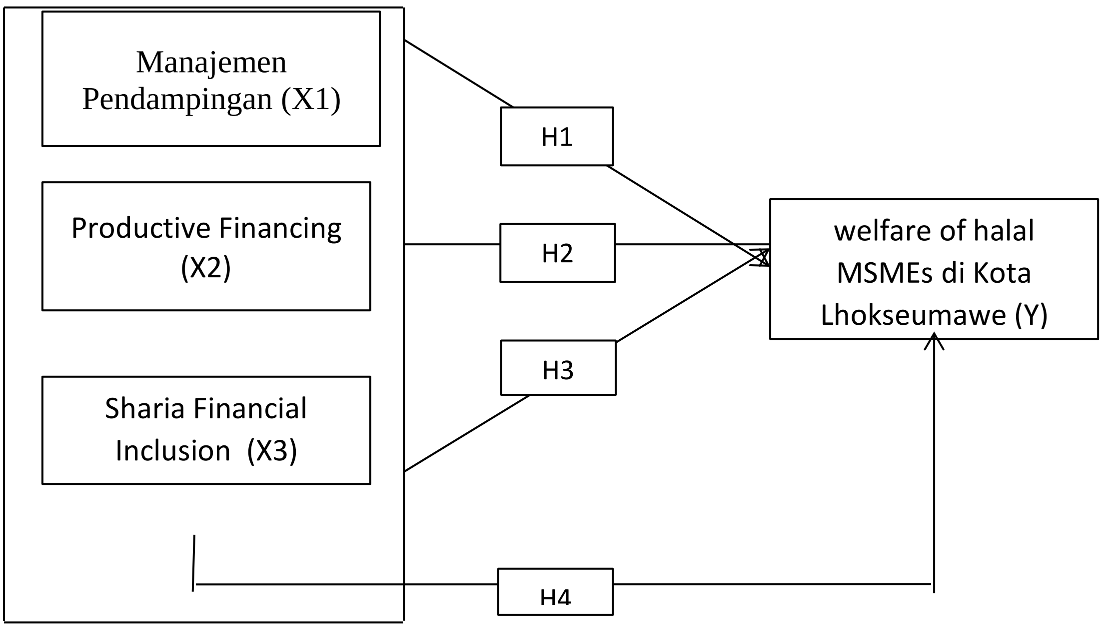


Figure: Research Conceptual Framework

Where there are 3 independent variables, namely: X1 is Mentoring Management, X2 is Productive Financing, and X3 is Sharia financial inclusion. While the dependent variable is Y, namely the welfare of halal MSMEs in Lhokseumawe city.

RESULTS AND DISCUSSION

The respondents in this study were Halal MSMEs included in the research sample category. The respondents were spread across several sub-districts in Lhokseumawe City and had participated in the Productive Financing, mentoring, and Sharia Financial Inclusion program in Lhokseumawe City for at least one year. This program aims to improve welfare through Productive Financing, mentoring, and financial inclusion. The respondents were Micro, Small, and Medium Enterprises (MSMEs) in Lhokseumawe City and were therefore selected because they were considered to have direct and significant involvement in managing their businesses.

Table 1. Validity Test Results

Variable	Item	r table	r count	Information
Mentoring management	MM.1	0,2050	.801**	Valid
	MM.2	0,2050	.767**	Valid
	MM.3	0,2050	.828**	Valid
	MM.4	0,2050	.846**	Valid
	MM.5	0,2050	.785**	Valid
	MM.6	0,2050	.829**	Valid
	MM.7	0,2050	.824**	Valid
	MM.8	0,2050	.722**	Valid
Productive Financing	PF.1	0,2050	.570**	Valid
	PF.2	0,2050	.473**	Valid
	PF.3	0,2050	.526**	Valid
	PF.4	0,2050	.564**	Valid
	PF.5	0,2050	.508**	Valid
	PF.6	0,2050	.536**	Valid
	PF.7	0,2050	.477**	Valid
Sharia Financial Inclusion	SFI.1	0,2050	.818**	Valid
	SFI.2	0,2050	.859**	Valid
	SFI 3	0,2050	.839**	Valid
	SFI.4	0,2050	.847**	Valid
	SFI.5	0,2050	.847**	Valid
	ISFI 6	0,2050	.713**	Valid
Welfare of Halal MSMes	WH.1	0,2050	.642**	Valid
	WH.2	0,2050	.608**	Valid
	WH.3	0,2050	.693**	Valid
	WH.4	0,2050	.654**	Valid
	WH.5	0,2050	.869**	Valid
	WH.6	0,2050	.822**	Valid
	WH.7	0,2050	.666**	Valid
	WH.8	0,2050	.814**	Valid
	WH.9	0,2050	.853**	Valid
	WH.10	0,2050	.868**	Valid
	WH.11	0,2050	.891**	Valid
	WH.12	0,2050	.851**	Valid

Source: Processed Research Data

Reliability Test

Based on the test results, the Cronbach's Alpha values for each variable were as follows: The Mentoring Management variable (X_1) had a value of 0.919 > 0.67.

Table 2. Reliability test results for X1

Reliability Statistics	
Cronbach's Alpha	N of Items
0.919	8

The Productive Financing variable (X_2) has a value of 0.905 > 0.67

Table 3. Results of the X2 Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
0.905	7

The Sharia Financial Inclusion variable (X3) has a value of 0.901 > 0.67

Table 4. Results of the X3 Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
0.901	6

The Welfare Variable (Y) also has a value of 0.938 > 0.67.

Table 5. Y Reliability Test Results

Reliability Statistics	
Cronbach's Alpha	N of Items
0.938	12

Source: Processed Research Data

This study involved 92 respondents from halal MSMEs in Lhokseumawe City. The program included productive financing, management mentoring, and Islamic financial inclusion for at least one year.

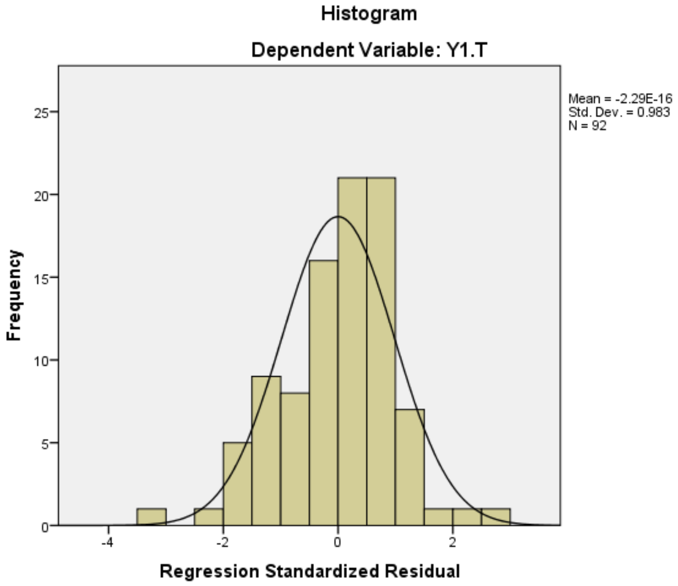
Table 6. Descriptive Statistics of Research Variables

Statistics					
		Mentoring management	Productive Financing	Sharia Financial Inclusion	Kesejahteraan
N	Valid	92	92	92	92
	Missing	0	0	0	0
Mean		33.8804	58.7935	24.9239	47.9457
Std. Error of Mean		0.51352	0.76684	0.43421	0.88308
Median		35.0000	61.0000	25.0000	48.5000
Mode		32.00[a]	64.00	24.00[a]	60.00
Std. Deviation		4.92547	7.35525	4.16483	8.47020
Skewness		-1.181	-0.906	-1.185	-0.755
Std. Error of Skewness		0.251	0.251	0.251	0.251
Kurtosis		1.775	0.435	1.885	1.074
Std. Error of Kurtosis		0.498	0.498	0.498	0.498
Sum		3117.00	5409.00	2293.00	4411.00
a. Multiple modes exist. The smallest value is shown					

Source: Processed Research Data

Descriptive analysis shows that the highest average score was found in the Welfare of Halal MSMEs variable (55.48 out of a maximum score of 60), followed by management assistance (37.29 out of 45), productive financing (32.86 out of 40), and Sharia financial inclusion (27.77 out of 35). These scores indicate a positive perception of Sharia financial institution interventions and their effectiveness in improving the welfare of halal MSMEs in Lhokseumawe City.

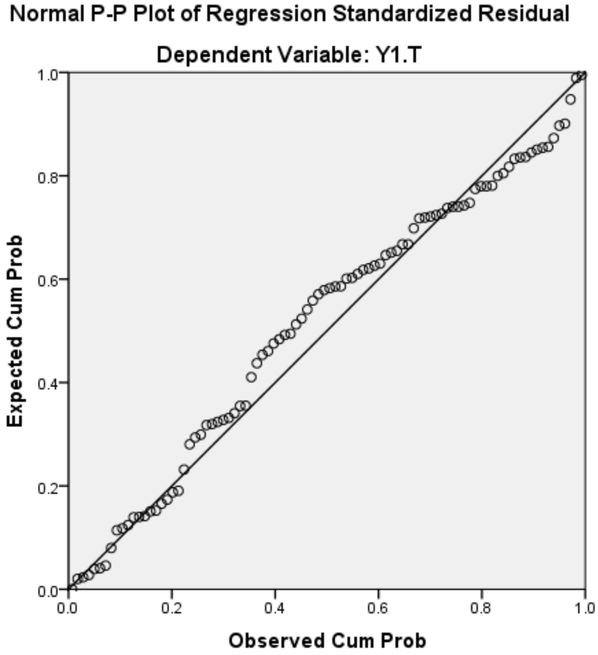
Normality Test



Source: Processed Research Data

Figure: Histogram of Regression Standardized Residuals

Based on the histogram, it can be seen that there is no extreme skewness and no striking outliers. The symmetrical shape of the curve indicates that the data is approximately normally distributed.
The following is a P-P plot:



Source: Processed Research Data

Figure: Normal P-P Plot of Regression Standardized Residuals

Based on the graph, the data points appear to follow a diagonal line pattern from the bottom left to the top right, with very little deviation. This indicates that the data distribution does not deviate significantly from a normal distribution.

Multicollinearity Test

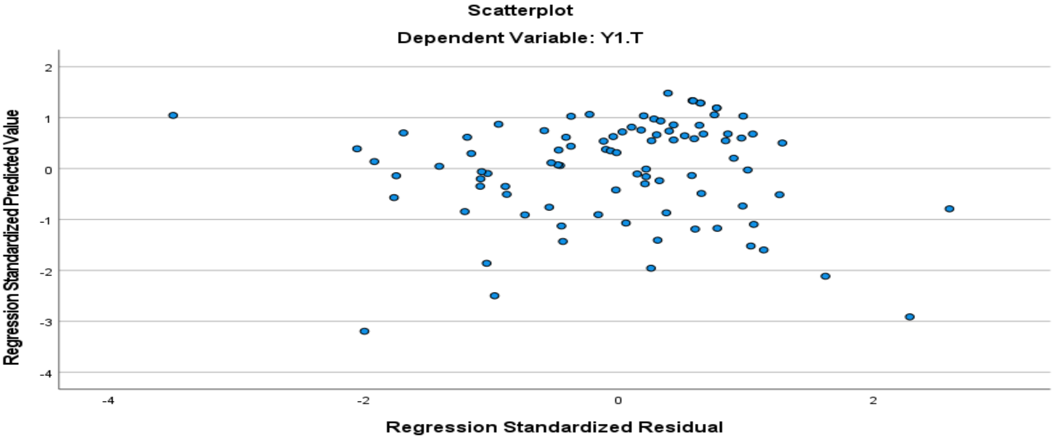
Table 7. of Unstandardized Coefficients

Coefficients[a]								
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-3.990	4.537		-0.879	0.382		
	Mentoring management	0.358	0.207	0.208	1.725	0.088	0.280	3.566
	Productive Financing	0.329	0.097	0.285	3.400	0.001	0.579	1.727
	Sharia Financial Inclusion	0.822	0.235	0.404	3.492	0.001	0.305	3.283
a. Dependent Variable: Welfare of halal MSMEs								

Source: Processed Research Data

The test results show that variable X1 has a VIF value of 3.566 and a tolerance value of 0.280, variable X2 has a VIF value of 1.727 and a tolerance value of 0.579, and variable X3 has a VIF value of 3.283 and a tolerance value of 0.305. Because both values (VIF and Tolerance) meet the criteria, it can be concluded that there is no multicollinearity among the independent variables in the regression model.
Heteroscedasticity Test

Table 8. Scatterplot Test Results



Source: Processed Research Data

Thus, the results of the classical assumption test indicate that the regression model in this study meets all requirements: normal distribution, no multicollinearity, and no heteroscedasticity. Therefore, the regression model is suitable for further analysis using multiple linear regression.

Partial Test (t-Test)

Table 9. T-Test Results Table (Hypothesis)

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-3.990	4.537		-0.879	0.382
	Mentoring management	0.358	0.207	0.208	1.725	0.088
	Productive Financing	0.329	0.097	0.285	3.400	0.001
	Sharia Financial Inclusion	0.822	0.235	0.404	3.492	0.001
a. Dependent Variable: Welfare of halal MSMEs						

Source: Processed Research Data

Based on the results of data processing using SPSS, the multiple linear regression equation is obtained as follows:
$Y = -3.990 + 0.358X_1 + 0.329X_2 + 0.822X_3$.

The constant -3.990 means that if all independent variables are assumed to be zero, the baseline value for Well-being is -3.990 (not practically meaningful due to insignificance, $p = 0.382$). The regression coefficient for Mentoring Management (X_1) is 0.358 and the significance value is 0.088 (>0.05), meaning that it has no significant partial effect on Well-being. However, the trend is positive, meaning that if the quality of Mentoring Management increases by 1 unit, Well-being tends to increase by 0.358 units. The regression coefficient for Productive Financing (X2) is 0.329 and has a significance value of 0.001 (<0.05), indicating a partial significant effect on welfare. This means that every 1-unit increase in Productive Financing will increase welfare by 0.329 units. The regression coefficient for Sharia Financial Inclusion (X3) is 0.822 and has a significance value of 0.001 (<0.05), indicating a partial significant effect. Every 1-unit increase in Sharia Financial Inclusion will increase welfare by 0.822 units. Thus, only variables X2 and X3 are proven to have a partial significant effect on variable Y, while X1 has no significant effect in this model.

Simultaneous Test (F Test)

Table 10. F Test Results (Simultaneous Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4184.059	3	1394.686	52.345	.000[b]
	Residual	2344.669	88	26.644		
	Total	6528.728	91			

a. Dependent Variable: welfare of halal MSMEs
b. Predictors: (Constant), Mentoring management, Productive Financing, Sharia Financial Inclusion

Source: Processed Research Data

Based on SPSS data processing, the significance value was 0.000 (<0.05) and the F-value was 52.345. Thus, it can be concluded that the three independent variables (Management Assistance, Productive Financing, and Sharia Financial Inclusion) simultaneously have a significant effect on welfare.
Coefficient of Determination (R^2)

Table 11. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.801[a]	0.641	0.629	5.16178	1.692

a. Dependent Variable: Welfare of halal MSMEs
b. Predictors: (Constant), Mentoring management, Productive Financing, Sharia Financial Inclusion

Source: Processed Research Data

The Adjusted R Square value obtained from the regression analysis was 0.641. This means that 64.1% of the variation in Welfare (Y) can be explained by the variables of Management Assistance (X_1), Productive Financing (X_2), and Sharia Financial Inclusion (X_3) simultaneously. Meanwhile, the remaining 35.9% is influenced by other factors outside this research model, such as marketing strategy, products, promotions, income from the business, or other internal factors.

Discussion

The Effect of Mentoring Management on Well-Being

The results of the regression analysis indicate that the Mentoring Management variable has a regression coefficient of 0.358 with a significance level of 0.088. Although this coefficient indicates a positive effect, it is not statistically significant because the significance level is greater than 0.05. This means that, partially, improvements in the quality of Mentoring Management have not had a significant impact on the well-being of respondents in this study. However, the positive direction of the coefficient indicates that Mentoring Management still has a positive contribution in practice. Each one-unit increase in Mentoring Management tends to increase well-being by 0.358 units. These results indicate that, although the effect is not statistically significant, Mentoring Management still has the potential to be an important variable in efforts to improve well-being, particularly in the context of social, educational, or community empowerment interventions. This finding aligns with research by Pinondang (2016) which examined the impact of mindfulness programs on mentoring individuals. The Wilcoxon test results in this study indicated an increase in well-being, but it was not statistically significant ($p = 0.07$). Similarly, a study by Windle et al. (2017) in the UK evaluating a community mentoring program for older adults found that mentoring had no significant impact on social activities or well-being ($p = 0.48$), although the direction of the effect remained positive. These findings reinforce the view that the success of Mentoring Management in improving well-being is highly dependent on the intensity, continuity, and quality of program implementation. Therefore, in the context of this study, the insignificant effect of Mentoring Management could be due to variations in program implementation, limited duration, or respondents' perceptions of the effectiveness of Mentoring Management itself. Therefore, it is recommended that the Mentoring Management program be improved in the future, both in terms of the quality of facilitators, the frequency of activities, and a more adaptive approach to the needs of program recipients. With these improvements, it is likely that the effect of Mentoring Management on well-being will become significant both statistically and practically.

The Effect of Productive Financing on Welfare

The results of the regression analysis indicate that the Productive Financing variable has a regression coefficient of 0.329 with a significance value of 0.001. This significance value is less than the critical limit of 0.05, thus concluding that, partially, Productive Financing has a significant effect on Welfare. This means that every one-unit increase in Productive Financing will be followed by a 0.329-unit increase in Welfare. These results reinforce the theory that adequate Productive Financing support can be a crucial foundation for improving the welfare and well-being of individuals and community groups. In this context, Productive Financing includes the availability of sufficient funds to support productive MSME business programs for empowerment, education, and business development. These findings align with research by Yuliani and Wibowo (2018), which shows that access to flexible and sustainable sources of Productive Financing can increase community participation in welfare improvement programs, ultimately impacting their welfare. Furthermore, research by Lestari (2020) also found that adequate Productive Financing is strongly positively correlated with the ability of poor families to meet basic needs, such as health, children's education, and nutrition, which are important indicators of welfare. The implications of this finding indicate that the success of improving welfare depends heavily on the availability of Productive Financing schemes that are adaptive, well-targeted, and capable of reaching vulnerable groups. Therefore, policymakers and program implementers need to pay attention to the sustainability and effectiveness of Productive Financing distribution to ensure a positive impact on people's lives.

The Effect of Sharia Financial Inclusion on Welfare

The regression results show that the Sharia Financial Inclusion variable has a regression coefficient of 0.822 with a significance value of 0.001, well below the threshold of 0.05. This indicates that, partially, Sharia Financial Inclusion has a very significant effect on Welfare. This relatively high coefficient value also indicates a very strong effect; each one-unit increase in Sharia Financial Inclusion results in a 0.822-unit increase in Welfare. This finding reflects the importance of the ability to manage finances effectively and efficiently in shaping a higher quality of life. Sharia Financial Inclusion, in this context, encompasses not only recording and monitoring cash flow but also planning, budgeting, and the ability to make wise financial decisions, at the individual, family, and institutional levels. These research findings are supported by a study by Sari & Wahyuni (2019), which found that a family's Sharia Financial Inclusion capability significantly contributes to achieving household welfare. Furthermore, Astuti (2021) in her research on MSMEs demonstrated that well-organized Sharia Financial Inclusion plays a significant role in increasing income and economic stability, ultimately impacting welfare. From these results, it can be concluded that empowerment in the aspects of Sharia Financial Literacy and Inclusion is an effective strategy for improving community welfare, particularly in the context of community-based development. Therefore, Sharia Financial Inclusion training and providing access to financial information need to be an integral part of any welfare improvement program.

The Simultaneous Effect of Mentoring Management, Productive Financing, and Sharia Financial Inclusion on Welfare

Simultaneously, the three independent variables (X_1, X_2, and X_3) significantly influenced Welfare, as indicated by the F-test with a significance value of 0.000. The regression analysis showed an Adjusted R Square value of 0.641. This indicates that 64.1% of the variation in the dependent variable, Welfare, can be explained by the independent variables studied: Mentoring Management, Productive Financing, and Sharia Financial Inclusion. In other words, the combination of these three variables significantly contributed to changes or differences in the level of Welfare of respondents in this study. This relatively high Adjusted R Square value indicates that the regression model has good predictive power (64.1%). Although 35.9% of the variation is explained by factors outside the model, such as socioeconomic conditions, education, residential environment, access to healthcare, and other factors not measured in this study. These findings indicate that interventions focused on these three aspects: Management Assistance, Productive Financing, and Sharia Financial Inclusion have significant potential to collectively improve community welfare. Sharia Financial Inclusion and Productive Financing, in particular, proved significant partially, but in a simultaneous analysis, they worked synergistically to strengthen the prediction of the Welfare variable. These results align with research by Hapsari & Pramudyo (2017), which found that the combination of financial education, financial support, and social management assistance significantly contributed to improving the welfare of halal MSMEs. Similarly, Safitri (2020) revealed that a multi-sectoral support-based empowerment model is more effective in accelerating welfare improvements than an approach relying solely on a single variable. Thus, it can be concluded that an integrated approach combining adequate mentoring management, supportive productive financing, and strong Sharia financial inclusion capabilities is a significant and impactful strategy for promoting improved community welfare. Therefore, community development programs should consider integrating these three variables as a single policy.

CONCLUSION

Mentoring Management and Sharia Financial Inclusion have a significant influence. Productive financing needs to be supported by financial literacy. Simultaneously, these three variables explain 79.8% of the variation. Limitations: The sample is from only one city and the data is cross-sectional. External factors are not explained. Recommendations include the need for longitudinal studies, the addition of socio-psychological variables, and comparative research across regions. Overall, the results of this study indicate that Productive Financing and Sharia Financial Inclusion are significant key factors in improving community welfare. While Mentoring Management still plays a role, although not statistically significant, and therefore requires attention in the context of developing community welfare programs.

REFERENCES

Achmad Lubabul Chadziq. (2017). Manajemen Pembiayaan Syariah: Sebuah Pengenalan. *J E S*, *Volume2*, *N*(September), 208–218. http://dx.doi.org/10.29040/jiei.v9i3.9712

Afkar, T. (2017). Pengaruh Pembiayaan Usaha Mikro, Kecil, Menengah (Umkm), Dan Kecukupan Modal Terhadap Kemampuan Mendapatkan Laba Dari Aset Perbankan Syariah Di Indonesia. *Al-Uqud : Journal of Islamic Economics*, *1*(2), 183. https://doi.org/10.26740/jie.v1n2.p183-201

Berliana Chandra Dewi, I., Oktafia, R., Laili Nisa, F., Ekonomi dan Bisnis, F., & Pembangunan Nasional Veteran Jawa Timur, U. (2023). Implementation Of Murabaha Financing At BTPN Syariah For Poverty Alleviation Through Empowerment Of Female Customers Implementasi Pembiayaan Murabahah Pada BTPN Syariah Untuk Pengentasan Kemiskinan Melalui Pemberdayaan Nasabah Perempuan. *Management Studies and Entrepreneurship Journal*, *4*(5), 6932–6944. http://journal.yrpipku.com/index.php/msej

Daniswara, E., Oktafia, R., & Laily, F. (2024). Implementasi Platform Tepat Daya Bank BTPN Syariah dalam Mendukung Pengembangan dan Peningkatan Skill Usaha Mikro Desa. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, *5*(2), 752–769. https://doi.org/10.47467/elmal.v5i2.608

Foster, B., Sukono, & Johansyah, M. D. (2021). Analysis of the Effect of Financial Literacy, Practicality, and Consumer Lifestyle on the Use of Chip-Based Electronic Money Using SEM. Sustainability, 14(1), 32. http://dx.doi.org/10.3390/su14010032

Fuadi, F., Falahuddin, F., Juanda, R., & Ramadhan, R. (2022). Strategi Pengembangan UMKM Go Halal Berbasis Digital. *Jurnal Pengabdian Kreativitas (JPeK)*, *1*(2), 8-13.

Hafizh, M., & Silalahi, P. R. (2022). The Influence of Digital Marketing On Sharia MSME Income (Study of Sharia MSMEs in Deli Serdang Regency). *el-Amwal*, *5*(2), 34.

Harmar, P. (2021). Peran Perbankan Syariah Dalam Umkm Untuk Mengembangkan Ekonomi Indonesia. *PROFIT: Jurnal Kajian Ekonomi Dan Perbankan Syariah*, *5*(1), 68–77. https://doi.org/10.33650/profit.v5i1.2122

Hasibuan, A. A. Y., & Syahriza, R. (2023). Pengaruh Pembiayaan Paket Masa Depan (PMD) Pada Bank Btpn Syariah Terhadap Pemberdayaan Ekonomi Masyarakat Di Kecamatan Medan Sunggal. *Jurnal Tabarru': Islamic Banking and Finance*, *6*(2), 397–409.

Hussain, S., Rehman, A. ur, Ullah, S., Waheed, A., & Hassan, S. (2024). Financial Inclusion and Economic Growth: Comparative Panel Evidence from Developed and Developing Asian Countries. *SAGE Open*, *14*(1), 1–15. https://doi.org/10.1177/21582440241232585

Isukul, A. & Tantua, B. (2021). Financial Inclusion in Developing Countries: Applying Financial Technology as a Panacea. South Asian Journal of Social Studies and Economics, 9(2), 42-60. DOI: 10.9734/SAJSSE/2021/v9i230237

Khoiriyah, N., & Oktafia, R. (2023). Peningkatan Kapasitas Usaha Mikro, Kecil, Dan Menengah Melalui Peran Fasilitator Pendamping Di Bank Syariah Sukapura. *SELAPARANG: Jurnal Pengabdian Masyarakat Berkemajuan*, *7*(4), 2899–2906.

Kumar, B. R. (2024). *Economic Development And The Role Of Financial Inclusion In*. *October*. https://doi.org/10.25215/8198133194.19

Pratama, O. R. F., & Takarini, N. (2023). Pengaruh Pemberdayaan Perempuan Nasabah BTPN Syariah terhadap Perkembangan UMKM Melalui Pendampingan Usaha. *Jurnal Pengabdian Masyarakat Global*, *2*(3), 72–81. https://doi.org/10.30640/cakrawala.v2i3.1336

Putri, A. F., & Azizah, N. (2024). Implementasi Program Pendampingan Oleh Fasilitator Dalam Meningkatkan Kapasitas Kewirausahaan Dan Profitabilitas Umkm Nasabah Btpn Syariah. *Jurnal Pengabdian Kepada Masyarakat*, *4*(2), 204–209. https://jurnalfkip.samawa-university.ac.id/karya_jpm/index

Puspitaningrum, R., Damanhur, D., Falahuddin, F., Hasibuan, A. F. H., & Agustin, S. (2021). The Role of Micro Small Medium Enterprises (MSMEs) In Halal Industry Enhancement (Case Study of MSMEs in Lhokseumawe–Aceh). *Review of Islamic Economics and Finance*, *4*(2), 137-154.

Ramadhani, P., Hafizh, M., Falahuddin, F., & Damanhur, D. (2024). The Influence of Promotion, Financial Literacy, and Income on Interest Small and Medium Enterprise (SME) Applying for Financing to Sharia Microfinance Institutions (LKMS). *PKM-P*, *8*(2), 308-317.

Rahman, S. R., & Fauziah, S. (2023). Pendampingan Rutin Untuk Meningkatkan Pendapatan Umkm Nasabah Bank Syariah Kecamatan Sawahan Surabaya. *Jurnal Pengabdian Kepada Masyarakat*, *3*(2), 192–196. https://jurnalfkip.samawa-university.ac.id/karya_jpm/index

Rahmawati, E., & Kisworo, B. (2017). Peran Pendamping dalam Pemberdayaan Masyarakat Miskin melalui Program Keluarga Harapan. *Journal of Nonformal Education and Community Empowerment*, *1*(2), 161–169. https://doi.org/10.15294/pls.v1i2.16271

Rindyah, H. (2017). Konsep Pemberdayaan Ekonomi Masyarakat Dalam Menjaga Keseimbangan Lingkungan Sekitar Hutan Ekonomi Lingkungan. *Ilmiah Ilmu Pemerintahan, vol 3 No 2*, 99–107.

Saragih, M. S. (2020). Pengaruh Pengetahuan Produk, Kepercayaan Dan Sosialisasi Terhadap Keputusan Melakukan Pembiayaan Paket Masa Depan (Pmd) Di Btpn Syariah (Studi Kasus Masyarakat Desa Silau Merawan Kecamatan Dolok Masihul). *Fakultas Eknomi Dan Bisnis Islam, Universitas Negeri Sumatera Barat*, 1–127.

Setiawan, I. (2021). Pembiayaan Umkm, Kinerja Bank Syariah Dan Pertumbuhan Ekonomi Di Indonesia. *Islamic Banking : Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, *6*(2), 263–278. https://doi.org/10.36908/isbank.v6i2.165

Siregar, E. E. F., Anriva, D. H., & Hidayat, M. (2019). Pengaruh Pembiayaan Paket Masa Depan (Pmd) Btpn Syariah Terhadap Pemberdayaan Ekonomi Masyarakat Prasejahtera Di Kecamatan Kampar: *Jurnal Islamika*, *2*(1), 11–22. https://ejurnal.umri.ac.id/index.php/JSI/article/view/1282

Suyanto, S., Setiawan, D., Rahmawati, R., & Winarna, J. (2021). The Impact of Financial Socialization and Financial Literacy on Financial Behaviors: An Empirical Study in Indonesia. The Journal of Asian Finance, Economics and Business, 8(7), 169-180. https://doi.org/10.13106/JAFEB.2021.VOL8.NO7.0169

Vinet, L., & Zhedanov, A. (2011). A “missing” family of classical orthogonal polynomials. *Journal of Physics A: Mathematical and Theoretical*, *44*(8), 1–14. https://doi.org/10.1088/1751-8113/44/8/085201

Yogasnumurti, R. R., Hafizh, M., Zain, T. S., & Yuvita, H. (2023). Upaya pengentasan kemiskinan melalui lembaga keuangan syariah di Provinsi Sumatera Selatan. *el-Amwal*, *6*(1), 83-94.

Zaini, M. (2021). Pembiayaan Syariah dalam Perspektif Ekonomi Islam. Jurnal Ekonomi Syariah, 6(1), 45- 58.