Distribution of Zakat, Infaq, and Shadaqa Funds to Poverty in Indonesia

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Abstract:
Poverty is an important problem affecting the global economy, including Indonesia. Poverty in Indonesia fluctuates while the acquisition of zakat increases yearly. The main target in the distribution of zakat and infaq funds is to reduce to alleviate poverty. This study aims to determine the effect of zakat and infaq on poverty in Indonesia. This research uses quantitative methods with a descriptive approach. The data analysis used is multiple linear regression analysis. This research showed that zakat had a significant negative influence on poverty. Infaq also has a significant negative effect on poverty. Simultaneously, zakat and infaq have a significant effect on poverty.

Keywords: Zakat, Infaq, Shadaqa, Poverty

JEL Classification Code: F62, G23, I32

1. Introduction

Poverty is a major economic problem in Indonesia. The number of poverties in Indonesia is still very fluctuating (Statistics, 2022). Poverty can occur due to several factors. According to Adawiyah (2020), the cause of poverty is the low quality of human resources, low education, and lack of skills and self-motivation. Another factor is the need for sufficient employment, low-paying job conditions, and non-ideal working hours. Poverty in Indonesia has a fluctuating trend. It differs from the acquisition of zakat, which has an ever-increasing trend (BAZNAS, 2021). The Indonesia Zakat Outlook 2022 states that reducing the poverty rate is the main target in distributing zakat in Indonesia. Yazid bin Abdullah Qadir said that one of the tips to overcome poverty in Islam is with zakat (Komariyah & Kunaifi, 2020).

In addition, Indonesia has been named the most generous country among other countries. According to Rizal Algamar, Chairman of the Executive Board of the Indonesian Philanthropy Association, the big factor in Indonesia being named the most generous country is the culture of cooperation and zakat obligations (Helsop, 2022). Indonesia has a culture of cooperation which is a strong basis for the reasons that make Indonesia a generous country. This mutual assistance, which has been carried out for generations, has also attracted the attention of other countries. In addition, the Islamic religious factor, which requires the implementation of zakat, also strengthens the coronation of a great state where the majority of the population in Indonesia is Muslim (Helsop, 2022).
In the World Giving Index (WGI) 2022, Indonesia occupies the first position as the most generous country. In 2022, in the index published by the Charities Aid Foundation, Indonesia has the highest score of 68% (Helsop, 2022). Indonesia is still ranked first, even though it has experienced a decline in score from the previous World Giving Index published in 2021 (Helsop, 2022). Indonesia's ranking did not shift due to an insignificant decline in score. The achievement of the highest ranking is based on the assessment of three indicators, namely helping others, donating money including zakat, and volunteer activities.

In 2020, the acquisition of Zakat, Infaq, and Alms from all over Indonesia reached IDR 12,429.25 billion. The acquisition of zakat in Indonesia has progressed from year to year. The funds collected are distributed to 5 (five) main aspects: economy, education, da’wah, health, and social humanity. The social and humanitarian sector received 49.9% of ZIS proceeds to be distributed (BAZNAS, 2022).

There have been several previous studies with different results. Research conducted by Komariyah & Kunaifi (2020) and Mustika et al., (2019) revealed that zakat has no effect on poverty, but another study conducted by Murobbi & Usman (2021) and Firmansyah & Ridlwan (2019) stated that zakat has a significant influence on reducing poverty rates. Research conducted by Komariyah & Kunaifi (2020) and Muttaqin & Safitri (2021) revealed that infaq affects reducing poverty, while another study conducted by Murobbi & Usman (2021) and Mustika et al., (2019) stated that infaq does not have a significant effect on reducing poverty rates in Indonesia. The research results on the effect of zakat and infaq on poverty levels still have contradictions. Researchers are interested in conducting research based on exposure to this background.

2. Literature Review

According to Abdiansyah Linge (2015), philanthropy is part of the Islamic concept that has a purpose for good. Considering that the socioeconomic conditions of the community are not the same, philanthropy can be an alternative to reducing the imbalance of socioeconomic levels in the community. According to Bahjatulloh (2016), philanthropy includes community activities of giving to others not only in the form of money or goods but also in the form of efforts to help reduce the burden on people in need and improve their welfare. A broader definition of philanthropy is awareness of giving and helping to reduce distress and improve the welfare of people’s lives in the long term (Sholikhah et al., 2021). The practice of philanthropy in Indonesia has been deeply rooted in community traditions in the form of zakat, infaq, alms and waqf or commonly referred to as ZISWAF (Madjakusumah & Saripudin, 2020).

Zakat is one of the pillars of Islam. So, it is the obligation of every capable Muslim (Habib, 2016). In terminology, zakat is property handed over to mustahiq (recipients) with certain conditions (Anik & Prastiwi, 2019). It can be said that
zakat means an obligation attached to several properties belonging to every Muslim, which is then given to people who have the right to receive the zakat (Anik & Prastiwi, 2019). Zakat fund receipts are divided into several types, called by trade zakat, mall zakat, fitrah zakat, profit sharing on the placement of zakat funds, differences over exchange rates/valuations, and other receipts without amyl rights (BAZNAS, 2021).

Infaq is one of the practices of philanthropy in Islam. Infaq is a person’s generosity by giving others what they have according to everyone’s ability – properly infused by someone to benefit the people or community (Linge, 2015). Since the pandemic, people’s tendency to infaq or donate has increased digitally and non-digitally. The survey results revealed that the average increase in digital donations increased by 72% (BAZNAS, 2022).

Hypothesis

H1: Zakah has a significant effect on poverty.
H2: Infaq has a significant effect on poverty.
H3: Zakah and infaq have a significant effect on poverty simultaneously.

3. Research Methods

This research uses quantitative methods with a descriptive approach. This study used a saturated sampling of funds disbursed by BAZNAS and poverty rates reported by the Central Bureau of Statistics (BPS). According to Sugiyono (2008), the saturated sampling technique is a sampling technique using all members of the population as samples (Chintia Putri & Nyoman, 2017). The type of data used is secondary data. Sugiyono (2016) states that secondary data is obtained indirectly or through intermediaries. The data used in this study was published by the Central Statistics Agency (BPS) and the National Amil Zakat Agency (BAZNAS) from 2012 until 2021.

In the Regulation of the Minister of Religious Affairs of the Republic of Indonesia, Number 52 of 2014, article 4 explained the calculation of zakat mal, that is, gold that must be subject to zakat is that which has reached a nisab of 85 grams of gold, the zakat content on the gold is 2.5%. If it has exceeded the nisab, then the zakat to be paid is also 2.5% of the amount of gold owned.

Infaq does not have nisab or the amount prescribed by law like zakat. Infaq also does not limit to whom the infaq is given. Several conditions must be met before infaq, called must have what will be infaq, adult or not a child who is still lacking in ability, not forced. Infaq/alms are required for someone with excess property (Zulkifli, 2020).

According to the Central Statistics Agency (BPS), poverty is the economic inability to meet the basic needs of food and not food measured in terms of expenditure. People are categorized as poor if they have per capita monthly
expenditure below the poverty line. The poverty line is divided into the Food Poverty Line (GKM) and the Non-Food Poverty Line (GKNM).

This study used multiple linear regression analysis, where this regression model analyzes more than one independent variable. The regression equation formulated for this study is as follows:

This section describes the tools of analysis along with the data and their sources.

\[ Y = a + b_1X_1 + b_2X_2 + e \]

Where:
- \( Y \) = Poverty
- \( a \) = Constant
- \( b_1 \) = Regression coefficient of zakat variable
- \( b_2 \) = Regression coefficient of infaq variable
- \( e \) = Disturbance's error

4. Finding and Discussion

Badan Amil Zakat Nasional (BAZNAS) is an official body that collects and distributes zakat, infaq, and alms (ZIS) at the national level. The role of BAZNAS as a non-structural institution responsible to the President through the Minister of Religious Affairs in managing zakat nationally is strengthened by Law Number 23 of 2011 concerning Zakat Management. Therefore, BAZNAS and the Government are responsible for maintaining zakat management based on Islamic law, trust, benefit, fairness, legal certainty, integration, and accountability.

Descriptive analysis shows a data set's mean, maximum, minimum, and standard deviation values (Talakua et al., 2020). Descriptive tests were carried out on each variable used in this study: zakat, infaq and poverty. The results of the descriptive test in this study are in Table 4.6 below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty</td>
<td>10</td>
<td>9.22</td>
<td>11.66</td>
<td>10.4820</td>
<td>0.82599</td>
</tr>
<tr>
<td>Zakat</td>
<td>10</td>
<td>36019079930</td>
<td>425613391858</td>
<td>153134052746.1</td>
<td>128696493867.18750</td>
</tr>
<tr>
<td>Infaq</td>
<td>10</td>
<td>5384696715</td>
<td>63004981480</td>
<td>26905991840.2</td>
<td>22837264509.27037</td>
</tr>
</tbody>
</table>

Source: Data processed by the Authors

Based on the results of the descriptive test, Table 1 shows that the amount of data or N used in this study is as many as ten for each variable studied. Poverty in Indonesia as a dependent variable has the smallest value (minimum) of 9.22, the largest value (maximum) of 11.66, and the average value (mean) of 10.4820. As for std. The deviation of the poverty variable is 0.82599. The amount of zakat fund distribution in Indonesia as an independent variable has the smallest value
of 36,019,079,930, the largest value (maximum) of 425,613,391,858 and the average value (mean) of 153,134,052,746.1. As for std. The deviation of the zakat variable is 128,696,493,867.18750. Another independent variable is the amount of infaq funds disbursed in Indonesia. This variable shows that poverty has the smallest value (minimum) of 5,384,696,715, the largest value (maximum) of 63,004,981,480, the average value (mean) of 26,905,391,840.2 and the value of std. The deviation of this variable is 22,837,264,509.27037.

Multiple linear regression analysis aims to determine the causal relationship and measure the magnitude of influence between two or more independent variables with dependent variables (Stawati, 2020). The results of this study's multiple linear regression model were used to see the magnitude of the influence of zakat and infaq variables on poverty. The results of the regression analysis test are as follows:

Table 2: Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty</td>
<td>11.225</td>
<td>0.000</td>
</tr>
<tr>
<td>Zakat</td>
<td>-4.850E-12</td>
<td>0.011</td>
</tr>
<tr>
<td>Infaq</td>
<td>-2.905E-11</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Source: Data processed by the Authors

The regression equation shows a constant value of 11.225, meaning that if the two independent variables, namely zakat and infaq, are considered constant, then the value of the dependent variable, namely poverty, is 11.225. The value of the zakat coefficient is -4.8 with a significance of 0.011, so zakat has a significant negative influence on poverty. Similarly, if there is an increase of 1 unit to zakat, it will cause a decrease in poverty by 4.8. The infaq variable has a coefficient value of -2.9 with a significant value of 0.005, so the infaq has a significant negative effect on poverty. Similarly, if there is an increase of 1 unit of infaq, it will cause a decrease in poverty by 2.9.

The coefficient of determination test measures the model's ability to explain variations in the dependent variable. The ability of independent variables to describe the dependent variable is considered limited if the R2 value is small and vice versa. The value of the coefficient of determination is in the range of 0 (zero) to 1 (one) (Natoen et al., 2018).

Table 3: Coefficient of Determination Test

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.651</td>
<td>0.551</td>
</tr>
</tbody>
</table>

Source: Data processed by the Authors

Based on the results of the coefficient of determination test in Table 4.9, it can be seen that the R square value is 0.651. It means that the independent variables have a 65.1% ability to explain the dependent variable. At the same
time, other variables explain the remaining 34.9%. The t-test in multiple regression analysis determines whether the independent variable partially affects the dependent variable (Mardiatmoko, 2020).

Table 4: T Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>t-Statistics</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat</td>
<td>-4.850E-12</td>
<td>-3.263</td>
<td>0.011</td>
</tr>
<tr>
<td>Infaq</td>
<td>-2.905E-11</td>
<td>-3.813</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Source: Data processed by the Authors

Based on the results of the t-test analysis in Table 4.7, zakat and infaq variables partially affect poverty. It can be seen from the significant value of the zakat variable of 0.011 and the infaq variable of 0.005, which is smaller than 0.05 (5%).

The f-test determines whether all independent variables influence the dependent variable together (simultaneously). The F value is the measure on which the decision is based in testing the hypothesis using the F test. If it is smaller than 0.05 (<5%), then the hypothesis is accepted, which states that all independent variables simultaneously and significantly affect the dependent variableness (Maidarti et al., 2022).

Table 4: F Test

<table>
<thead>
<tr>
<th>f-Test</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.533</td>
<td>0.025</td>
</tr>
</tbody>
</table>

Source: Data processed by the Authors

Based on the results of the F test analysis in Table 4.8, the zakat and infaq variables affect poverty together. It can be seen from the significant value of both variables of 0.025, which is smaller than 0.05 (5%).

The Effect of Zakat on Poverty

Based on the results of the partial t-test on the zakat variable has a t-statistic value of -3.263 which is smaller than the t-table value of 2.365 and a significant value of 0.011 which is smaller than the significant level of 0.05. Therefore, the distribution of zakat funds significantly negatively affects poverty in Indonesia.

Muslims, as the majority of the Indonesian population, are one of the supporting factors for zakat funds in Indonesia. Zakat funds in Indonesia are very high when compared to other countries. The acquisition of zakat funds in Indonesia has great potential. Indonesia’s zakat potential can be an alternative to poverty reduction (Anik & Prastiwi, 2019).

The role of zakat as an instrument of poverty reduction to alleviation has become a written rule in Law No. 23 of 2011 concerning Zakat Management contained in rules number three. BAZNAS, as a non-structural government
institution, has an important role in coordinating zakat management nationally. BAZNAS explained that the distribution of zakat funds that had been collected was handed over to eight groups that had been determined in accordance with Islamic law, one of which was poor. BAZNAS reported that in 2021 the zakat institution had alleviated poverty by 397,419 people thanks to the distribution of zakat funds (Achmad et al., 2023).

This study's results align with previous research conducted by (Murobbi & Usman, 2021). Murobbi & Usman (2021) stated that zakat significantly affects poverty due to good zakat management and the spirit of community sharing through zakat. Research conducted by Firmansyah & Ridlwan (2019) also found that the distribution of zakat funds significantly affects poverty. In their research, Firmansyah & Ridlwan (2019) stated that zakat funds given and distributed to the poor are important in reducing poverty in Indonesia.

**The Effect of Infaq on Poverty**

Based on the results of the partial t-test on the infaq variable, it has a t-statistic value of -3.813, which is smaller than the t-table value of 2.365 and a significant value of 0.005 which is smaller than the significant level of 0.05. Therefore, the distribution of infaq funds significantly negatively affects poverty in Indonesia.

Indonesia is known as a country with religious citizens (Zulkarnain, 2017). A person’s religiosity can be reflected in the depth of knowledge, beliefs, and practices of worship in religion (Meylianingrum et al., 2020). Indonesia is a religious country that can be seen as a citizen with the largest number of followers of Islam in the world. In addition, Indonesia also runs with divine values (Zulkarnain, 2017).

Infaq as a form of philanthropy in Islam, is a philanthropic social activity that aims to reduce social problems such as poverty (Hany & Islamiyati, 2020). BAZNAS collects and distributes infaq and zakat funds (Achmad et al., 2023). The productive distribution of infaq funds will provide more benefits to infaq fund recipients, freeing them from poverty (Muttaqin & Safitri, 2021).

The results of this study are in accordance with research conducted by (Komariyah & Kunaifi, 2020), stating that infaq affects poverty. Another study (Muttaqin & Safitri, 2021) also states that partial infaq affects poverty in Indonesia.

**The Effect of Zakat and Infaq on Poverty Simultaneously**

Based on the results of the simultaneous f test on the selected dependent and independent variables, a significant value of 0.025, which is smaller than the significance level of 0.05, it can be concluded that the zakat and infaq variables as independent variables simultaneously affect poverty in Indonesia.

BAZNAS presents the Zakat, Infaq and Alms (ZIS) distribution results in the Indonesian Zakat Outlook. In the report, BAZNAS reported that zakat, along with infaq was distributed by taking into account eight groups of zakat mustahik
which are fakir, miskin, amil, muallaf, riqob, gharimin, sabilillah, and ibn sabil. In 2021, the poor group received the highest percentage in ZIS fund distribution, which was 75.81% (Achmad et al., 2023). The distribution of ZIS funds through five main programs: education, health, humanity, economy, and advocacy da’wah. The humanitarian program distributes ZIS funds with the largest percentage of 49.58% (Achmad et al., 2023).

Optimal management of zakat and infaq funds will effectively overcome various economic problems, including poverty. Management in distributing zakat, infaq and alms funds will help the mustahik economy, reducing the number of poor people (Ratnasari &; Firdayetti, 2019) (Ratnasari & Firdayetti, 2019). BAZNAS manages and distributes zakat and infaq funds nationally (Achmad et al., 2023).

The results of this study are the same as the research conducted by Hany & Islamiyati (2020) said that zakat, infaq and alms (ZIS) affect poverty in Indonesia based on the awareness of the Muslim community in paying zakat obligations and carrying out infaq sunnah. Research conducted by Komariyah & Kunaifi (2020) and Muttaqin & Šafitri (2021) also obtained the results of zakat and infaq analysis of the effect on poverty simultaneously.

5. Conclusions

Poverty is a global economic problem. Zakat is one of the media that is also one of the pillars of Islam. The purpose of zakat itself is to reduce the poverty level of the community and can prosper the community. This study has measured that based on multiple linear regression analysis partially, the distribution of zakat funds has a significant negative effect on poverty in Indonesia. That is, if zakat increases, poverty will decrease.

Similarly, the results of the distribution of infaq funds have a significant negative effect on poverty in Indonesia. That is, if the infection increases, then poverty will decrease. The independent variable, namely the distribution of zakat and infaq funds together, significantly affects poverty in Indonesia.

The results of this study encourage each of us to carry out zakat obligations with the aim of purifying property and helping in reducing poverty. In addition to carrying out zakat obligations, this research also supports the practice of infaq sunnah, which, if distributed to the right people, will help meet their needs. If zakat and infaq are revived, managed and distributed productively, it will help reduce poverty in Indonesia.

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