The general aim of this study is to investigate the impact of productive Zakat, Infaq and Sadaqah (ZIS) on the development of micro business and employment as well as the welfare of mustahik (recipient of ZIS) in East Lombok District, West Nusa Tenggara. Furthermore, the specific aims of this study are: 1) to evaluate and analyze the impact of productive ZIS on mustahik micro business; 2) to evaluate and analyze the impact of productive ZIS on mustahik welfare; 3) to evaluate and analyze the impact of mustahik micro business on employment; and 4) to evaluate and analyze the impact of micro business development on mustahik welfare.

The study was conducted in East Lombok District, West Nusa Tenggara, taking into consideration that this District is the only District/Municipal in West Nusa Tenggara that has Regional Regulations on zakat. Data collection was conducted using survey sample method with 140 mustahik households as the study respondent. Quantitative approach was used to analyze data supported by qualitative and intuitive analyses. Quantitative approach used was the Partial Least Square (PLS), while data processing used SmartPLS version 2.0 M3 software program.

Based on the analysis results, conclusion was drawn that although micro business development has no significant impact on welfare of mustahik, however in general the productive ZIS given as investment capital has a positive impact on micro business development and employment as well as mustahik welfare. In other words, investment capital given to mustahik can raise productivity of micro business and increase employment and welfare of mustahik in East Lombok District, West Nusa Tenggara. Study findings also indicate that welfare can be reached by anyone regardless of wealth including the mustahik. This is in line with Islamic view of welfare that is holistic and balanced in nature, has the dimension of this life and the afterlife reflected through sufficient material possession that is balanced with spiritual fulfilment, and not measured in abundant wealth.