

# The Impact of Zakat on Poverty and Welfare in West Sumatera

Dian Fitriarni Sari<sup>1</sup>, Irfan Syauqi Beik<sup>2</sup>, Wiwiek Rindayanti<sup>3</sup>

<sup>\*1</sup>Department of Economics, IPB University, Bogor, Jawa Barat, Indonesia

<sup>2,3</sup>Lecture, Departement of Economic, Economic and Management Faculty, Bogor Agriculture University, City, Bogor, Indonesia

## ABSTRACT

Poverty is still a problem faced by all developing countries such as Indonesia. Indonesia's population is predominantly Muslim. One way to reduce poverty is by empowering the zakat system. zakat is an annual financial obligation of Muslim wealth which has reached a wealth surplus (Nishab). Regulations that apply in Indonesia, zakat as a deduction from taxable income has a potential value of zakat 1.57 percent of GDP. West Sumatera is one of the province of Indonesia that has obliged zakat for the State Civil Apparatus. West Sumatera has a zakat potential of IDR 1.7 trillion. This study aims to see how zakat can be an instrument of poverty reduction and a bridge between the poor and the rich. Not only in terms of wealth, but also in terms of spiritual. This study uses the BAZNAS Welfare Index method. The analysis found that the value of the BAZNAS Welfare Index was in the good category.

**Keywords :** BAZNAS Welfare Index, Poverty, Zakat

## I. INTRODUCTION

Poverty is a multidimensional concept. Shirazi (1994), Narayan (2000), and Pramanik (1993) are of the view that poverty can be used to refer to the situation of an individual not having sufficient resources to meet basic needs that are comfortable enough, not only in the economy, but also in the social dimension psychological and even spiritual. according to Al-Qardawi (2002) one way is to reduce poverty by using the zakat instrument.

Zakat is a necessity that has become one of the important elements for Muslims to fulfill one of the pillars of Islam (Abashah et. al., 2018). Zakat is a tool to encourage equitable growth for all people. However, not everyone has the right to pay zakat. Zakat is an annual financial obligation of Muslim wealth which has reached a surplus of wealth

(Nishab). This is the economic right of the poor who need it, which must be fulfilled as part of the pillars of Islam (Ali & Hatta, 2014).

According to the World Bank (2018), the population of Indonesia in 2018 was 267 663 435 people with 87.21 percent being Muslim or 207 176 162 people of the total population of Indonesia (Ministry of Religion, 2016). In general, this indicates that Indonesia's increasing Muslim population has a positive effect on the existence of zakat. Various studies have been conducted regarding the potential for zakat collection in Indonesia.

The potential for zakat is equal to 3.4 percent of Indonesia's GDP in 2010. Besides, the potential for collecting zakat can reach 3.4 percent of total GDP if zakat is determined as a tax deduction (Sudibyo, 2018).

The potential amount referred to in 2017 is IDR 462 trillion. This potential value is higher than the current zakat potential where the applicable regulation is zakat as a direct deduction of taxable income. Current regulations in Indonesia, zakat as a deduction of indirect taxable income has a potential value of zakat 1.57 percent of GDP, this makes zakat potential smaller (Sudibyo, 2018).

The potential for zakat in Indonesia illustrated is not yet supported by the collection of zakat funds in the field. This can be seen from the actual data on the collection of national zakat, infaq and shadaqah by the official zakat management organization in 2015 which only reached Rp 3.7 trillion or less than 1.3 percent of its potential (Puskas BAZNAS, 2016). If seen based on previous exposure, the total collection and distribution of Zakat, Infaq and Sadaqah (ZIS) nationally in 2017 based on the Zakat Management Organization (OPZ) is as follows:

TABLE 1. DETAILS OF THE COLLECTION AND DISTRIBUTION NATIONAL ZAKAT IN INDONESIA

Sector	Collection (IDR)	%	Distribution (IDR)	%
Baznas	153 542 103 405	2,47	131 917 747 764	2,71
Provincial Baznas	448 171 189 258	7,20	388 168 225 347	7,99
City or Regency Baznas	3 426 689 437 619	55,05	2 629 588 214 952	54,11
Amil Zakat Institution (LAZ)	2 195 968 539 189	35,28	1 710 481 136 382	35,19
Total	6 224 371 269 471	100	4 860 155 324 445	100

Source: Indonesia Zakat Outlook 2019, Puskas BAZNAS 2019

Based on Table 1, more than half of national collection and distribution is managed by the regency or city National Zakat Agency (BAZNAS). BAZNAS regency or city managed to collect zakat, infaq and shadaqah of almost IDR 3.5 Trillion and channeled more than IDR 2.6 Trillion in 2017. Furthermore, the Amil Zakat Institute (LAZ) consisting of LAZ at the national level, LAZ at the provincial level, and LAZ at the regency or city level succeeded in collecting more

than IDR 2 trillion and channeling more than IDR 1.7 Trillion in the same year (Puskas BAZNAS, 2019).

West Sumatera is one of the provinces of Indonesia which has a population of 5 259 528 people with a Muslim population of 97.42 percent (Ministry of Religion, 2016). Based on research Firdaus et. al. (2012) that amount is still very far compared to the existing potential of IDR 1.7 trillion. West Sumatera also has a policy for compulsory zakat to the state civil apparatus.

TABLE 2. TOTAL COLLECTION AND DISTRIBUTION OF ZAKAT IN WEST SUMATERA PROVINCE BAZNAS 2013-2018

Years	Collected Zakat Funds (IDR)	Percentage difference (%)	Distributed Zakat Funds (IDR)	Percentage difference (%)
2013	5 698 039 385		4 313 818 278	
2014	6 826 525 113	0.19	5 069 317 746	0.17
2015	7 463 013 735	0.09	5 966 826 320	0.17
2016	11 149 385 130	0.49	6 845 752 500	0.14
2017	8 519 615 809	-0.23	8 838 308 200	0.29
2018	12 815 438 981	0.50	8 134 607 000	-0.07

Source: Annual Report 2018, BAZNAS Province of West Sumatera 20

In Table 2 it can be seen that there was an increase in zakat funds collected from 2013 to 2017 at the BAZNAS of West Sumatera Province. However, if you see the difference between the funds raised and the funds distributed the greater the difference in zakat funds in 2018, and a decrease in the distribution of zakat distribution by 0.07 percent from the previous year. Although it has not yet reached the zakat potential in accordance with the above research, we should be able to examine how the impact of zakat on society. So you can see how zakat can be an instrument of poverty reduction and a bridge between the poor and the rich.

**II. METHODS AND MATERIAL**

The main data used in this study is primary data from a survey of recipients of zakat funds using a questionnaire, data collection was conducted from March to June in 2019 in West Sumatera. The respondents to provide information about the characteristics of the household and religious characteristics of the respondents. Respondents in this study were 200 people who received zakat funds in 2017. This research uses BAZNAS Welfare Index analysis method. This analysis consists of three index derivatives. First is the Welfare Index of CIBEST. Second, the HDI Modification Index and third, the Independence Index.

**A. Baznas Welfare Index**

The analytical tool used in this study was the BAZNAS Welfare Index created by the BAZNAS study center research team (Puskas BAZNAS, 2016). The calculation estimation technique used to obtain the value of the BAZNAS Welfare Index consists of the CIBEST Index, the Modified HDI, and the Independence Index. This method combines several stages of the weighting process that has been given to each component making up the index, so the weighting given to each component must be done in stages and are procedural. Each component also has a contribution weight that has been determined through the FGD mechanism and expert judgment criteria. The formula for calculating the BAZNAS Welfare Index, is:

$$D = (X_{221}) \times 0.40 + (X_{222}) \times 0.40 + (X_{223}) \times 0.20$$

Where (X<sub>221</sub>) = Value of material and spiritual well-being (Index CIBEST Welfare); (X<sub>222</sub>) = Value of education and health (Modified HDI); (X<sub>223</sub>) = Value of independence

The resulting index value will be in the range 0.00-1.00 means that the lower the index value obtained, the condition of the household Mustahik that is not prosperous. While the value of 1.00 is a prosperous household condition.

TABLE 3. WEIGHT OF EACH VARIABLE IMPACT OF ZAKAT

Indicator	Contribution value	Variable	Contribution value
Impact of Zakat (X <sub>22</sub> )	0.60	Material and spiritual welfare (CIBEST Welfare Index) (X <sub>221</sub> )	0.40
		Education and Health (Modified HDI) (X <sub>222</sub> )	0.40
		Independence Index (X <sub>223</sub> )	0.20

Source: National Zakat Index, Puskas Baznas (2016)

**B. CIBEST Index**

The CIBEST Index is an Islamic Poverty Index, Center for Islamic Business and Economics Studies (CIBEST) IPB University. The CIBEST Index was developed by Irfan Syauqi Beik and Laily Dwi Arsyianti in 2014 and was presented at a workshop on Developing a Framework for Maqasid Al-Shariah Based Index of Socio Economic Development organized by the Islamic Research and Training Institute of Islamic Development Bank (IRTI- IDB) (Pratama, 2015).

TABLE 4. CIBEST INDEX CATEGORIES

<b>Material Poverty Index</b> (mp) $P_m = \frac{M_p}{N}$	<b>Welfare Index (W)</b> $W = \frac{w}{N}$
<b>Spiritual Poverty Index</b> (sp) $P_s = \frac{S_p}{N}$	<b>Absolute Poverty Index (ap)</b> $P_a = \frac{A_p}{N}$

Source : Ekonomi Pembangunan Syariah Edisi Revisi, Beik and Arsyianti, 2016

Where W= Welfare index; 0 = W = 1; w = Number of prosperous families (materially and spiritually rich); N = Number of population (number of families observed); Pm = Material poverty index; 0 = Pm = 1; Mp = Number of families who are materially poor but spiritually rich; Ps = Index of spiritual poverty; 0 = Ps = 1; Sp = Number of families who are spiritually poor but wealthy material; Pa = Absolute poverty index; 0 = Pa = 1; Ap = Number of families spiritually and materially poor.

**C. HDI Modification Index**

The HDI consists of three dimensions of assessment, namely the health dimension, the educational dimension, and the income dimension. In calculating the National Zakat Index, the HDI component used is only the health dimension, and the education dimension. HDI dimension is standardized with minimum and maximum values based on the United Nations Development Program (UNDP). The three basic components of HDI are income and purchasing power, access to education and health quality. This study using the IPM Modification formed by Nurzaman (2011) as a measure of welfare for Mustahik. This index only uses 2 components, namely Education Index and health Index.

**1) Education Index**

The Education Index uses two indicators, namely the average length of schooling and the level of literacy. The calculations in this study will follow the standard definition by the Indonesian government. The average length of school aims to describe the number of years used by residents aged 15 years and over in undergoing formal education. While the literacy rate is the percentage of population aged 15 years and over who can read and write Latin letters or other letters.

Then in the calculation process, the two indicators are combined after each one is weighted. For the calculation of the Knowledge Index, two limits are used in accordance with international agreements. The upper limit for literacy levels, is used for a maximum of 100 and a minimum of 0 (zero), which describes the condition of 100 percent or all people are able to read and write, and reflects the condition of zero otherwise (Mubarokah et. al., 2017). Then the formula for calculating the education index (Nurzaman, 2011):

$$IP = \{2/3 [(Lit - 0) / (100 - 0)] + 1/3 [LS - 0] / (15 - 0)\} \times 100$$

Where IP = Education Index; Lit = Literacy rates; LS = Length of school experience; 0 = Minimum level for literacy and length of school; 100 = Maximum amount of Lit; 15 = Minimum number for LS.

## 2) Health Index

This study is to estimate the value at the household level, there will be adjustments in the method by considering the age distribution of the population. In contrast to the calculations used by United Nations Development Programme (UNDP), countries, provinces and districts that consider conditions when individuals are born in estimating the Human Development Index.

Life expectancy at a certain age will be evaluated using life expectancy at birth. But this technique raises other problems in the form of the same life expectancy values for individuals of the same age and gender, even though they show different levels of income. Therefore, as suggested by Torre and Moreno (2010), the estimated life expectancy at the family level will be adjusted according to the number of income and age variables through the imputation method.

In this study, there is an additional variable in estimating life expectancy, namely health information consisting of 10 indicators (Mubarokah et. al., 2017). Thus, the model specifications are as follows:

$$LE = \alpha_0 + \beta_1 \ln INC + \beta_2 GENDER + \beta_3 AGE + \beta_4 (AGE)^2 + \beta_5 HI + \varepsilon$$

Where LE = Life Expectancy Value from the value of Wealth Health Organization (WHO); lnINC = Ln Per capita income for every family Mustahik; GENDER = Dummy variable for gender; AGE = Mustahik age; AGE<sup>2</sup> = Age mustahik squared; HI = Healthy Info is the number of health indicators owned by households.

The second stage is calculating the value of life expectancy at the household level by taking into account the life expectancy of an individual (i) which

has been adjusted to each individual in the sample. Individual life expectancy index is calculated as follows:

$$I_{Hi} = \frac{Y(i) - Y(\min)}{Y(\max) - Y(\min)}$$

Where,  $I_{Hi}$  = Index of life expectancy for individuals (i);  $Y(i)$  = Life expectancy of an individual (i) adjusted to age and sex;  $Y(\max)$  &  $Y(\min)$  = International standard data for maximum expectations and minimum life taken from WHO taking into account the distribution between countries (Mubarokah et. al., 2017). The last stage, Education and Health Index (Modified HDI) obtained from the weighting of each Education Index and Health Index as follows:

$$IPM = (0.5 \times \text{Education Index}) + (0.5 \times \text{Health Index})$$

## D. Independence Index

The Independence Index assessment is measured by two indicators namely Mustahik has a permanent job or Mustahik who has a business that is considered stable and ownership of savings by Mustahik. Calculate the independence index with the following formula:

$$I_i = \frac{(S_i - S_{\min})}{(S_{\max} - S_{\min})}$$

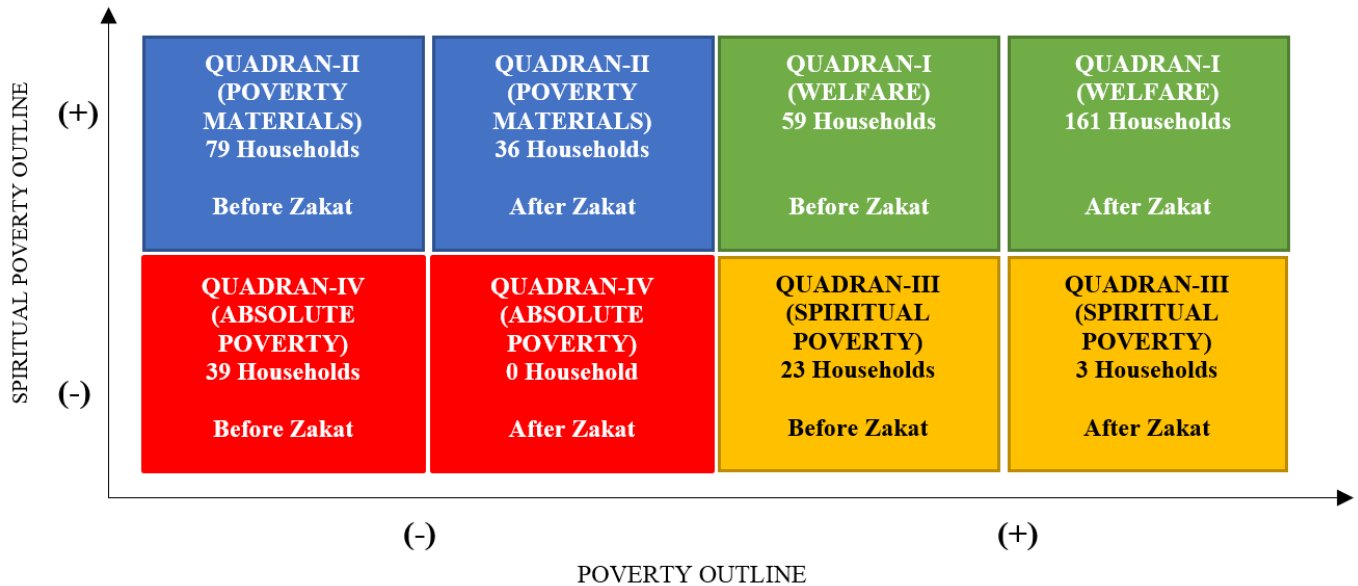
Where  $I_i$  = Index of Independence in Variables i;  $S_i$  = Actual independence score value on the measurement variable i;  $S_{\max}$  = Maximum independence score;  $S_{\min}$  = Minimum independence score.

## III. RESULTS AND DISCUSSION

### A. CIBEST Quadrant Classification

Based on the CIBEST quadrant before and after zakat there was a reduction in poverty levels in quadrant II, quadrant III, and quadrant IV and an increase in quadrant I. Quadrant I illustrates the conditions of prosperous Mustahik increased, this is indicated by an

increase in the number of Mustahik households from 59 to 161 households.



Source: Primary data processed 2019

Figure 1: CIBEST Quadrant Classification Before and After Zakat

The change in increase in quadrant I was 51 percent. This increase occurred because of the cost of zakat and guidance from BAZNAS and increased public awareness to improve the economy and increase worship. And this increase is also due to supervision and monitoring from BAZNAS to remind one another of Mustahik.

Quadrant II, which explains that Mustahik's household falls into the category of materially poor and spiritually rich. Before receiving zakat and guidance from BAZNAS, Mustahik had 79 households. After the provision of zakat and guidance funds, this figure is decreased by 21.5 percent. The zakat and BAZNAS guidance was able to reduce the number of households in this quadrant to 36 households. This must also be followed by good public financial management. Because there are still around 36 households that have not been able to manage their finances properly, so they are still included in this category.

Quadrant III, Mustahik's household is classified as spiritually poor but materially rich. In the condition before being given zakat funds and guidance by this quadrant BAZNAS totaling 23 households. After

being given zakat funds and guidance there is a reduction of ten percent so that the number of households after zakat in this quadrant is equal to three households. awareness to worship and remind each other to worship has been done by BAZNAS. However, it depends again on the personality of each Mustahik.

Quadrant IV illustrates the absolute household poverty experienced by Mustahik households. Based on the results of the study, before the existence of zakat funds the number of Mustahik households included in this quadrant was 39 households. furthermore, when there was a contribution of zakat and guidance to Mustahik households, there was a decrease of 19.5 percent. This means that there are no Mustahik households that are in quadrant IV absolute poverty.

The CIBEST quadrant, changes before and after zakat generally illustrate that zakat can reduce the number of Mustahik households who experience materially poor, spiritually poor and absolute poor conditions. In accordance with the theory that with the existence of zakat and guidance, it can have a positive influence and impact on the poverty conditions of

household Mustahik and justify the Beik and Arsyianti concept that poverty cannot be eliminated, but can be minimized by the existence of zakat.

**A. Analysis of CIBEST Index**

The CIBEST Index consists of the Material Poverty Index, the Spiritual Poverty Index, the Absolute Poverty Index, and the Welfare Index. After knowing the number of Mustahik households in the CIBEST quadrant category, an Islamic Poverty Index calculation was obtained. This calculation is also done before and after the zakat fund and guidance is given.

TABLE 6. CHANGES IN THE CIBEST INDEX BEFORE AND AFTER THE ZAKAT PROGRAM

CIBEST index	Index Value Before Zakat Program	Index Value After Zakat Program	Percentage Change
Welfare Index	0.295	0.805	0.51
Material Poverty Index	0.395	0.18	-0.215
Spiritual Poverty Index	0.115	0.015	-0.1
Absolute Poverty Index	0.195	0	-0.195

Source: Primary data processed (2019)

According to Beik and Arsyianti (2015) there are four indicators of welfare in Islam which are based on the

**1) Analysis of Mustahik Household Welfare Index**

Well-being in this study is limited to the condition of Mustahik's household that is able to meet his material and spiritual needs simultaneously. The welfare index provides a description related to Mustahik households that are able to meet material needs and spiritual needs simultaneously before and after the provision of zakat funds and guidance from BAZNAS of West Sumatera Province.

Al-Qur'an letter Al-Quraysh verses 1-4. The verse explains about the customs of the Quraysh in trading in the summer and winter, their journey is protected by leaders who guarantee their rights are met by not forgetting to always worship God. For indicators of welfare in Islam itself can be summarized. First, the Islamic value system. Second, economic power (industry and trade). Third, meeting basic needs. Fourth, security and social order.

Law Number 13 of 1998 also explains the meaning of welfare. Well-being is defined as a life and social order both material and spiritual which includes a sense of safety, decency, and inner peace that makes it possible for every citizen to carry out physical, spiritual, and social fulfillment as well as possible for himself, family, and society by upholding human rights and obligations in accordance with Pancasila.

The welfare index illustrates the relationship between the condition of Mustahik's household that has been able to meet material needs and is rich in spirituality. The welfare index prior to the provision of zakat funds and guidance has a value of 0.295 or 29.5 percent of Mustahik households materially classified as people whose opinions are above the poverty line and their spiritual needs have also been met.

After the availability of zakat funds and guidance, Mustahik households that are able to meet their material and spiritual needs simultaneously amounted to 0.805 or 80.5 percent of Mustahik households. An increase of 51 percent of Mustahik's household conditions so that this study is in line with the theory of households with Islamic values will bless every activity in meeting the needs of life.

## 2) Analysis of Mustahik Household Material Poverty Index

This index is also able to describe the number of Mustahik households included in the category of materially poor but spiritually rich. Material poverty index seeks to see the incidence of poverty that occurs in Mustahik households observed. The material poverty index before zakat and guidance is 0.395, meaning 39.5 percent of Mustahik households are below the poverty line. Furthermore, after the provision of zakat assistance and guidance the value of this index decreased by 0.215 percent. This means that the value of the Material Poverty Index after zakat and guidance is worth 0.18 or 18 percent of Mustahik's households are still in the material poverty quadrant.

## 3) Analysis of Mustahik's Household Spiritual Poverty Index

Mustahik's Spiritual Poverty Index, meaning that this household is categorized as materially capable but spiritually poor or worshipping. This index is measured using a Likert scale created by Beik and Arsyianti (2014). Mustahik received guidance from BAZNAS in the form of business and spiritual matters. The spiritual poverty index illustrates the spiritual conditions experienced by mustahik households..

Based on the results of interviews with Mustahik, the value of the Spiritual Poverty index prior to the availability of zakat funds and guidance valued at 0.115 or 11.5 percent of Mustahik households is classified as spiritual poor. Furthermore, after the provision of zakat funds as well as guidance the value of this index decreased by one percent of Mustahik

households that were classified as spiritual poor. This means that there is a reduction of 1.5 percent, a decrease in the spiritual poverty index caused by the awareness and environment of Mustahik's family as the main trigger and assisted with lectures or preaching by religious experts.

## 4) Mustahik Household Absolute Poverty Index

The Absolute Poverty Index describes the condition of Mustahik households that have not been able to meet their material and spiritual needs. Based on the results of the study, the value of the Absolute Poverty Index before the existence of zakat and guidance from BAZNAS is 0.195, meaning that 19.5 percent of Mustahik households before zakat are in absolute poverty. Furthermore, after the provision of zakat funds and guidance, the household absolute poverty index has decreased so that the index value after zakat is zero percent of Mustahik households. This means that from before and after the giving of zakat and guidance by BAZNAS there was a reduction in the number of Mustahik households in this category by nine percent.

## B. Analysis of HDI Modification Index

Based on the results of data processing and analysis obtained the value of the Education Index is 0.4113. This value indicates that the level of Mustahik education that was sampled was quite good at 41.13 percent. While the health index is represented by life expectancy. The estimated life expectancy model before the assistance of zakat is obtained is:

$$LE = 73.423 + 0.14INC - 2.922GENDER - 1.123AGE + 0.003(AGE)^2 + 0.056HI$$

To get the Health Index value, the life expectancy sum is calculated and then divided by the number of samples. Life expectancy index value obtained without the assistance of zakat is 0.49. This value indicates that Mustahik's life expectancy without the assistance of zakat is good enough. The estimated life expectancy model with the assistance of zakat is:



$$LE = 78.461 + 0.18INC - 2.821GENDER - 1.328AGE + 0.005(AGE)^2 + 0,010HI$$

Similar to the calculation of Life Expectancy without the help of zakat, the Life Expectancy Index value generated by the assistance of zakat is 0.51. This value shows that Mustahik's life expectancy with the assistance of zakat is quite good. Based on the value of the Education Index and Health Index obtained, the modification index value of the Human Development Index obtained without the help of zakat is as follows.

$$\begin{aligned} \text{Modification of HDI} &= (0.5 \times 0.4113) + (0.5 \times 0.49) \\ &= 0.20565 + 0.245 \\ &= 0.4506 \end{aligned}$$

The value resulting from the calculation of the modification above produces a value of 0.4506. This shows that the impact of zakat in terms of modification of the Human development Index is 45.06 percent in the quite good category. The modification index value of HDI with the help of zakat is as follows:

$$\begin{aligned} \text{Modification of HDI} &= (0.5 \times 0.4113) + (0.5 \times 0.51) \\ &= 0.20565 + 0.255 \\ &= 0.4606 \end{aligned}$$

Value shows the calculation of the modification of HDI with the help of zakat above resulting in a value of 0.4606. This value is higher compared to the index value of the HDI modification before zakat assistance. This shows that the impact of zakat from the Modified Human Development Index is increasing.

TABLE 8. INDEPENDENCE INDEX

Variable	Actual Conditions	Score	Category	Index	The performance
Independence	Own one of the permanent jobs / business / business and have savings	3.4	Enough	0.59	Pretty good

Source: Primary data processed (2019)

The Independence Index assessment is measured from 2 main indicators, namely Mustahik has a permanent

This value is still in the quite good category that is equal to 46.06 percent.

Table 7 can be seen that the Index value of Education has the same value before and after zakat. this is because after the community received the zakat funds in 2017 they no longer continued their education to a higher level. so the values for the education index are the same before and after zakat.

TABLE 7. COMPONENTS OF MODIFICATION OF HDI

Modification of HDI Components	Before Zakat	After Zakat
Health Index	0.49	0.51
Education Index	0.4113	0.4113
Modification of HDI	0.4506	0.4606

Source: Primary data processed (2019)

### C. Analysis of Independence Index

Management of zakat can have an impact on life and sustainable livelihood for its Mustahik even encouraged to become Muzakki. The independence index is one of the determining indices in the BAZNAS Welfare Index formula. Mustahik's independence is the end of the purpose of zakat distribution itself. Therefore Mustahik that is assisted by zakat should be able to encourage poverty reduction, increase welfare and contribute to the surrounding environment and even help other Mustahik who need support and assistance (Puskas BAZNAS, 2017).

job or Mustahik has a business that is considered stable and ownership of savings by Mustahik. The table above shows the results of the Independence Index, amounting to 0.59 into the good enough

category. This shows that the average family Mustahik has one permanent job or business into the category enough and have savings. This can be seen from the average household Mustahik has one

permanent job or business and has savings. For the average number of own-account savings in West Sumatera Province, it ranges from IDR 500 000 to IDR 4 500 000.

**D. BAZNAS West Sumatera Province Welfare Index**

TABLE 9. AVERAGE VALUES OF BAZNAS WELFARE INDEX

Variable	CIBEST Welfare Index	HDI Modification Index	Independence Index	BAZNAS Welfare Index
Average value	0.805	0.4606	0.59	0.62

Source: Primary data processed (2019)

The average value of the BAZNAS Welfare Index, which is 0.62, also means that the impact of the Mustahik welfare after the aid which is managed and distributed by BAZNAS in West Sumatera Province is in good condition at 62 percent. The performance of BAZNAS was felt to have had a good impact and encouraged the independence of the Mustahik recipients of the program. When explored more deeply in each of these variables, the average value obtained is for the CIBEST Welfare Index of 0.805, the HDI Modification Index of 0.46, and the Independence Index of 0.59. The average value of the CIBEST Welfare Index and the HDI Modification Index are considered quite good. While the average value of the Independence Index is 0.44, which means it is quite good.

**IV. CONCLUSION AND RECOMMENDATIONS**

This study empirically explores the results of the analysis in this study showing that zakat can reduce poverty levels both materially and spiritually. The level of human development for Mustahik in West Sumatera has also increased with a fairly good category. the same thing with the independence index, the average person already has a job or business and has savings for their financial savings. the

category on the independence index is good enough. based on these three index derivatives, the Mustahik welfare value category in West Sumatera is in the good category.

Based on the results of the study, suggestions that can be given are first, to improve surveys on Mustahik who have received zakat funds and be fair to the funds provided by the BAZNAS institution for Mustahik so that they can meet the needs of Mustahik households. The survey will be able to see Mustahik who no longer needs to receive zakat funds so that it can be given to other Mustahik who need it. secondly, it takes collaboration between the Amil Zakat agency in West Sumatera and the Sub-District to find out who the people who need zakat funds are so that zakat funds are not kept much.

**V. ACKNOWLEDGMENTS**

The authors acknowledge with gratitude the grant assistance provided by National Zakat Agency (BAZNAS)

**VI. REFERENCES**

[1]. Abashah, A., Samah, I. H. A., Saraih, U. N., Rashid, I. M., Ramlan, S. N. & Radzi, W. N. S. W. (2018).The Impact of Attitude and Subjective

- Norms towards Zakat Compliance Behavior in Malaysia. *International Journal of Engineering & Technology*, vol 7(3.210), 171-174.
- [2]. Al-Qardawi, Y. (2002). Zakat Role in Curing Social and Economic Malaises. In Kahf, M (Ed). *Economics of Zakat*. Jeddah: IRTI – IDB.
- [3]. Ali, I. & Hatta, Z. A. (2014). Zakat as a Poverty Reduction Mechanism Among th Muslim Community: Case Study of Bangladesh, Malaysia, and Indonesia. *Asian Social Work and Policy Review*, Vol 8(1), 59-70.
- [4]. BAZNAS Province of West Sumatera. (2018). "Annual Report 2018". Padang, Indonesia
- [5]. Beik, I. S & Arsyianti, L. D. (2014). Measurement of Islamic Poverty and Welfare indices: CIBEST Model. Paper presented in IRTI-IDB Workshop on Developing a Framework for Maqashid al-Shariah based Index od Socio-Economic Development, Yogyakarta.
- [6]. Beik, I. S & Arsyianti, L. D. (2015). Construction od CIBEST Model as Measurement of Poverty and Welfare Indicates from Islamic Perspective. *Al-Iqtichad*, Vol 7(1), 87-104.
- [7]. Beik, I. S & Arsyianti, L. D. (2016). "Ekonomi Pembangunan Syariah Edisi Revisi". PT Raja Grafindo Persada, Jakarta.
- [8]. Firdaus, M., Beik, I. S., Irawan, T. & Juanda, B. (2012). Economic Estimation and Determinations of Zakat Potential in Indonesia. Working Paper Series, Jeddah: Islamic Research and Training Institute, (7), 1-71.
- [9]. Ministri of Region. (2016). "Kementerian Agama RI dalam Angka tahun 2016". ISBN 978-602-18320-0-4.
- [10]. Mubarokah, I., Beik, I. S. & Irawan, T. (2017). Analysis of Zakat Performance of Cental Java Province. *International Journal of zakat* , Vol 3 (2), 17-28.
- [11]. Narayan, D., Patel, R., Schafft, K., Rademacher, A., & Koch-Schulte, S. (2010). "Can Anyone Hear Us?". Published by Oxford University Press for the World Bank, New York.
- [12]. Nurzaman, M. S. (2011). Zakat and Human Development : An Empirical Analysis on Poverty Alleviation in Jakarta, Indonesia. 8 th International Conference on Islamic Economics and Finance, 1-26.
- [13]. Pramanik, A. H. (1993). "Development and Distribution in Islam". Pelanduk Publications, Petaling Jaya.
- [14]. Pratama, C. & Beik, I. S. (2015). Zakat Impact on Poverty and Welfare of Mustahik: A CIBEST Model Approach. *Afebi Islamic Finance and Economic Review*, 1-12
- [15]. Puskas BAZNAS] Pusat Kajian Strategis BAZNAS. (2016). "National Zakat Index". Pusat Kajian Strategis BAZNAS, Jakarta.
- [16]. Puskas BAZNAS] Pusat Kajian Strategis BAZNAS. (2017). "Indonesia Zakat Outlook 2017". Pusat Kajian Strategis BAZNAS, Jakarta.
- [17]. Puskas BAZNAS] Pusat Kajian Strategis BAZNAS. (2019). "Indonesia Zakat Outlook 2019". Pusat Kajian Strategis BAZNAS, Jakarta.
- [18]. Shirazi, N. S. (1994). An Analysis of Pakistan's Poverty Problem and Its Alleviation through Infaq. PhD Dissertation. International Islamic University, Islamabad.
- [19]. Sudibyo, B. (2018). "Prospek dan Tantangan Pembangunan Zakat 2019". BAZNAS, Jakarta.
- [20]. Torre, R. D. L. & Moreno, H. (2010). Advances in sub National Measurement pf The Human Development Index: The Case of Mexico. *Human Development Research Paper*, (23), 1-43.
- [21]. World Bank. (2018). "Annual Economic Update about Population in Indonesia 2018". Available:<https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ZW>.

**Cite this article as :**

Dian Fitriarni Sari, Irfan Syauqi Beik, Wiwiek Rindayanti, "The Impact of Zakat on Poverty and Welfare in West Sumatera", *International Journal of Scientific Research in Science, Engineering and Technology (IJSRSET)*, Online ISSN : 2394-4099, Print ISSN : 2395-1990, Volume 6 Issue 4, pp. 367-377, July-August 2019. Available at doi : <https://doi.org/10.32628/IJSRSET196447>  
Journal URL : <http://ijsrset.com/IJSRSET196447>