

## Analysis of the Effect of Empowering Productive *Zakat* Funds on Welfare of the People

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### Abstract

Zakat is one of the most effective instruments to unite humanity to help each other problems in social life and poverty. With good management zakat will be able to build economic growth. This research was conducted to examine the effect of empowerment of Productive Zakat Funds, managed by BAZNAS, on the welfare of the people.

The use of analysis technique is Simple Regression and Hypothesis Testing using T-Statistics to test the Partial Regression coefficient with a level of significance of 5%. In addition, a Classic Assumption test that includes Normality Test, Heteroscedasticity Test, and Autocorrelation Test is also carried out.

The results of the analysis in this research during the observation period for July 2015 - December 2017 did not find any deviation from classical assumptions, this indicates that the available data have fulfilled the requirements to use the Simple Regression Equation Model and this research analysis show that Productive Zakat Funds have a positive and insignificant effect on the welfare of the people as measured by the Puskas BAZNAS Welfare Index, with a level of significance greater than 5%.

**Keywords:** Zakat, Productive, Welfare, People

### Abstrak

Zakat adalah salah satu instrumen yang paling efektif untuk menyatukan umat manusia untuk saling membantu permasalahan dalam kehidupan sosial dan kemiskinan. Dengan pengelolaan yang baik zakat akan mampu membangun pertumbuhan ekonomi. Penelitian ini dilakukan untuk menguji pengaruh pemberdayaan dana zakat produktif yang dikelola oleh BAZNAS terhadap kesejahteraan umat.

Teknik analisis yang digunakan adalah regresi sederhana dan uji hipotesis menggunakan t-statistik untuk menguji koefisien regresi parsial dengan *level of significance* 5%. Selain itu juga dilakukan uji asumsi klasik yang meliputi uji normalitas, uji heteroskedastisitas dan uji autokorelasi.

Hasil analisis penelitian ini selama periode pengamatan bulan Juli 2015 - Desember 2017 tidak ditemukan adanya penyimpangan asumsi klasik, hal ini menunjukkan bahwa data yang tersedia telah memenuhi syarat untuk menggunakan model persamaan regresi sederhana dan penelitian ini menunjukkan bahwa dana zakat produktif berpengaruh positif tidak signifikan terhadap kesejahteraan umat yang diukur dengan Indeks Kesejahteraan Puskas BAZNAS dengan level of significance lebih besar dari 5%.

**Kata Kunci:** Zakat, Produktif, Kesejahteraan, Umat.

### INTRODUCTION

*Zakat* is one of the Islamic characteristics of the economic system, because *zakat* is one of the implementation of the principle of justice in the Islamic economic system. It is also one of the most effective instruments to unite humanity to help each other againts

the problems of poverty in social lives. *Zakat* is expected to be able to raise the level of poverty and to help providing a way out of life's difficulties, to solve the problems faced by the *mustahiq*, to eliminate the stingy nature and to strengthen kinship among fellow Muslims (Abidin, 2004).

Furthermore, *Zakat* is an economic system of Muslims. With good management in the end, *Zakat* will be able to build economic growth as well as equal distribution of income. By making *Zakat* as an instrument of equal distribution of wealth, the productive assets further must be distributed to other parties, namely people have been determined (*mustahiq*). So that it needs to be regulated in a clear redistribution mechanism. When the *Zakat* system can be carried out properly and correctly, there are no people or groups of people who lack and distress, while others live in prosperity and luxury. The spirit that wants to be implanted in Islam to all people through the teachings of *zakat* is the spirit improving the economic life of the people. For this reason, *Zakat* empowerment needs to be directed and focused as one of the instruments in enhancing economic growth and welfare of the people (Saefuddin, 1986).

The accumulation of *Zakat* Funds is created by most Muslims through calculating *Zakat* that will be issued, it is continued by giving some of the charity to those who have the right to receive. Then, the rest of *Zakat* accumulation is brought to the *Zakat* institution. In this way, it is necessary to manage the *Zakat* Funds through the professional cooperation that synergizes between the government and the management of *Zakat* institution. So that, the problem of poverty can be suppressed. Theoretically, distributing the results of *Zakat* accumulation to *mustahiq* is essentially an easy way, but it needs the mental states of seriousness and caution. In other words, *Mustahiq Zakat* will be increased and the distribution of *Zakat* will create a lazy generation.

The hope of the *Zakat* concept is the creation of the welfare of the people and the change in the fate of the new *Muzakki* from *Mustahiq*. Thus the fate of *Mustahiq* does not always depend on *Zakat*, for this reason it is necessary to have *mustahiq* data both consumptive and productive in the distribution of *zakat*. *Mustahiq* which belongs to the productive category should be empowered, fostered and developed. This is where *Zakat* plays a significant role to change and simultaneously to improve the economy and standard of living. Those who have the potential aim of progresses need to be

developed, and those who do not have one, but have the ability and energy of headway, need to be fostered and trained. In this case, they would have the skills to work, In addition, they would be given the capital to develop their soft-skills (Hasan, 2011).

The use of *Zakat* Funds needs to take into account the factors of equity, the level of real needs of *mustahiq zakat* groups, the ability of *zakat* Funds, and the condition of *mustahiq*. It signifies to lead an increase of welfare. Fundamentally, the productive necessity of the use of *Zakat* Funds needs to be directed, it means that those who are concerned are no longer recipients of *Zakat*, and they would become *Muzakki*.

*Zakat* has long been an interesting object of study. Among researches on *Zakat* conducted by Beik (2009) entitled *Analysis of the Role of Zakat in Reducing Poverty: Case Study of Dompét Dhuafa Republika*, it states that *zakat* is able to reduce the number of poor families and it can also decrease the poverty and income gap. For this reason, there is a need for strong commitment and cooperation among all stakeholders of *zakat*, both the government, People's Representative Council (DPR), *Amil Zakat* bodies and institutions as well as the community as a whole in realizing sustainable *zakat* development.

In his research, *Empowering the People's Economy through Productive Zakat*, Saini (2016) states that BAZ and LAZ set a heavier priority scale on productive economic assistance in the form of capital and business development, empowerment programs, as mentioned before, are of great benefit because this program will be able to change *mustahiq* to *muzakki*.

Sobaya (2010), in his study *The Effect of the BNI Network on the Effectiveness of Productive Zakat*, states that the network has an effect on the effectiveness of productive *zakat*. In other word, to optimize the function of the network, the *amil zakat* institution like BAMUIS can manage productive *zakat* more effectively.

Suprayitno et al (2017) in his research entitled *Zakat and SDGs: Impact Zakat on Human Development in the Five States of Malaysia* states that The *zakat* is intended to stimulate economic development, education, social, human resources empowerment, religion

health, and insurance programs. The seven programs above are implemented by the Malaysian government to improve economic growth. The finding of the research reveals that *zakat* has a positive and significant influence on human development in five state in the short and long run. *Zakat* in Malaysia can be used as tool of fiscal policy that is decided in the states of Malaysia to stimulate human development and economic growth in the long run.

Fitriani (2018) in his research entitled *Performance Analysis Of Zakat Practices In Pati Regency (Case Study: The National Board Of Zakat [BAZNAS] Pati Regency, Indonesia)* states that the *zakat* potential of Pati Regency, Indonesia in 2016 was approximately Rp 20 billion, but the funds collected only amounted to around 9 percent of this number (Rp 1.8 billion). This statistic shows that the management of *zakat* is not optimized, both in terms of its collection and distribution. The result of this research show that the performance of *zakat* practices in Pati Regency is in the "less good" category with an index value of 0.392.

El Ayyubi and Saputri (2018) in his research entitled *Analysis Of The Impact Of Zakat, Infak, And Sadaqah Distribution On Poverty Alleviation Based On The Cibest Model (Case Study: Jogokariyan Baitul Maal Mosque, Yogyakarta)* states that The Special Region of Yogyakarta is one of the provinces with a high incidence of poverty on Java Island. The number of mosques and the increase of *zakat* funds, *infak*, and *sadaqah* each year is not sufficient to reduce the number of those in poverty. If the mosque is able to manage the *zakat*, *infak*, and *sadaqah* funds well, it can be predicted that the mosque would reduce poverty and increase the welfare of the community. The results of the study indicate that there is an increase in welfare and a decrease in material poverty, spiritual poverty, and absolute poverty, as seen from changes in the Islamic CIBEST's poverty indexes for *mustahiq* households.

*Zakat* is very helpful and builds the economy of the people. The development of *zakat* is productive by making *Zakat* Funds as business capital. In this case, to empower the economy of the people they must run or fund their lives properly. With the *Zakat* Funds *mustahiq* will get a fixed income and increased

business. Furthermore, they can set aside their income to save. All the charity, given to *mustahiq*, will play a significant support of their economic improvement though regulating in productive activities.

## LITERATURE REVIEW

*Zakat* is one of the important pillars in the teachings of Islam. Etymologically, *zakat* means the word purifying (*at-thaharatu*), blessing (*al-barakatu*) and developing (*an-namaa*). Whereas in terms of terminology, *zakat* means giving out some assets with certain requirements to be given to certain groups (*mustahiq*) with certain requirements. The link between the meaning of language and the term is very closely related, namely that every asset that has been issued *zakat* will be holy, clean, good, blessed, grow and develop (Hafidhuddin, 2001). *Zakat* is issuing a number of assets required by Allah to be taken from the property of certain people (*aghniya'*) to be given to those who are entitled to receive them under certain conditions. Productive *zakat*, namely *zakat* which is given to *mustahiq* as capital to carry out an economic activity to develop the economic level and the potential productivity of *mustahiq*.

The fundamental purpose of *zakat* is to solve various kinds of social problems such as unemployment, poverty, and others. The *zakat* distribution system is a solution to these problems by providing assistance to poor people regardless of race, color, ethnicity, and other worldly attributes. The essence of *zakat* is the management of funds taken from *aghniya* to be submitted to those who have the right to receive it and aim to prosper the social life of the *Muslim* community.

*Zakat* has a very large effect in various aspects of people's lives, including effects in the economic field. Based on this function, it is clear that with the existence of *zakat*, it will help the economy of the lower middle class (*mustahiq*). In other words, the management of *zakat* in a professional and productive way can help the weak economy of the community and support the government in improving the country's economy.

*Zakat* empowerment must have a positive effect on *mustahiq*, both economically and socially. From an economic standpoint, *mustahiq*

is demanded to truly be independent and live a decent life while from the social side, *mustahiq* is required to be able to live on equal footing with other communities. This means that *zakat* is not only distributed for consumptive matters but also for productive and educative purposes.

*Zakat* is an economic system of *Muslims*. With good management in the end *zakat* will be able to build economic growth. When the *zakat* system can be managed properly and correctly, there are no people or groups who are poor and distressed. *Zakat* is an aspect of Islamic economy who has long been developed since the time of Rasullah Saw (*shariah*).

In the development and economic activities, the implementation of *zakat* is additionally aimed at creating harmony between economic growth and the welfare of the people. The spirit type through the teachings of *zakat* is to improve the economic life of the people. It needs to be instilled in Islam to all people. For this reason, *zakat* empowerment needs to be led and focused as one of the instruments in improving economic growth and welfare of the people (Muhammad and Ridwan, 2005).

#### Hypothesis

The hypothesis proposed in this study is the empowerment of productive *Zakat* Funds has a positive effect on the welfare of the people.

## RESEARCH METHODS

### Data Source

A study requires data that will help researchers to arrive at a certain conclusion, as well as the data will strengthen the conclusions made. In this study, the discussion will focus on how the effect of the amount of *Zakat* Funds, distributed to productive activities in the BAZNAS Centre in the period for July 2015-December 2017, on the welfare of the people as measured by the Puskas Welfare Index.

### Data Analysis Method

#### Simple Regression Analysis

This study seeks the effect of the amount of productive *Zakat* Funds distributed by BAZNAS Centre to the Puskas BAZNAS Welfare Index, the analysis used was Simple Regression with the following formula:

$$Y = \alpha + \beta X + e$$

Where:

Y = Puskas BAZNAS Welfare Index

A = Constants

X = Productive Zakat Fund

$\beta$  = Independent Variable Regression Coefficient

e = Standard error

### Determination Coefficient Test ( $R^2$ )

The coefficient of determination ( $R^2$ ) essentially measures how far the ability of the model in explaining the variation of the dependent variable. The coefficient of determination between zero and one. A small  $R^2$  value means that the ability of the independent variable to explain the variation of the dependent variable is very limited. A value that approaches one means that the independent variable provides almost all the information needed to predict the dependent variable.

### Statistics t Test

The statistics t test basically shows how far the effect of an explanatory/independent variable individually in explaining the variation of the dependent variable (Ghozali, 2013).

### Normality Test

Normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. As known well that, the t test assumes that the residual value follows the normal distribution. If this assumption is violated then the statistical test becomes invalid for a small sample number. There are two ways to detect whether residuals are normally distributed or not, namely by graph analysis or statistical tests (Ghozali, 2013).

### Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the interfering error in period t and the confounding error in the period t-1 (before). If there is a correlation, then there is an autocorrelation problem. Autocorrelation arises because successive observations over time are related to each other. This problem arises because residuals are not free from one



other observation. A good regression model is autocorrelation-free regression.

**Heteroscedasticity Test**

Heteroscedasticity test aims to test whether in the regression model there is a residual variance inequality one observation to another observation. If the residual variance from one observation to another observation remains, then it is called *Homoscedasticity*, and if it is different it is called *Heteroscedasticity*. A good regression model is Homoscedasticity or Heteroscedasticity does not occur.

**RESULTS AND ANALYSIS**

**Descriptive Statistics**

Descriptive statistics are used to show the amount of data calculated in this study and can show minimum values, maximum values, and average values and standard deviations in each variable.

Variables contained in this study include the variable Zakat (ZP) and Puskas Welfare Index (IKP). Processing results on descriptive data can be seen in Table 1.

The welfare of the people is measured by the Puskas Welfare Index (IKP). Based on the results of calculations in Table 1, the average Puskas Welfare Index (IKP) is 71,500% with a standard deviation (SD) of 12,1704%; these results indicate that the SD value is smaller than the average Puskas Welfare Index (IKP), which indicates that the Puskas Welfare Index (IKP) variable data indicates good results. This is because the standard deviation value that reflects the deviation from the variable data is relatively low, in other word it is smaller than the average value. The lowest Puskas Welfare Index (IKP) is 35.00% and the highest Puskas Welfare Index (IKP) is 85.00%.

Variable of productive Zakat Funds (ZP) is based on the calculation results in Table 1. It is an average of 196,000 with a standard

deviation (SD) of 17.84, these results indicate that the SD value is smaller than the average productive Zakat Funds (ZP) which indicates that Puskas Welfare Index (IKP) variable data indicates good results. The lowest value of productive Zakat Funds (ZP) is 131.00 and the highest Puskas Welfare Index (IKP) is 232.00.

**Normality Test**

This normality test is carried out because the data tested with parametric statistics must be normally distributed. A good regression model is to have normal or near normal data distribution. Normality test can be done using the normality test Kolmogorov Smirnov (Ghozali, 2013). Kolmogorov Smirnov test results can be seen in table 2 below:

**Table 2. Normality Test**  
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	11.66387936
Most Extreme Differences	Absolute	.132
	Positive	.098
	Negative	-.132
Test Statistic		.132
Asymp. Sig. (2-tailed)		.194 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: secondary data processed

The test results on normality using the Kolmogorov Smirnov test showed that the residual statistic has a significance value above 0.05, which is 0.194, this means that the data is normally distributed.

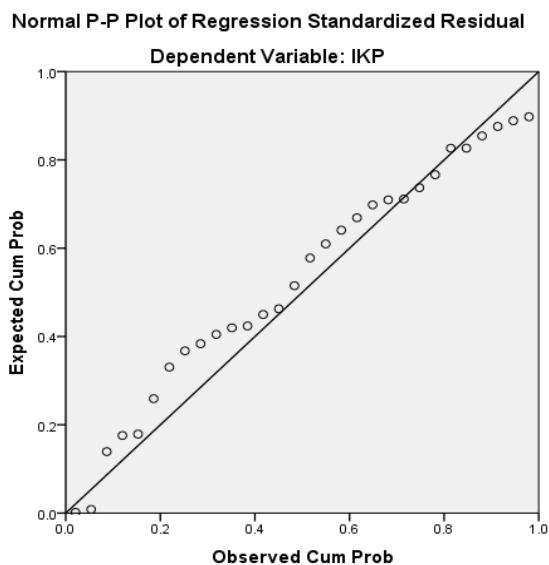
Another detection by looking at the spread of points on the diagonal axis of the graph through the normal P-P plot. Based on the normal P-P chart the plot shows the

**Table 1. Calculation of Minimum Value, Maximum, Mean and Standard Deviation**

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
IKP	30	35.00	85.00	71.5000	12.17048
ZP	30	131.00	232.00	196.0000	17.83255
Valid N (listwise)	30				

Source: secondary data processed

points on the graph still spreading around the diagonal line, and its spread follows the direction of the diagonal line. These results indicate that the research data is normally distributed. The P-P Plot graph can be seen in Figure 1 below:



Source: secondary data processed  
**Figure 1. Normality Test with P-P Graph Plot**

**Autocorrelation Test**

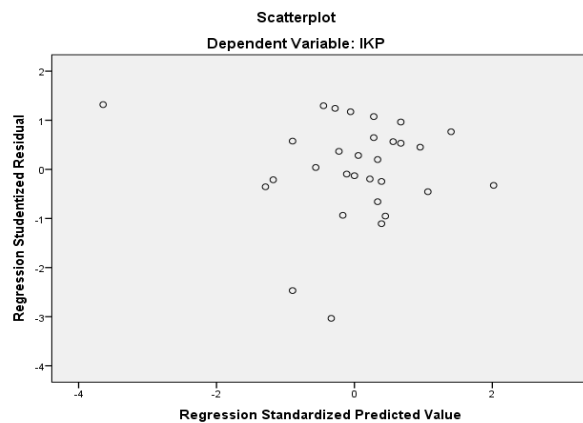
Autocorrelation deviation in the study is tested by the Durbin-Watson test (DW-test). This is to test whether the linear model has a correlation between the disturbance error in period *t* with errors in the period *t*-1 (before). Regression results with a significance level of 0.05 ( $\alpha = 0.05$ ) with a number of independent variables ( $k = 1$ ) and number of data ( $n = 30$ ). The results of the autocorrelation test can be seen in Table 3.

Based on Durbin Watson’s calculation of 2,175; whereas in Table DW for “*k*” = 1 and  $N = 30$  the magnitude of DW-Table: *dl* (lower limit) = 1.352; and *du* (upper limit) = 1.489. Because

DW 2.175 is greater than *du* (upper limit) and DW is less than  $4 - du$ , the Durbin-Watson test (DW-test) can be concluded that there is no inter-residual autocorrelation.

**Heteroscedasticity Test**

Heteroscedasticity testing is done using Scatterplot. Scatterplot patterns that do not form lines or wavy indicate the absence of heteroscedasticity problems. The results of testing heteroscedasticity can be seen in Figure 2.



Source: secondary data processed  
**Figure 2. Heteroscedasticity Test**

Based on figure 2 Scatterplot shows that the points spread randomly and spread both above and below the number 0 on the Y axis. Thus it can be concluded that there is no problem of heteroscedasticity in the regression model.

**Determination Coefficient Test ( $R^2$ )**

The coefficient of determination shows the percentage of the dependent variable that can be explained by independent variables. The value of the coefficient of determination can be obtained from the value of  $R^2$ . Based on the results of the SPSS output the value of  $R^2$  can be seen in Table 4.

**Table 3. Autocorrelation Test**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.286 <sup>a</sup>	.082	.049	11.87034	2.175

a. Predictors: (Constant), ZP

b. Dependent Variable: IKP

Source: secondary data processed

**Table 4. Determination Coefficient Test**

Model	R	R Square	Model Summary <sup>b</sup>		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.286 <sup>a</sup>	.082	.049	11.87034	2.175

a. Predictors: (Constant), ZP

b. Dependent Variable: IKP

Source: secondary data processed

Viewed from Table 4 above, the coefficient of determination (R<sup>2</sup>) is 0.082 or 8.2%. This explains that the ability to explain the independent variable is productive Zakat Funds on the dependent variable that is the welfare of the people which can be explained by the equation model of 8.2% while the difference of 91.8% is effected by other factors not included in the regression model.

**Statistics t Test**

In accordance with the classical assumption test which has been implemented, it can be concluded that the data is normally distributed, the data do not occur autocorrelation and the data is also no heteroscedasticity. Therefore, a simple regression model can be used because the existing data meet the requirements. The results of simple regression analysis can be seen in Table 5.

In accordance with Table 5, a simple regression equation can be obtained as follows:

$$IKP = 33,307 + 0,195 ZP$$

From the simple linear regression equation above, it can be analyzed as follows:

1. A constant of 33.307 states that if the independent variable is considered constant, the IKP value is 33.307.

2. From the calculation results, obtained t count value of 1.576 and a significant value of 0.126 > 0.05, then there is a non-significant positive effect between the variables of productive zakat funds (ZP) on people's welfare (IKP). Changes in the variable of productive Zakat Funds (ZP) have a regression coefficient value of 0.195. The coefficient is positive, it means that every increase in the value of productive Zakat Funds (ZP) of 1% will lead to an increase in the welfare of the people (IKP) 0.195%.

**CONCLUSION AND RECOMMENDATION**

According to the results of the data analysis and the results of the discussion that has been described, it can be agreed that based on the test of the coefficient of determination (R<sup>2</sup>) of 0.082 or 8.2%. This explains that the ability to explain independent variables, namely the Zakat Fund depends on the dependent variable, namely the condition that can be done by the same model of 8.2%, while the difference is 91.8% by other factors that cannot be used in the regression model and the results. In the financial test (t test) between Zakat Funds and the income shown is 1.576 with a significant value of 0.126, which is above 0.05. This means that productive Zakat Funds

**Table 5. Simple Regression Calculation**

Model	Coefficients <sup>a</sup>					
	B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	33.307	24.324		1.369	.182
	ZP	.195	.124	.286	1.576	.126

a. Dependent Variable: IKP

Source: secondary data processed

(ZP) have a positive and insignificant effect on welfare of the people (IKP).

*Zakat* is a system that only exists in the Islamic religion, not only as a worship but also the *Zakat* system covers the financial, economic and social systems. One of the goals of the *Zakat* system is to alleviate poverty and to prosper the people, but in fact the *Zakat* system cannot yet be optimal in alleviating poverty and welfare of the people. With the management of a professional *Zakat* system and dynamic synergy between the government and society in optimizing the role of zakat, it is expected to overcome poverty and to improve the welfare of the people.

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