

# Distribution of Zakat, Infaq, Shadaqah Funds and the Human Development Index to Economic Growth

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## Abstract

Economic growth in Indonesia has experienced fluctuating growth, especially in recent years has decreased. Meanwhile, when viewed in terms of the distribution of Zakat funds, as well as Infaq and also Shadaqah and the Human Development Index experienced growth from year to year. This situation is expected to encourage economic growth in Indonesia. But in fact, economic growth has decreased. This study aims to analyze the influence of zakat, infaq and shadaqah fund disbursements as well as the Human Development Index in encouraging economic growth. By using quantitative methods with multiple linear regression data analysis. Data used from 2002-2021 which includes annual data. The results of this study show that the distribution of ZIS funds shows a negative and significant influence on Economic Growth. And the Human Development Index also has a negative but not significant effect. Simultaneously, the distribution of ZIS funds and the Human Development Index shows a positive and significant influence on economic growth variables.

**Keywords:** Distribution, Zakat, Infak, Shadaqah, Human Development Index, Economic Growth.

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## INTRODUCTION

Development is a strategy to change towards quality, one of which is development in the economic field. Where economic development is a goal to be achieved for every country without exception Indonesia. With economic development, it is expected that the higher economic growth, economic balance of a country and the achievement of equitable distribution of income, which will further have an impact on people's welfare. Where the success of economic development can be measured through economic growth (Rachmasari *et al.*, 2018).

In this case, the measure for economic growth is by looking at gross domestic growth. Countries with good economic growth are expected to be able to improve the living standards of their people. There are many indications that conquer economic growth, one of which is distribution and ZIS. This way to improve the economy is by empowering people through zakat, infaq and shadaqah. Where the distribution is not only used for consumption, it can also be distributed in the picture of working capital so that it can advance community productivity.

According to Riyandono, the distribution of ZIS funds can encourage economic growth. Because through the distribution of ZIS funds, it can improve the wheels of the economy so that it can increase output, income, and the absorption of community welfare labor. This is supported by research by (Rachmasari *et al.*, 2018), (Agus *et al.*, 2020) and (Usi *et al.*, 2021) that ZIS has a positive and significant effect on increasing economic growth. If the distribution of ZIS funds is high, it will have an impact on increasing economic growth. High distribution balanced with superior quality human resources can increase productivity in the community because ZIS in addition to being channeled for consumption is also channeled through working capital. So that it can make the income and productivity of mustahik increase.

The quality of Human Resources (HR) is reviewed from the Human Development Index (HDI). (Siti *et al.*, 2022) stated, to find out how good the quality of society is through HDI. Human development is a process to expand the choice of the population. If human development is accelerated, such as equitable

distribution of all fields to encourage increased economic growth. This can be seen through the achievement of productivity and the existence of job opportunities.

Then, supported by the research of (Agus *et al.*, 2020), (Rachmasari *et al.*, 2018) (Sayidah *et al.*, 2021) that the Human Development Index has a positive and significant influence on economic growth. High growth affects the performance of economic growth through population capability and increased efficiency and quality.

## DATA AND METHODOLOGY

This research uses quantitative approach methods and associative types of research. Associative research is research that aims to understand the relationship between two or more variables (Sugiyono 1999). The data used is secondary with annual time series data for the period 2002-2021.

The data used are; *first*, the ZIS fund for 2002-2021 in the National Amil Zakat Agency

(www.baznas.go.id). Second, the Human Development Index for 2002-2021 starts from BPS (www.bps.go.id). And third, there is Indonesia's economic growth in 2002-2021 also from BPS (www.bps.go.id).

The population used in this study is an annual report on Indonesia's Economic Growth while the sample is an annual report on the development of Indonesia's economy in twenty years, ie 2002-2021. His analysis techniques include multiple linear regression.

## RESULT AND DISCUSSION

### a. Data

#### i. Economic Growth

In the economic arena, to increase productivity that produces an output including products in the form of goods and services is called economic growth. With this economic growth, we as a society can find out the level of regional economy that has the opportunity to increase income over a period of time. As for the development of the level of Growth Ekonomi in Indonesia:



Chart 1.1: Economic Growth

Based on the chart above, it can be seen that Indonesia's economic growth from 2002 has experienced fluctuating developments but in the last three years it has tended to decline, especially in 2021. With this, it is necessary to have strategies in increasing economic growth so that the goal of the economy is achieved, namely to improve the welfare of the people.

#### ii. Zakat, Infaq, dan Shadaqah

Zakat has the meaning of the remaining property distributed by individuals and groups, in terms of qualitative, zakat can get blessings and develop but the number is decreasing. Zakat also affects the economy by maintaining the *velocity of money*. So, zakat plays a very important role in the economy. So far, the focus of zakat is on the muzakki group. And not necessarily also, even the group that is very dominant in zakat is the mustahik group. The level of consumption is very much focused on the distribution of zakat. This

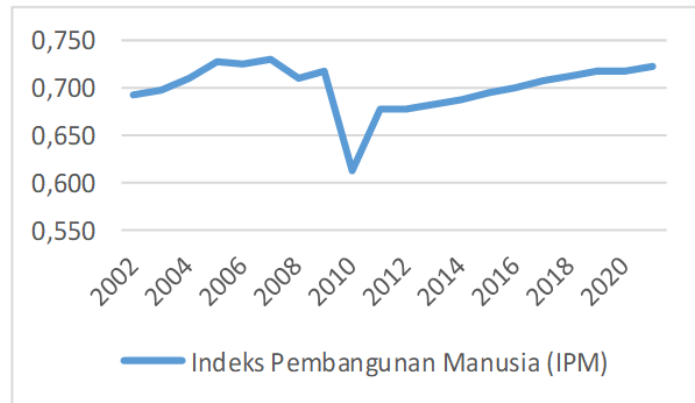
means that zakat has a positive correlation in consumption.

Infaq secara term means "issuing assets for a specific purpose" derived from the Arabic word "anfaqa." On the contrary, other sources assert that what is meant by infaq is voluntary expenditure whenever a person obtains as much food as he wants. Unlike zakat, infaq does not have nishab. Infaq can be given by any person with pure intentions, high or low salary, in a limited or expansive time. Unlike zakat, infaq does not recognize nishab or the amount of property required by law, so infaq cannot count it. Infaq also does not have to be given to certain mustahiks or those that have been classified, but to any group.

According to Hafidhuddin (1998: 15) almsgiving has the meaning of 'right'. Almsgiving actually has the same meaning as infaq, including the

law and its provisions. If the infak relates to matter, then it has nonmaterial properties. The data on the

distribution of ZIS funds are as follows:



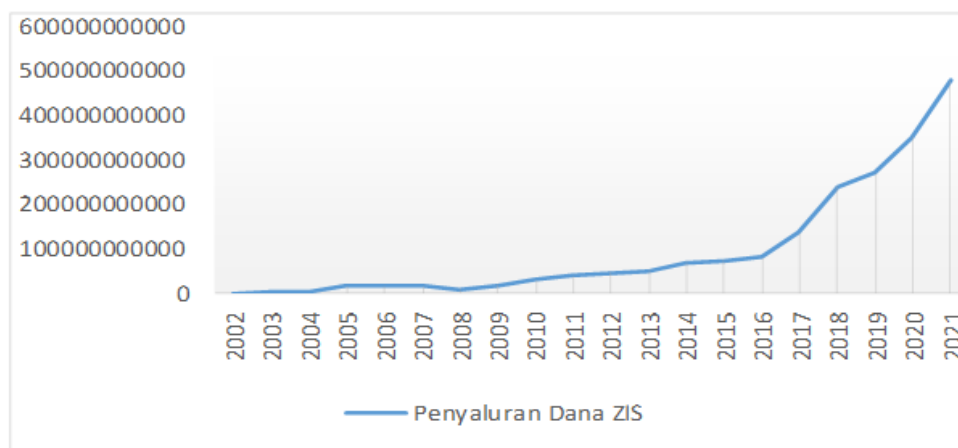
**Chart 1.2: ZIS Fund Disbursement**

Based on the chart above, it can be seen that the distribution of ZIS funds has experienced a good development. The development of ZIS fund disbursements from year to year has increased. It is that people's awareness in terms of paying Zakat, Infaq, Shadaqah is getting higher and higher. So it is expected to contribute to the achievement of increasing economic growth.

**iii. Human Development Index**

These variables are composite factors consisting of life span, knowledge, be as well as a decent standard of living. Where the human

development index is used to measure the level of achievement of a country regarding the three basics inhuman development such as living standards, education and living standards. In its benefit, the HDI variable plays a very important role in the development side, namely measuring success in building the quality of human life up, determining the level of regional/country development, strategic data because utilized for performance from the government, and can also be used to determine the General Allocation Fund (DAUD). As for the development of the Human Development Index in Indonesia:



**Chart 1.3: Human Development Index**

Based on the graph above, it can be seen that these variables have experienced fluctuating developments but tend to increase. With the increasing development of HDI, it is expected to be able to encourage the development of economic growth.

**b. Data Test Results**

**i. Normality Test**

Normality tests with *Kolmogorov-Smirnov* were used in the study. Data is normally distributed if the probability is greater than 0.05, while data is not normally distributed if the probability is less than 0.05 (Imam G 2017).

**Normality Test Results**

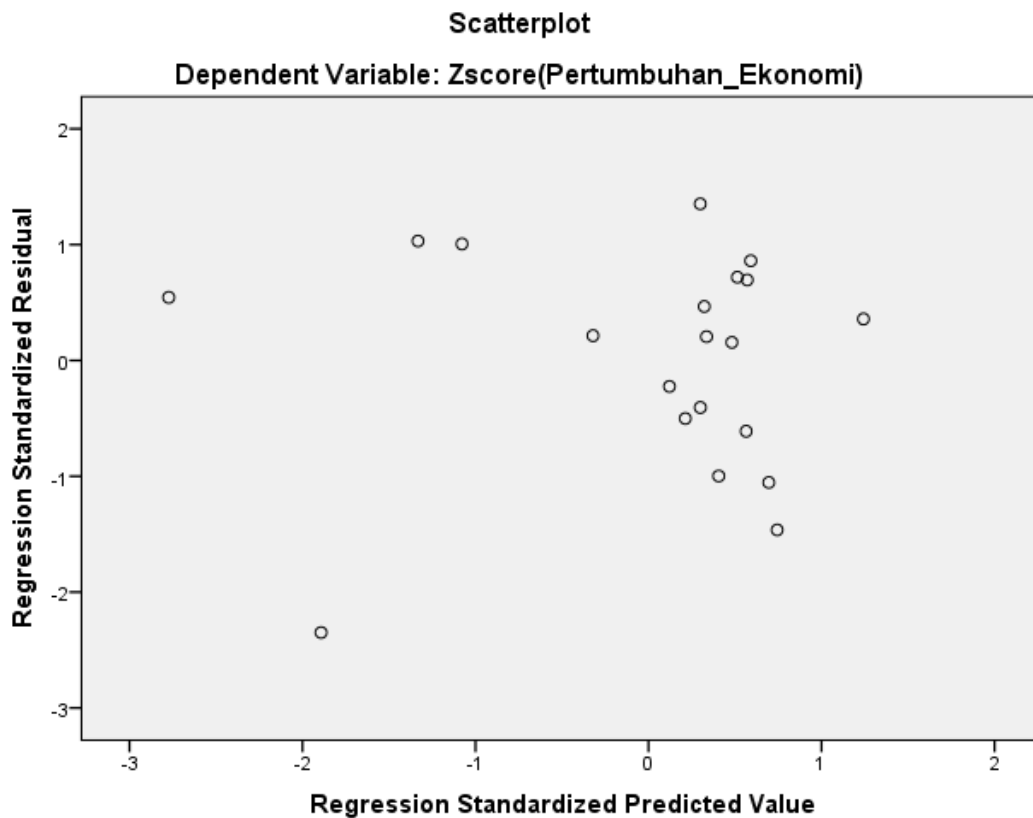
<b>One-Sample Kolmogorov-Smirnov Test</b>				
		Zakat_Infak_Shadaqah	Indeks_Pembangunan_Manusia	Pertumbuhan_Ekonomi
N		20	20	20
Normal Parameters <sup>a,b</sup>	Mean	.0000000	.0000000	.0000000
	Std. Deviation	1.0000000	1.0000000	1.0000000
Most Extreme Differences	Absolute	.301	.146	.164
	Positive	.301	.134	.105
	Negative	-.234	-.146	-.164
Kolmogorov-Smirnov Z		1.345	.653	.735
Asymp. Sig. (2-tailed)		.054	.788	.653
a. Test distribution is Normal.				
b. Calculated from data.				

Asymp values shown in the normality test table above. All variables in the study had a sig value greater than 0.05 indicating that the data was normally distributed.

**ii. Heterochedastic Test Results**

The heterochedasticity test was used to check the variable data used in the study.

Heteroskedastisitas Test



Based on the scatterplot image above, it shows that the points in the plot are scattering and do not form a pattern. So there is variable data in this study free from heteroscedasticity.

**iii. Multicollinearity Test Results**

The multicollinearity test is used to test the presence of correlations between variables. With the value of VIF *collinearity Statistics*, if the VIF is less than 10 then there is no multicollinearity, if the VIF value is more than 10 then multicollinearity occurs.

**Multicolenarity Test**

Model		Collinearity Statistics	
		Tolerance	BRIGHT
1	(Constant)		
	Zscore (Zakat_Infak_Shadaqah)	.921	1.085
	Zscore (Indeks_Pembangunan_Manusia)	.921	1.085

**Dependent Variable:**

**Zscore (Pertumbuhan\_Ekonomi)**

From the results of the variable tester in this study has a VIF value greater than 10 which is indicated by the results of the multicholinerity test showing that multicholinerity does not occur.

**iv. Autokoreasi Test Results**

The autocorrelation test was used to find out whether the variables used in this study were correlated. In this study, the *Durbin Watson* test was used to

determine the presence or absence of autocorrelation. As for *Durbin Watson's* testing criteria:

1. The DW value < of 1.10 can be inferred there is an autocorrelation.
2. DW values 1.10 - 1.54 no conclusion
3. DW values of 1.55 - 2.46 concluded no autocorrelation.
4. DW value 2.46 - 2.90 no conclusion
5. The DW value > 2.91 inferred there was an autocorrelation.

**Autocorrelation Test**

Model Summary <sup>b</sup>			
Model	Change Statistics		Durbin-Watson
	df2	Sig. F Change	
1	17 <sup>a</sup>	.005	1.746
Predictors:(Constant), Zscore(Indeks_Pembangunan_Manusia), Zscore(Zakat_Infak_Shadaqah)			
Dependent Variable:Zscore(Pertumbuhan_Ekonomi)			

Based on the test results above, *Durbin Watson's* value is 1,746. Thus the results of the *Durbin*

*Watson* test is 1.55 < 1.746 > 2.46, there was no autocorrelation between variables.

**v. Multiple Linear Regression**

**Multiple Linear Regression**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	1.013E-013	.174		.000	1.000
	Zscore(Zakat_Infak_Shadaqah)	-.616	.186	-.616	-3.317	.004
	Zscore (Indeks_Pembangunan_Manusia)	-.160	.186	-.160	-.859	.402

Based on the test analysis of multiple linear regression, it can be described as regression as follows:

$$Y = 1.013E-013 - 0.616 (X_1) - 0.160 (X_2)$$

Or

$$\text{Economic Growth} = -1,013 - 0.616 (\text{Zscore Zakat, Infak, Shadaqah}) - 0.160 (\text{Zscore Human Development Index}).$$

**Information:**

- a. The constant of 1.013 states that if the variability of Zscore Zakat, Infak, Shadaqah and Zscore Human Development Index is in a fixed state then the growth of assets is 1,013E-013
- b. Regression coefficient X 1 (Distribution of Zakat, Infak, Shadaqah) of -0.616, after a

increase of 1% then economic growth decreased by 0.616 or 6.16%.

- c. Regression coefficient X<sub>2</sub> (Human Development Index) of -0.616 that after an increase of 1% then economic growth decreases by 0.616 or 6.16%.

**Hypothesis Test**

As for the hypothesis in this study:

- H<sub>1</sub>: There is a positive and significant influence of ZIS fund disbursement on economic growth
- H<sub>2</sub>: There is a positive and significant influence of the Human Development Index (HDI) on economic growth
- H<sub>3</sub>: There is a significant influence of ZIS fund disbursement and Human Development Index (HDI) on simultaneous economic growth on economic growth

### 1. t Test Results

The purpose of this test is to find out how the influence, ZIS, and Human Development Index (HDI) individually affect economic growth. In the case of testing the hypothesis is tested if the sign value is less

than 0.05 or the calculated t value is greater than the table t value. This suggests that the *Independent* variable has a significant influence on *the dependent* variable.

Table of Test Results t

Variable	t-count	t-table	itself	Information
ZIS disbursement of funds	-3.317	2.093	0.004	H <sub>1</sub> Accepted
Human Development Index (HDI)	-0.859	2.093	0.402	H <sub>1</sub> Declined

It can be concluded that the disbursement of ZIS funds has a negative and significant effect on increasing economic growth based on the results of the t test above the calculated value of ZIS fund disbursements, namely  $-3,317 > 2,093$ , with a significant value of  $0.004 < 0.05$ . While the HDI calculated t value is smaller than the table t value of -

$0.859 < 2.093$ , with a significance level of  $0.402 > 0.05$ . This shows that HDI negatively affects economic growth, but not significantly.

### 2. F Test Results

Test F

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	8.739	2	4.369	7.239	.005 <sup>b</sup>
	Residual	10.261	17	.604		
	Total	19.000	19			

Based on the F test above, the value of f-calculate  $>$  from the f-table is  $7,239 > 3,55$  with a significance value of  $0.005 < 0.05$  and it can be concluded that simultaneously or together the variables of ZIS fund distribution and the Human Building Index have a significant effect on economic growth.

### 3. Coefficient of Determination (R<sup>2</sup>)

This coefficient of determination knows how much the free variable contributes to the bound variable.

Coefficient of Determination Test Results

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	Change Statistics		
				R Square Change	F Change	df1
1	.678 <sup>a</sup>	.460	.396	.460	7.239	2

The table shows that the *Adjust R Square* value is 0.396. This shows that the variables of the Human Development Index and ZIS fund disbursements are 38.6% and 60.4% respectively from other variabel representing economic growth.

## c. DISCUSSION

### 1. Effect of ZIS Fund Disbursement on Economic Growth

The results of the t test show that the distribution of ZIS funds has a significant and negative effect on economic expansion. Where one percent economic growth will fall by 0.616 or 6.16 percent. On the other hand, economic growth will increase by 0.616 percent or 6.16 percent if the distribution of ZIS funds is uneven.

The results of this study are not in accordance with research conducted by (Choirul *et al.*, 2021), (Neneng *et al.*, 2018), (Agus *et al.*, 2020), (Rachmasari *et al.*, 2018), (Usi *et al.*, 2021) which shows that the distribution of ZIS funds has a significant positive

impact and on economic growth. There are many benefits that can be felt by the community from the distribution of ZIS. The network can obtain the circulation of ZIS assets to be used together through working capital that can be used to improve efficiency so that individual salary increases Increasing income means that people's purchasing power is also increasing which is expected to reduce poverty, so that with the distribution of ZIS funds, it can be a driver in the economy.

This research is in linewith (Megayana *et al.*, 2022), namely the distribution of ZIS funds has a significant negative impact on economic expansion. Economic expansion slowed with the rise of ZIS funds. The lack of public awareness of the importance of zakat can have an impact on the distribution of ZIS funds which has a negative impact on economic growth. Although ZIS funds have grown, it is still nothing compared to Indonesia's large Muslim population.

The consequences of this study are in accordance with research directed by (Vika F, 2017) where the distribution of ZIS funds has a negative but not significant impact on financial development. This is as a result of the uneven distribution of ZIS funds.

## 2. Effect of Human Development Index (HDI) on Economic Growth

Based on the t test shows that economic growth is negatively affected, but not significantly by the Human Development Index (HDI). Economic growth will fall by 0.160 or 1.60 percent for every 1 percent increase. Conversely, economic growth will increase by 0.160 percent or 1.60 percent if the Human Development Index falls by 1 percent.

The results of this study are not in accordance with research conducted by (Choirul *et al.*, 2021), (Siti *et al.*, 2018), (Agus *et al.*, 2020), (Sayidah *et al.*, 2021), (Vika F 2017) which shows that the Human Development Index has a positive and significant effect. The better the quality of human resources (HR), the more it can increase the productivity of the community so that it can contribute to increasing economic growth.

This research is in accordance with research conducted by (Bagas *et al.*, 2022) which was supported by the research of (Muqorobin *et al.*, 2017), (Farathika P 2020) where economic growth decreased as a result of the high value of the Human Development Index. This is because although the Human Development Index has increased, it is not balanced with the quality of human resources, and Indonesia's economic growth is more influenced in terms of consumption.

## 3. Effect of ZIS Fund Disbursement and Human Development Index (IMP) on Economic Growth

The findings of this study show that the simultaneous disbursement of ZIS and Human Development Index funds has a positive and significant impact on economic growth. So these two variables are indispensable to encourage increased economic growth.

Based on *Adjust's R Square* value of 0.396, meaning that ZIS and Human Development Index funds can contribute 39.6% to economic growth variables. and the remaining 60.4% is explained by other variables outside this study. So that these two variables have a large contribution to economic growth, so if one of the variables decreases, economic growth also decreases.

## CONCLUSION

Based on the above research, it can be concluded that the distribution of ZIS funds has a significant negative impact on economic growth. Economic growth is negatively impacted, but not significantly, by the Human Development Index. At the same time, the Human Development Index and the ZIS fund are distributed simultaneously, which has a significant positive impact on economic expansion.

Based on the conclusions of the research, it is hoped that the government will encourage zakat management institutions to further improve *their performance*, and in human development should be more focused on the quality or output of human beings and the quantity of human development.

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