

ZIS AS AN ALTERNATIVE TO INCREASE WELFARE IN SUSTAINABLE DEVELOPMENT IN INDONESIA: TROUGH EMPIRICAL STUDIES

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Abstract

This study seeks to examine the impact of zakat, infaq, and sodaqoh on the improvement of the welfare of the Indonesian people. This research is explanatory research using ZIS and GDP data for 18 years from 2002 to 2019. Data was obtained from the Baznas website and the Indonesian statistical agency center using documentation techniques. Data analysis was carried out by carrying out a simple regression test using SPSS. This research demonstrates that there is no causal relationship between ZIS and the level of people's welfare, which is measured by GDP. The ZIS variable is not statistically significant at the 5% level, with a p-value of 0.116.

Keyword: ZIS; Increased Welfare; SDGs

A. INTRODUCTION

One indicator of a country's progress can be seen from its level of per capita income or more commonly known as Gross Domestic Income (GDP). The higher a country's GDP, the more advanced the country will be because with a high level of income, the level of education, health and welfare of the community will be higher quality. There are striking differences between developed and developing countries. In general, the increase in income in developed countries occurs evenly due to increased global trade and capital flows. Meanwhile, the increase in income in developing countries occurs unevenly (Samiun et al., 2024).

Based on world bank data, in 2023, Indonesia's GDP level will be 16th out of 208 countries listed, with a GDP of \$ 1,371,171,000,000 below the GDP of Spain. As a developing country, Indonesia is still faced with the problem of poverty. Based on data from the Indonesian Central Statistics Agency (BPS), the number of poor people as of March 2023 in Indonesia, both in urban and rural areas, is 25,900,000. of the total population of Indonesia as of 2023 of 278,696,200. soul. Poverty occurs because there is unequal distribution of income so that the welfare of Indonesian society is still unequal.

Poverty can have an impact on a person's quality of life and can affect the level of welfare of a country's people. A person is said to be in poverty if the income they receive is below the minimum income limit that applies to the country itself. People who are below the poverty line usually cannot fulfill their primary needs (Karimah et al., 2018). Therefore, there is a need for a solution to overcome the problem of poverty so that the prosperity of the Indonesian people is achieved.

One alternative for overcoming poverty by equalizing income distribution can be done by distributing Zakat, Infaq and Sadaqah (ZIS) as a form of sustainable development in improving welfare. (Nunuk & Arba'atin Mansyuroh, 2020) explains that poverty can be overcome with zakat. Zakat is known as one of the third pillars of Islam. After being obliged to pray, a Muslim must also carry out zakat, the main aim of which is to improve the welfare of the people and to reduce the inequality that occurs in society so that it can be achieved optimally. Indonesia is known as the country with the largest number of Muslims in the world, so the high potential of ZIS can also be utilized for welfare distribution and overcoming current economic disparities. Zakat is defined as a form of Muslim worship by removing a certain portion of assets (reaching the nisab) to be given to deserving people (Atabik, 2015).

In contrast to zakat, recipients of infaq and sodaqah have a wider scope or there are no special criteria for recipients so that infaq and alms can be more optimal in equalizing the distribution of welfare. In terms of terminology, infaq is interpreted as the activity of spending one's assets so that they can be used as per Islamic teachings. The time, type and amount of assets issued are not limited in infaq. Not much different from infaq, sodaqah also has no restrictions in terms of time, type and amount of wealth to be spent, but giving sodaqah is not only material but also non-material (Lubis & Amsari, 2024).

The ZIS distribution pattern is not only provided in the form of consumer goods but also in the form of production goods. This is done when the mustahiq has the capacity and ability to process and carry out

production activities. Apart from that, it is necessary to encourage the distribution of ZIS in the form of equity which is expected to have a wider impact on economic conditions. The use of ZIS also needs to be carried out towards long-term investments. If this kind of zakat distribution can be implemented, it will really help the government's program of sustainable development to eradicate poverty, equalize income, and also narrow the gap between rich and poor groups.

Apart from paying attention to ZIS distribution patterns, to optimize the main goal of ZIS you must also pay attention to ZIS distribution management patterns so that they are effective. Referring to Law Number 23 of 2011 concerning zakat management, there are two authorized bodies for zakat management, namely: the Government-managed Zakat Amil Agency and the Community-managed Zakat Amil Institution .(Nurlaela & Zulkarnain, 2019).

Numerous studies have been conducted on zakat, infaq, and sadaqah as efforts to redistribute income, however, no empirical testing has been conducted. Research conducted by (Kalimah, 2020)) shows that zakat can improve the economy and welfare of the people through the distribution of good and productive zakah. The research conducted by Khalimah only used literature studies. The same research was also conducted by (Shobah & Rifai, 2020) regarding increasing welfare through the distribution of productive and descriptive zakah. Research on improving the welfare of mustahik through productive zakah has been carried out by (Syahriza et al., 2019) but is only descriptive. This research aims to empirically test whether ZIS can improve the welfare of Indonesian society. So the novelty in this research compared to previous research is the existence of an empirical study. The hypotheses in this research are:

Ha: there is a significant positive influence of ZIS on welfare

B. LITERATURE REVIEW

Zakat is a form of worship that embodies social values. One of its roles is to create job opportunities for the poor by channeling a portion of zakat funds into productive zakat programs such as free schools, skill training, home industries, and business capital. These programs empower the poor to develop their own businesses and improve their economic conditions. The Sustainable Development Goals (SDGs) comprise 17 global goals to end poverty, protect the planet, and ensure prosperity for all.

Overcoming poverty requires a variety of steps and strategies. The initial step to address the widespread poverty in our society is to establish an economic order that enables a fair distribution system and fosters a sense of empathy among the wealthy towards the poor, needy, weak, and oppressed. One form of empathy from the wealthy is their willingness to pay zakat and give sadaqah. Zakat is a mandatory expenditure of wealth, while sadaqah is voluntary. In an economic context, both are forms of wealth distribution among people. Moreover, zakat has a highly strategic function in the economic system, serving as one of the instruments for wealth distribution.

These goals cover a wide range of The distribution of zakat has changed over time. The economic function of zakat has decreased, and it's now often seen as just a religious duty. This has weakened zakat's role as a social safety net. Zakat is now collected mostly around the same time as zakat fitrah, and is often used for short-term relief rather than long-term solutions. As a result, the poor only get temporary help and may end up back in poverty.issues, from health and education to climate change and gender equality (AL Arif, 2010).

Therefore, zakat is highly suitable for improving consumption, production, and distribution patterns in order to enhance the welfare of the community. One of the greatest evils of capitalism is the concentration of ownership and control of the means of production in the hands of a few economically privileged individuals, resulting in the neglect of the less fortunate. Consequently, the distribution of zakat can increase production to meet the high demand for goods. To optimize the impact of zakat, both partial and structural approaches should be employed (AL Arif, 2010).

Qardhawi, in his work (Atabik, 2015), explains that the role of zakat in poverty alleviation is inevitable, although the strategies for its implementation face many obstacles. Moreover, according to al-Qardhawi, the role of zakat is not limited to poverty alleviation but also aims to address other social problems. Therefore, the most prominent role of zakat is to help other Muslim communities and unite hearts to always hold fast to Islam and also to help with all the problems within it. If all the rich people in various Islamic countries are willing to pay their zakat proportionally and distribute it fairly and evenly, surely poverty will disappear.

C. METHOD

This research is explanatory research to answer the research hypothesis. This study uses secondary data obtained from the official websites of Baznas (www.baznas.go.id) and the Indonesian

Central Statistics Agency (www.bps.go.id). The data includes the amount of ZIS and GDP for 18 years, from 2002 to 2019. This data was gathered using a documentation method.. This research data was analyzed using simple regression with the SPSS analysis tool.

D. RESULT AND DISCUSSION

Indonesia, as the nation with the largest Muslim population globally, boasts over 207 million Muslims spread across the archipelago. A perennial issue in developing countries, and a critical one for all societies, is the economy, whether at the individual, community, or national level. A society's prosperity hinges on its economy; a robust economy typically correlates with a high standard of living, while a weak one implies a lower quality of life. In an effort to bolster the economy and bridge the social gap in Indonesia, charitable organizations have launched a program known as ZIS, an acronym for Zakat, Infaq, and Sadaqah. (Abdullaha & Qoyum, 2022). In Indonesia, there are two zakat amal institutions tasked with collecting and distributing zakat, infaq and alms. The two institutions are the Amil Zakat Institute (LAZ) and the National Amil Zakat Agency (BAZ). The national zakat amal agency is the name given to the Zakat Amil Agency which is led directly by the government (Wahdati, 2022).

Based on the research results collected, it is known that the number of ZIS collected by Baznas during 2002 to 2019 experienced a temporary increase not matched by an increase in GDP. The movement of ZIS and GDP over 18 years can be observed in graph figures 1 and 2 below. From graph 1 and 2 it is known that the ZIS value in 2002 was at a point below one trillion rupiah and continued to climb to more than ten trillion rupiah in 2019. In contrast to ZIS, GDP growth since 2006 continued to decline until 2019 at a point below one trillion rupiah.

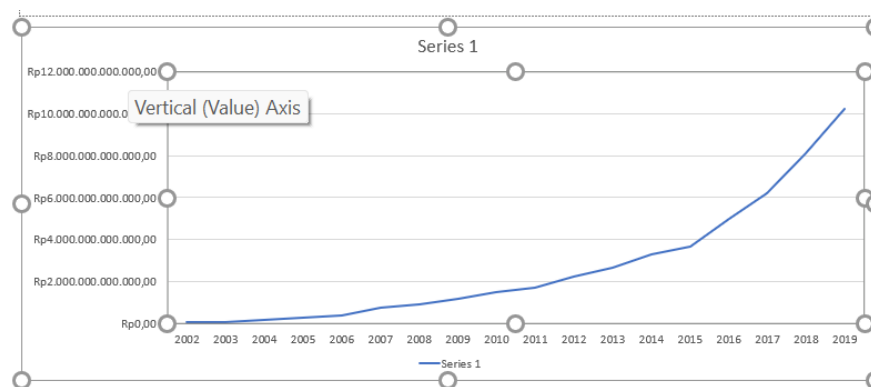


Fig.1 ZIS Growth Graph

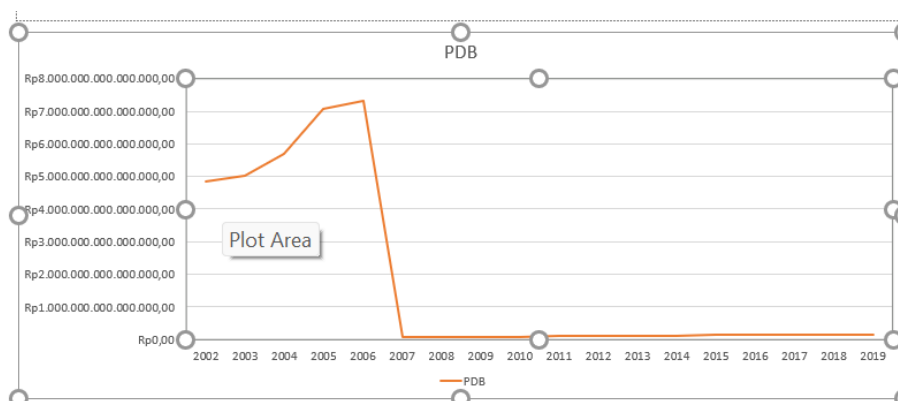


Fig.2 GDP Growth Graph

To obtain empirical evidence, hypothesis testing was carried out using simple regression. The following are the results of ZIS and Development Growth data obtained during the research process, the following results were obtained:

Table 1: SPSS Test Results

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	1859680034	722362206.		.020
	ZIS	.455	.274	.384	.116

a. Dependent Variable: PDB

Referring to table 1, the regression model from this research can be seen, namely:

$$Y = 1859680034.000 + 0,455X + e$$

From the regression equation above, it can be seen that ZIS and increasing welfare as proxied by GDP growth have a positive correlation. Every increase in the amount of ZIS collected by BAZNAZ will cause an increase in GDP growth of 0,455 points. Referring to table 1, it can also be seen that the ZIS significance value of 0.116 is greater than the significance value of 5% so it can be concluded that H1 is rejected and H0 is accepted. There is no significant influence of the ZIS value on improving the welfare of Indonesian society.

The research findings indicate that ZIS cannot be utilized as a variable to enhance the welfare of Indonesian society.. The amount of ZIS collected through Baznas is not able to help the government solve the problem of poverty in the sustainable development process because there are many factors outside the variables of this research that have a greater influence on increasing welfare. This is indicated by the coefficient of determination value for this research of only 14.7%. Improving the welfare of the Indonesian people cannot be overcome just by the existence of ZIS alone.

The results of this research are not in line with the results of research (Nunuk & Arba'atin Mansyuroh, 2020) which explains that zakat has an important role in helping the government overcome poverty as an indicator of the SDGs. The same thing was also conveyed by (Agriawan Suryaalm et al., 2022) through the results of his research which explained that zakat can be used to strengthen the skills of people with disabilities in Nigeria so that it can help the government to overcome poverty. The results of research (Gian Turnando, 2019) also show that ZIS distribution can improve the welfare of mustahik with a coefficient of determination of 63.5%.

This research has several differences compared to previous studies due to various factors, including the use of zakat indicators and community welfare. Most of the zakat indicators used in previous research were productive zakat, while in this study non-productive/consumptive zakat, infaq, and sodaqah were used. Productive zakat is defined as the distribution of muzakki income to mustahik which can be used to develop their skills so they can generate their own income. According to (Tyas, 2024), productive zakat is not the same as consumptive zakat because the distribution of productive zakat income is aimed at increasing the empowerment of mustahik so that they can generate their own income, while consumptive zakat is given without the aim of empowering mustahik.

Apart from the differences in zakat indicators, the differences in indicators of community welfare used in this research use GDP while previous research used indicators for eliminating poverty, the ability to meet one's living needs. To be able to fulfill their daily needs, a person must have an income. The distribution of productive zakat through Baznas can help the government to empower and develop mustahik entrepreneurs so that they generate their own income. The more productive zakat distribution, the higher the level of reduction in poverty rates. However, this is not the same as consumptive zakat, the high distribution of consumptive zakat, infaq and sodaqah which is not accompanied by the empowerment of mustahik skills is not able to overcome poverty. The same thing was also conveyed by (Sudibyo, 2024) through the results of his research which showed that zakat infaq alms had an influence but was not significant on GRDP so it did not help improve welfare significantly. The distribution of consumptive zakat can only temporarily fulfill the living needs of mustahik. Apart from that, the distribution of consumptive

zakat, infaq and sodaqah cannot help mustahik to create their own income in the long term. In other words, the distribution of consumptive zakat is more short term.

If there is no impact on income creation from consumptive zakat distribution activities, there will also be no increase in GDP achieved by Indonesia. GDP or what can also be called per capita income is often used to measure the level of welfare of a country's people (Tarigan, 2020). GDP reflects the national income/population of a country relative to the population of the country itself. Meanwhile, national income reflects national factor costs consisting of wages, rent, interest and profits from owners of production factors (Hasyim, 2017). The higher the level of GDP, the more prosperous the society itself. One of the goals of the SDGs is to improve community welfare in various aspects.

E. CONCLUSION

Based on the findings of this research, it can be concluded that non-productive zakat, infaq, and sodaqah cannot assist the Indonesian government in sustainable development to improve people's welfare. Improvements in welfare through ZIS can only be achieved through the distribution of productive ZIS. This research has several limitations, namely, a simple research model and annual data, so further research is needed with a more complex research model and monthly data so that the research results can be more detailed.

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