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The Prospect of Zakat Growth in Indonesia and its Effect on Economic Growth in Indonesia

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Abstract: *The Zakat institutions have commenced improving organizational governance, leading to the ease of the Zakat payment, while people's awareness of paying Zakat has increased lately. This study aims to forecast Zakat growth over the next 10 years and test its growth against national economic growth in Indonesia. This study used secondary data that is time-series. Using regression analysis, the Autoregressive Integrated Moving Average (ARIMA) was used to estimate Zakat growth over the upcoming decade and examine the relationship between Zakat and economics. The results of this study have showed that the average growth of Zakat for a decade would reach 10%, doubling that of Infaq and alms receipts. It discloses that Zakat in Indonesia is found to grow more quickly compared to the other forms of charitable giving over the same time period. Moreover, the growth of Zakat receipts has been found to have a positive effect on national economic growth, indicating that Zakat distributed across Indonesia encourages economic growth in Indonesia.*

Keywords: *ARIMA ; Economic Growth; Prospect; Zakat*

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INTRODUCTION

Poverty is a very crucial issue for Indonesia. According to the Central Bureau of Statistics (from now on referred to as BPS), the poverty line increased by 4.0% from September 2021 to March 2022 (486,168 million to 505,469 million) (BPS, 2023). Although the poverty line increased, Indonesia's poverty rate still has room to fall. The increase in the poverty rate in March 2022 will occur evenly across all Indonesian islands and at the rural and urban levels. Geographically, the urban poverty rate has dropped to 7.50%. Meanwhile, the number of poor rural individuals

has dropped to 12.29% from 12.53% in September 2021 to 13.10% in March 2022. *Zakat* is one of Indonesia's efforts to alleviate poverty (Abbas, 2020). *Zakat* is obtained from assets as *haul* and *nisab* requirements given to a *Muzakki* as a form of social behavior that must be practiced. The intended social actions are 1) to purify greedy souls; 2) to eliminate greed and selfishness; 3) to clean up property (Adilla et al., 2021; Al-Salih, 2020; Mills et al., 2004; Owoyemi, 2020; Zaimah, 2024) that in Indonesia, the potential for *Zakat* is between 1% and 2% of GDP (Roikhan et al., 2021). The contribution of *Zakat* institutions is needed to support the realization of sustainable empowerment programs so that poverty alleviation can be realized. The country's economy and society can be actively mobilized if Zakat funds can be collected effectively. (Sulaeman et al., 2021) supports the benefits of *Zakat* in both the social and economic sectors of society.

The groups receiving *Zakat* (*asnaf / mustahiq*) are 1) *Al-Fuqara*', i.e.,individuals who are improveshed and lack the resource necessary to lead regular lives.; 2) *Al-Masakin*, i.e., very poor people and in need; 3) *Al-Amilin* or *Zakat* collectors; 4) *Mu'alaf* or poor people who have just converted to Islam; 5) *Ar-Riqaab* or enslaved people or freed captives; 6) *Ibnu Sabil* or stranded travelers who need financial assistance; 7) *Al-Gharim* or debtors who cannot pay themselves; and 8) *Fisabilillah*, those who are far from home in the way of Allah (Uddin et al., 2020; Santoso et al., 2023).

Zakat is considered to be able clean up the wealth from the prescribed portion to the *Mustahik* where they may utilize received funds to gain productive activities (Aziz et al., 2013; Febriandika, 2024) (Aziz, 2013;). The obligation to pay *Zakat* can be given into (i) gold and silver, (ii) crops, fruits, and livestock, as well as (iii) wealth. *Zakat* is obligatory if the conditions are met, namely owning property, its value has the potential to increase, there is no debt, and it has been owned for more than one year. Furthermore, economic growth is a significant gain in national income with increasing income per capita in a certain calculation period. A proficient workforce is instrumental in driving the development of economic activities and enhancing overall efficiency (Han, 2024; Sharofiddin et al., 2019). From the perspective of Islamic economics, The success of *Zakat* institutions to increase economic growth is income distribution, the creation of justice, and the nation's social welfare. Meanwhile, *Zakat* collection also affects the corporate growth(Abbas, 2020).

Zakat expenditure can encourage economic development in a dynamic regime of basic needs development(Choudhury, 2021; Saleh et al., 2024). For example, *Zakat* empowers certain groups in society, such as fakir, people with low incomes, fund managers, enslaved people, debtors, and travelers. *Zakat* distribution significantly enhances community welfare (Sharofiddin et al., 2019). The efficacy of productive *Zakat* using the CIBEST approach reveals that while *Zakat* utilization programs augmented the welfare index of recipients, they also weakened the poverty index in terms of spiritual values despite material improvements through the *Zakat* initiatives (Beik & Pratama, 2017; Uddin et al., 2020). Furthermore, it is the crucial role of *Zakat* empowerment to elevate the welfare of recipients (Wijayanti & Ryandono, 2020), and managers should prioritize *Zakat* assistance towards the most vulnerable segments within the impoverished population(Choiriyah et al., 2020; Uddin et al., 2020). By directing resources towards the poorest of the poor, *Zakat* utilization can effectively catalyze enhancements in poverty metrics.

The majority of prior studies tend to the implementation of *Zakat* growth (Herianingrum et al., 2023; Satiawan & Muhammad, 2024; Sinaga & Aziz, 2024;

Yamaludin et al., 2023), while a prior study examining the impact of *Zakat* on economic growth (Safitri et al., 2024) looks not to identify stationary data, whereas all analytical procedures are recognized using time series data. Consequently, this study will design the nexus between variables according to the nature of the data. Moreover, as far as we know, no studies have been conducted thus far that examine Zakat's prospects for future growth and its effect on the economy in Indonesia. The rising trend in *Zakat, Infaq,* and *Sadaqah* (ZIS) collection signifies a growing level of public trust in the management of ZIS. This aligns with the concerted efforts of key societal groups to channel ZIS contributions through official institutions.

Consequently, this study is significant to be conducted through further justification, which aims to reveal the future *zakat* growth prospects and we also test the nexus between zakat and economic growth. This study enhances valuable insights to the existing literature on the growth of *Zakat*. It also offers perspective on how other nations facing comparable economic circumstances can forecast *Zakat*'s growth in the future. The rest of this study is organized into several sections, consisting of a literature review regarding Zakat, the development of the hypothesis, method, and findings, and a discussion following. The last section provides inferences and remarks.

The Nexus between Zakat and Economic Growth

The term of *Zakat* means purification from selfishness and greed (Abdurraziq, 2005; Marenza & Karimuddin, 2014). *Zakat* also purifies the wealth of the *Zakat* payer from the prescribed portion to the *mustahik*. The growth means that *Zakat* recipients can utilize the *Zakat* funds they receive in productive activities to generate more income (Aziz et al., 2013). *Zakat* is an amount of wealth that Allah requires to be paid to the rightful people.

From a legal standpoint, Zakat is defined as a specific amount of money or type taken from certain types of wealth when it reaches a certain level at a certain time, which must be given to specific categories in a particular manner. The Qur'an mandates the payment of Zakat, dividing it into three categories: (i) gold and silver, (ii) crops, fruits, and livestock, and (iii) wealth. Zakat must be paid if certain conditions are met, such as owning property, its value having the potential to increase, no debt, and ownership for more than one year. The Qur'an also specifies how Zakat should be distributed in a targeted manner and provides flexibility for Muslims in its payment. The payment of Zakat symbolizes Islamic economic justice, ensuring equitable and trustworthy distribution of wealth. At the macroeconomic level, *Zakat's* effects include economic growth, wealth distribution, poverty alleviation, and social security (Haq, 2013). All forms of expenditure, including consumption, investment, and public expenditure, are related to *Zakat*. Its expenditure has contributed to economic development in the high-income regime of basic needs growth (Herianingrum et al., 2023). In Indonesia, the National Amil Zakat Agency (BAZNAS) allocates capital to Micro, Small, and Medium Enterprises (MSMEs) to launch programs that channel *Zakat* funds into the production sector. The goal is to empower poor Mustahiq individuals by enhancing their businesses through revolving capital donations. This approach highlights the role of *Zakat* funds as business capital for the economic empowerment of recipients (Juliani, 2020).

Economic growth, defined by an upsurge in output measured through Gross Domestic Product (GDP), is pivotal for a nation's progress (Harahap & Tambunan, 2022). This growth, whether computed at current or constant prices, is a gauge for assessing the percentage of economic advancement. Khairina (2019) emphasizes the tangible impact of *Zakat* on community economics, noting its dual function of aiding the impoverished and fostering public welfare. This is evident in the post-distribution effects of *Zakat*, which aim to redistribute wealth from the affluent to people in need, thus mitigating disparities in wealth accumulation.

Razak (2020) qualitatively assessed that *Zakat* serves as an instrument of coping with poverty, preventing alleviation, and making redistribution. In essence, the strategic allocation of ZIS funds towards productive endeavors uplifts individuals from poverty and contributes to broader economic growth and equitable wealth distribution within society. Thus, *we hypnotize that the Zakat positively affects economic growth.*

RESEARCH METHODS

This type of research is quantitative. The data source used is secondary data with a time series nature, which is organized based on the time used to see the effect in time (Abbas et al., 2023; Kuncoro, 2010). Data was obtained from National Amil Zakat Agency reports known as BAZNAS and the Central Bureau of Statistics Indonesia. The data collection technique was carried out through documentation. Data related to financial reports presented by BAZNAS and economic growth data from the Central Bureau of Statistics Indonesia were collected. The data used was for the last 10 years, 2014-2023. Data collection instruments were used as tools with a very accurate and strategic role in research activities. The research instruments used in this study are checklist sheets and work papers to record variables. To see the prospect of *Zakat* growth in the future, the data used was the total *Zakat* per year for a decade, from 2014-2023. The analysis used is Autoregressive Integrated Moving Average (ARIMA), which is able to forecast future values based on past values (Donatelli et al., 2022).

$$X_t = \dot{u} + \emptyset_1 X_{t-1} + e_t - \theta_1 e_{t-1} \text{ AM \& MA}$$
$$(1 - \emptyset_1\beta)X_t = \dot{u} + (1 - \emptyset_1\beta)e_t \text{ ARIMA (1,0,1)}$$
$$(1 - \beta)(1 - \emptyset_1\beta)X_t = \dot{u} + (1 - \emptyset_1\beta)e_t \text{ Difference in ARIMA}$$

Where X is *Zakat* in Rupiah, μ' is constant, Ø and Θ are autoregressive and moving parameters, (1-β) is the Difference in ARIMA. Before estimating the zakar growth, the data must be identified by checking stationarity and ARIMA level fit. While the hypothesis is tested using ARDL (Autoregressive Distributed Lag). The research variables consist of *Zakat* as the independent variable, measured by the amount of *Zakat* obtained, and economic growth as the dependent variable, measured by Indonesia's economic growth level.

Long-Term Model: GROWTH= B0 + B1*ZAKAT*t + e Short-Term Model:

$$\Delta\text{GROWTH} = \text{B0} + \text{B1}\Delta ZAKAT + \text{e}$$

RESULTS AND DISCUSSION

Zakat Growth Throughout the Decade

Sources of *Zakat* revenue consist of trade *Zakat*, *maal Zakat*, *fitrah Zakat*, profit sharing on the placement of *Zakat* funds, excess exchange rate/valuation, income *Zakat* receipts, and other receipts without *amil* rights. Meanwhile, *Infaq* and *sadaqah* come from bound and unbound *Infaq* or *sadaqah*, profit sharing on the placement of *Infaq* and *sadaqah* funds, and other receipts.

Table 1. Percentage of Annual *Zakat* Growth

Year	Receipt (year to year)	
	Zakat	***Infaq*& Sadaqah**
1 (2013-2014)	10%	20%
2 (2014-2015)	18%	26%
3 (2015-2016)	20%	-45%
4 (2016-2017)	27%	45%
5 (2017-2018)	15%	-5%
6 (2018-2019)	16%	16%
7 (2019-2020)	29%	17%
8 (2020-2021)	10%	60%
9 (2021-2022)	38%	-1%
10 (2022-2023)	19%	35%

***Source**: Authors' Calculation*

For a decade, the amount of *Zakat* revenue increased, while the amount of *Infaq* and *Sadaqah* revenue also increased except in 2016, 2018, and 2022. The level of increase is presented in Table 1. Regarding the source of *Zakat* revenue, the smallest increase was 10% in 2018, while in 2019, the highest increase in *Zakat* was 22%. Unlike the case with the source of *Infaq* and *sadaqah* revenue, the growth rate fluctuated (up and down). The growth rate began with an increase of 18% from year 1 to year 2 (2014-2015). Furthermore, there was a decrease of 45% from year 4 to year 5 (2017-2018) and increased by the same amount in the following year (2017). Then, it slipped back to 5% by 2018. After that, the growth rate fluctuated but remained positive until the year's end with an upward trend.

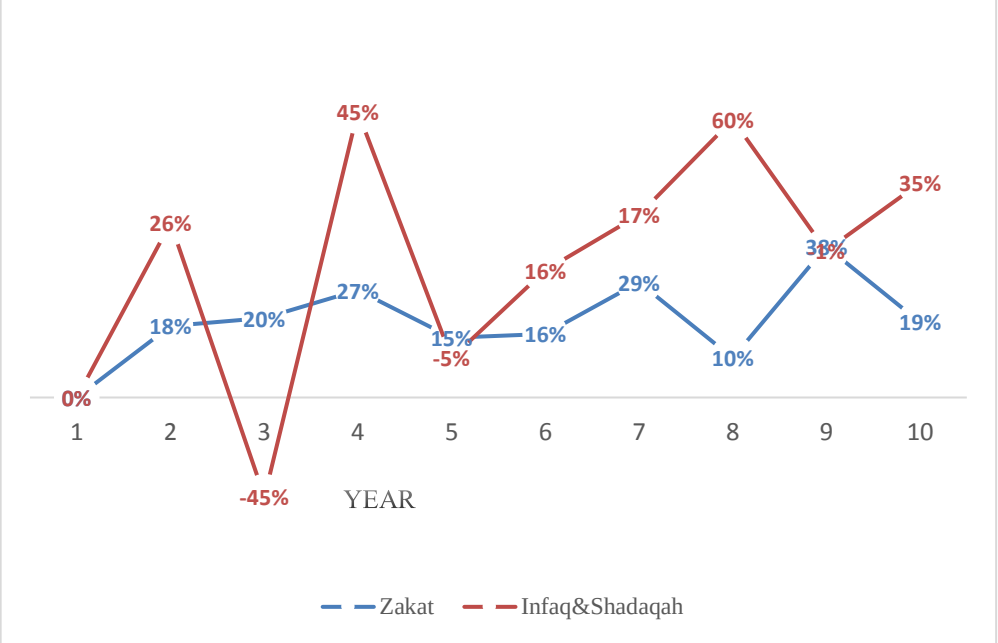

Figure 1. Growth Rate of *Zakat*, *Infaq*, and Sadaqah Revenues

After *receiving Zakat, Infaq, and sadaqah*, BAZNAS was distributed to society and the community through social or humanitarian, health, education, economic, and religious (*da'wah*) programs.

Stationarity Test

Data on *Zakat*, *Infaq*, and Sadaqah receipts are then subjected to diagnostics before growth projections are made for the next 10 years. Diagnosis is done to obtain the pattern of time-series data, whether A.R., MA, ARMA, or ARIMA. Checking the value of the components p (autoregressive), q (moving average), and d (different) is needed to see stationarity. The stationarities test is done by looking at the graph, which a Unit Root Test supports. The Zakat, Infaq and Sadaqah data stationarities test results are as follows.

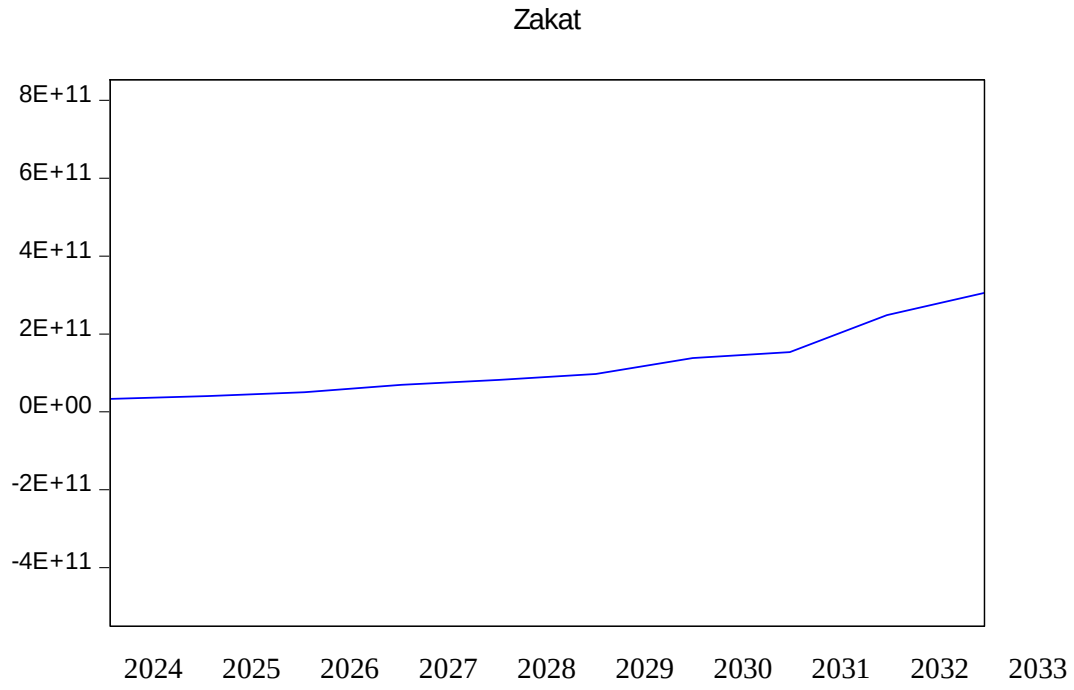

Figure 2. Stationarity Result for *Zakat*

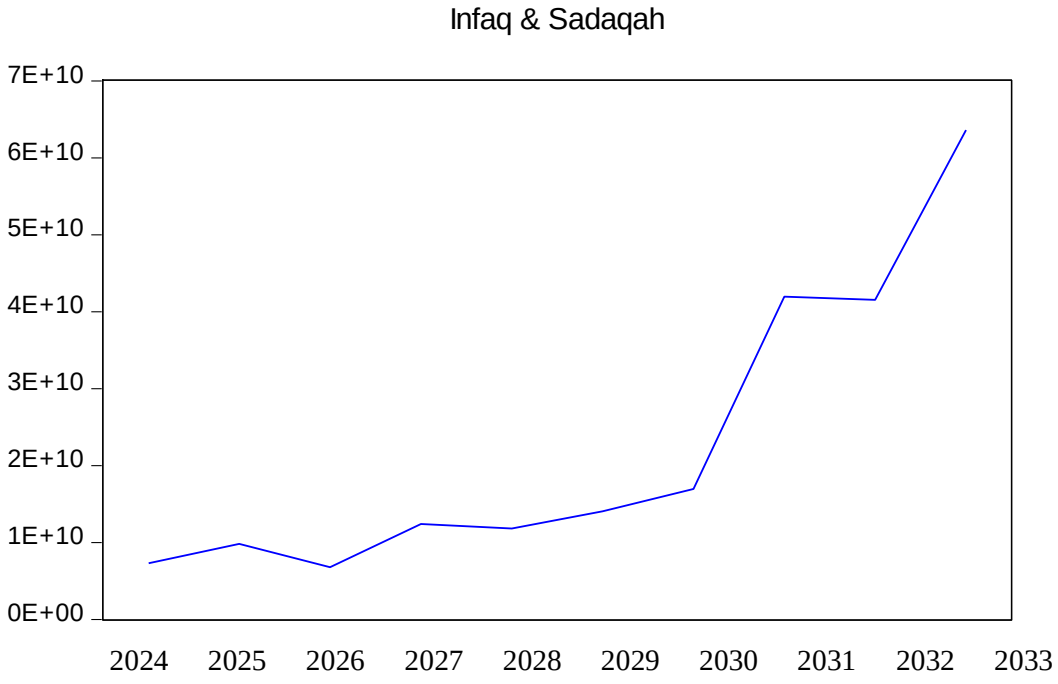

Figure 3. Stationarity Result for *Infaq* and Sadaqah

Figures 2 and 3 show that the *Zakat* data is indicated to be stationary, while the *Infaq* and *sadaqah* data are not stationary. Figure 2 shows that *the trend of Zakat data is* stable. Unlike the *Infaq* and *sadaqah* data in figure 3, the trend tends to

fluctuate, and the pattern is upward. To ensure stationarity, a Unit Root test must be conducted.

Table 2. Unit Root Test of *Zakat*

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.390267	0.0022
Test critical values:	1% level	-4.803492	
	5% level	-3.403313	
	10% level	-2.841819	

Source: *Authors' Calculation (2023*)

Table 3. Unit Root Test of *Infaq* and *Sadaqah*

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.988338	0.0013
Test critical values:	1% level	-4.803492	
	5% level	-3.403313	
	10% level	-2.841819	

Source: *Authors' Calculation (2023*)

Unit Root Test on *Zakat*, Infaq, and Sadaqah variables did not show stationary data at level and 1st Difference. Therefore, it is tested again on the 2nd Difference and produces a significance higher than the critical value. The result on the *Zakat* Variable, as shown in Table 2, obtained a statistical value of -6.390267, greater than the critical value at the 1%, 5%, and 10% levels. We further used the test on the 2nd Difference with a probability of 0.000, which is smaller than 5%. In the *Infaq* and Sadaqah variables, the results are also obtained from the Unit Root Test at the 2nd Difference, with a statistical value of - 6.988338, which is greater than the critical value at the 1%, 5%, and 10% levels and a significance value of 0.001. Thus, the time-series data of *Zakat*, *Infaq*, and Sadaqah are stationary at the 2nd Difference. Model estimation is performed after obtaining results that show stationary in the second differential. Because the data is stationary in the second differential (d=2), the ARIMA (2,2,2) model for *Zakat* projection and ARIMA (1,1,2).

Tabel 4. ARIMA Model of Zakat

Dependent Variable: *ZAKAT*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.81E+11	1.33E+11	1.359234	0.2229
AR(2)	0.939592	0.257172	3.653552	0.0107
MA(2)	0.350490	2.623169	0.133613	0.0981
SIGMASQ	1.46E+21	1.57E+21	0.927630	0.0894

R-squared	0.806821	Mean dependent var	1.22E+11
Adjusted R-squared	0.710231	S.D. dependent var	9.15E+10

F-statistic	8.353084	Durbin-Watson stat	0.743552
Prob(F-statistic)	0.014579		

*Source: Authors' Calculation (*2023)

Table 5. ARIMA Model of Infaq and Sadaqah

Dependent Variable :*INFAQ*___SADAQAH

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.14E+09	7.14E+08	2.993963	0.0402
AR(1)	-0.999953	0.002202	-454.1447	0.0000
MA(2)	-0.981641	0.055225	-17.77540	0.0001
SIGMASQ	3.45E+19	2.57E+19	1.344181	0.2501

R-squared	0.841691	Mean dependent var	2.44E+09
Adjusted R-squared	0.722959	S.D. dependent var	1.58E+10
F-statistic	7.089008	Durbin-Watson stat	2.792529
Prob(F-statistic)	0.044432		

*Source: Authors' Calculation (*2023)

Forecast Results of *Zakat, Infaq,* and Sadaqah Growth

After the ARIMA model results are obtained, the growth projection of *Zakat, Infaq,* and sadaqah is carried out. The estimated amount of *Zakat, Infaq,* and *sadaqah* for 10 years, as presented in Table 6.

Table 6. Level Receipt of *Zakat, Infaq,* and Sadaqah over the Upcoming Decade

Zakat		***Infaq* and Sadaqah**	
Year	**Total in Billion Rupiah**	**Year**	**Total in Billion Rupiah**
1(2024-2025)	18%	1(2024-2025)	6%
2 (2025-2024)	24%	2 (2025-2024)	2%
3 (2024-2025)	5%	3 (2024-2025)	4%
4 (2025-2026)	4%	4 (2025-2026)	7%
5 (2026-2027)	20%	5 (2026-2027)	7%
6 (2027-2028)	4%	6 (2027-2028)	6%
7 (2028-2029)	3%	7 (2028-2029)	6%
8 (2029-2030)	3%	8 (2029-2030)	6%
9 (2030-2031)	3%	9 (2030-2031)	5%
10 (2031-20321)	16%	10 (2031-20321)	5%
Average	**10%**	**Average**	**5%**

Source: *Authors' Calculation*

Prospects for future *Zakat* growth

As presented in Table 6, the estimated amount of *Zakat* over 10 years will show a positive direction, indicating an increase in revenue. The years 2021, 2022, 2025, and 2030 are expected to increase significantly at 18%, 24%, 20%, and 16%

respectively. Then, the rest will increase at an average rate of 3%. The total average growth level is 10% of *Zakat* Growth in the Next 10 Years.

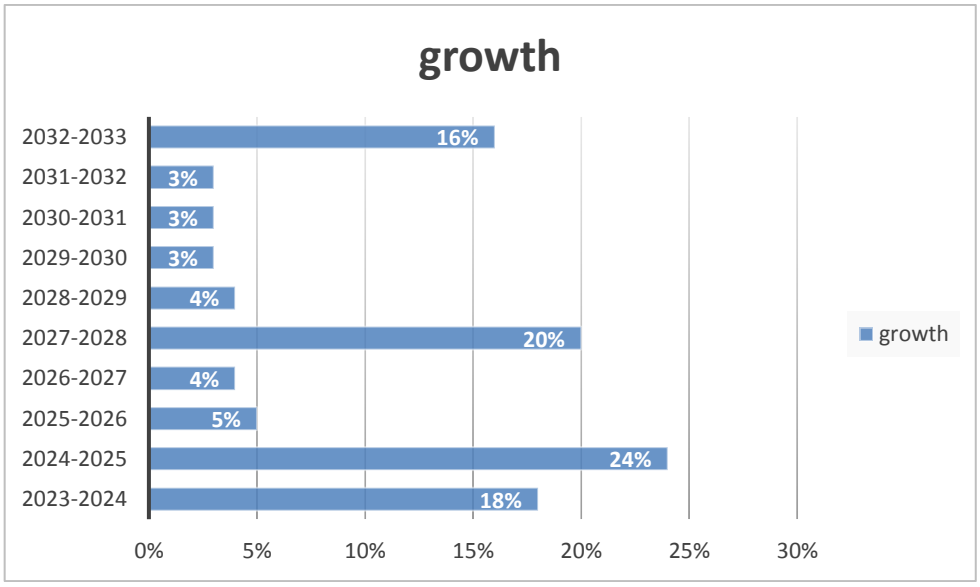

Figure 4. The Prospect of the Growth of *Zakat* Over the Following Decade

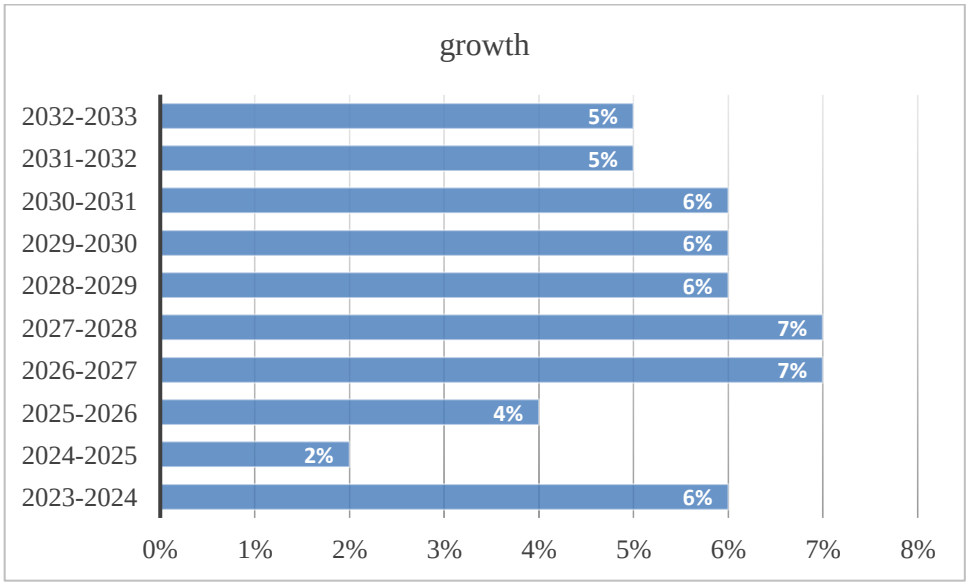

Figure 5. The Prospect of the Growth of *Infaq* and Sadaqah Over the Following Decade

Besides *Zakat*, this study also estimates *Infaq* and *sadaqah*, which show a positive trend in the next decade (Table 15). The growth level of *Infaq* and *sadaqah* revenue has increased from 2% to 7%. Unlike the case with *Zakat*, the average growth level of *Infaq* and *sadaqah* only reaches 5%, twice as big as *Zakat's* revenue. *Zakat* tends to be considered more significant than *Infaq* in terms of the amount

collected. *Zakat* is a form of giving that is obligatory by fulfilling certain criteria where it is usually given to *Asnaf* (*Faqr, Poor, Amil, Muallaf, Riqab, Gharimin, Fisabilillah* and *Ibnu Sabil*).

وَاَقِيْمُوا الصَّلٰوةَ وَاٰتُوا الزَّكٰوةَ وَارْكَعُوْا مَعَ الرّٰكِعِيْنَ

> "Establish the prayer, pay the *Zakat*, and bow with those who bow (AlBaqarah verse 43)"

Meanwhile, *Infaq* and *Sadaqah* refer to any charitable giving or spending from personal or group ownership based on a sense of voluntariness, not obligatory and without coercion, and intended for parents, relatives, orphans, people with low incomes, and in transit. Thus, in this case, any person or group who gives Charity or alms is more commonly channeled directly to individuals.

يَسْـَٔلُوْنَكَ مَاذَا يُنْفِقُوْنَ ۗقُلْ مَآ اَنْفَقْتُمْ مِّنْ خَيْرٍ فَلِلْوَالِدَيْنِ وَالْاَقْرَبِيْنَ وَالْيَتٰمٰى وَالْمَسٰكِيْنِ وَابْنِ السَّبِيْلِ ۗوَمَا تَفْعَلُوْا مِنْ خَيْرٍ فَاِنَّ اللّٰهَ بِهٖ عَلِيْمٌ

> "They ask you (Prophet Muhammad) about what they should spend. Say, "Whatever wealth you give away, let it be for your parents, relatives, orphans, the poor, and those who are on a journey (and need help)." Whatever good you do, Allah knows best (Al-Baqarah verse 215).

Although *infaq is also important in Islam, Zakat is considered a more formal and structured form of giving, with specific rules and guidelines for* collecting and distributing it. *Infaq* and *sadaqah* are more flexible than *Zakat* because there is no specified amount of wealth to be given. One is given freedom to the owner of the wealth to determine the type and amount that should be distributed to others. Both have different requirements but the same purpose.

وَاَنْفِقُوْا مِنْ مَّا رَزَقْنٰكُمْ مِّنْ قَبْلِ اَنْ يَّاْتِيَ اَحَدَكُمُ الْمَوْتُ فَيَقُوْلَ رَبِّ لَوْلَآ اَخَّرْتَنِيْٓ اِلٰٓى اَجَلٍ قَرِيْبٍۙ فَاَصَّدَّقَ وَاَكُنْ مِّنَ الصّٰلِحِيْنَ

> "Spend some of what We have bestowed upon you before death comes to one of you. He then said (with regret), "O my Lord, if you would only delay my death a little longer, I would be able to give in charity, and I would be among the righteous." (Al-Munafiqun verse 10).

Before the relationship between *Zakat, Infaq,* and *Sadaqah* variables and economic growth variables is tested, each variable is tested for stationarity again. *Zakat, Infaq,* and *sadaqah* variables are proxied using the amount of *Zakat, Infaq,* and *sadaqah* distribution to the community, while economic growth is proxied using GDP. Because the GDP variable is obtained every quarter, the *Zakat, Infaq,* and *sadaqah* variables require conversion into quarters by taking the average number of quarters. The stationarity test results for each variable are presented in Table 7 and Table 8.

Table 7. Stationarity Test Results of *Zakat, Infaq,* and Sadaqah

Model AKAIKE				**Model SCHWARZ**	
		t-Statistic	Prob.*	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.703581	0.0070		0.0000
Test critical values:	1% level	-3.571310		-3.568308	
	5% level	-2.922449		-2.921175	
	10% level	-2.599224		-2.598551	

Source: *Authors' Calculation (*2023).

Table 8. Stationarity Test Results of Economic Growth

Model AKAIKE				**Model SCHWARZ**	
		t-Statistic	Prob.*	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.409587	0.0154	-13.92117	0.0000
Test critical values:	-3.574446	-3.568308		-3.568308	
	-2.923780	-2.921175		-2.921175	
	-2.599925	-2.598551		-2.598551	

Source: *Authors' Calculation* (2023).

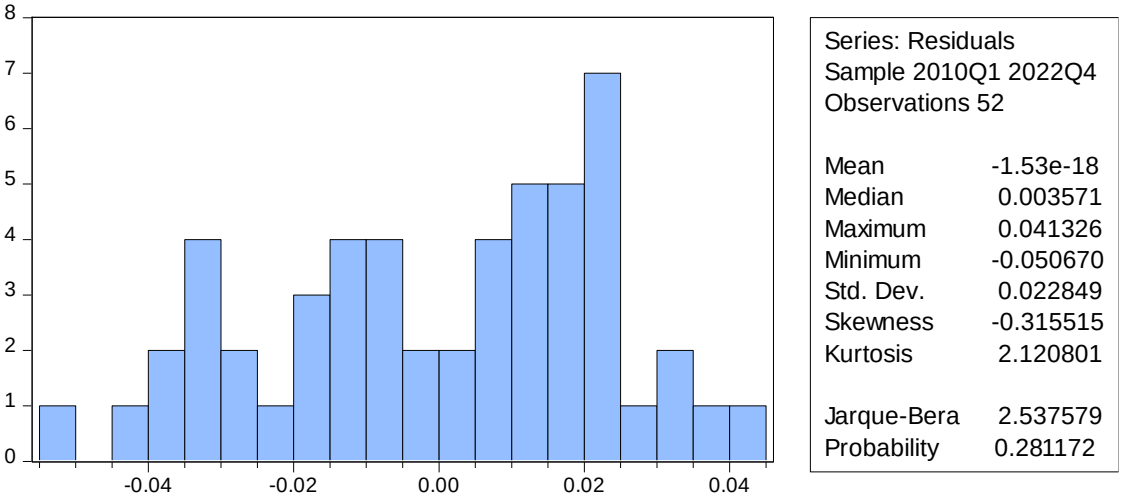

Figure 8. Normality Test Result

After the data is stationary at the level DV~ I(0), IV~ I(0), The equation that is suitable for testing time series data on the relationship model of *Zakat*, *Infaq, a*nd *sadaqah* variables and *Zakat* growth variables is simple regression (Ordinary Least Square). Because the regression test is carried out, the classical assumption test must be fulfilled on normality and heteroscedasticity. The following are the results of the normality and heteroscedasticity tests in Figure 8 and Table 8. The normality test aims to test whether the confounding or residual variables in the regression model have a normal distribution (Ghozali, 2016). There are two ways to detect

whether the residuals are normally distributed: statistical tests showing the JarqueBera probability above (=0.5%).

The heteroscedasticity test aims to test the inequality of variance from one residual to another observation in the regression model. If the variance of the residuals from one observation to another is constant, it is called homoscedasticity; if it is different, it is called heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. Diagnose heteroscedasticity using the Harvey test, supported by the White test. The test results show the value of α>5%.

Table 9. Heteroscedasticity Test Results

Heteroskedasticity Test: Harvey

F-statistic	0.391660	Prob. F(1,50)	0.5343
Obs*R-squared	0.404160	Prob. Chi-Square(1)	0.5249
Scaled explained SS	0.277322	Prob. Chi-Square(1)	0.5985

Heteroskedasticity Test: White

F-statistic	0.752027	Prob. F(2,49)	0.4768
Obs*R-squared	1.548605	Prob. Chi-Square(2)	0.4610
Scaled explained SS	0.802366	Prob. Chi-Square(2)	0.6695

Source: *Authors' Calculation* (2023).

After fulfilling the data stationarity and classical assumption tests, the significance test results of the *Zakat, Infaq,* and *sadaqah* growth variable and the economic growth variable are significant at the level of α =5% as presented in Table 10.

A robustness test also tests the relationship between variables to determine the absence of small changes in the test conditions so that the data results are used as conclusions. Meanwhile, Table 11 shows the robustness results produced at the level of α=5% with a positive effect. Thus, the hypothesis test results are accepted, stating that *Zakat* growth positively affects national economic growth.

Table 10. Hypothesis Testing Result

Dependent Variable: ECONOMY

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ZAKAT	0.052252	0.016565	3.154407	0.0027
C	-0.010564	0.007803	-1.353801	0.0119

R-squared	0.165976	Mean dependent var	0.011885
Adjusted R-squared	0.149295	S.D. dependent var	0.025020
F-statistic	9.950284	Durbin-Watson stat	1.942723
Prob(F-statistic)	0.002721		

*Source: Authors' Calculation (*2023).

Table 11. Robustness Test Result

Dependent Variable: ECONOMY

Variable	Coefficient	Std. Error	z-Statistic	Prob.
ZAKAT	0.056056	0.017805	3.148290	0.0016
C	0.011610	0.008387	-1.384227	0.0163

Robust Statistics

R-squared	0.171813	Adjusted R-squared	0.155249
Rw-squared	0.203193	Adjust Rw-squared	0.203193
Akaike info criterion	41.06560	Schwarz criterion	46.06041
Deviance	0.024619	Scale	0.025401
Rn-squared statistic	9.911731	Prob(Rn-squared stat.)	0.001642

*Source: Authors' Calculation (*2023)

The Effect of *Zakat* on Economic Growth

The *Zakat* variable is proxied by the distribution of *Zakat* to the community. The effect generated through the significance test is positive on economic growth. This positive effect indicates that *Zakat* is well channeled through BAZNAS throughout Indonesia. This method is considered to encourage economic growth that reduces unemployment, poverty, and inequality. *Zakat* funds have been directed to boost national income, which is reflected in consumption, investment, and government spending indicators that spur national economic growth.

The positive relationship between *Zakat* and economic growth aligns with research conducted (Razak, 2020). The relationship between *Zakat* and economic growth is formed through several interrelated mechanisms where *Zakat* serves as income redistribution, leads receipts to engage in productive ways and offers social and economic capital. With its income redistribution mechanism, motivation to produce, and capital assistance to needy people, *Zakat* becomes a significant driver of economic growth in Indonesia. Therefore, developing and implementing an effective and efficient *Zakat* program can continue to strengthen this positive relationship and accelerate the country's economic growth. Based on surah Al-Baqarah [2]: 188.

وَلَا تَأْكُلُوْٓا اَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوْا بِهَآ اِلَى الْحُكَّامِ لِتَأْكُلُوْا فَرِيْقًا مِّنْ اَمْوَالِ النَّاسِ بِالْاِثْمِ وَاَنْتُمْ تَعْلَمُوْنَ

Moreover, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin while you know [it is unlawful].

The verse includes a message about paying *Zakat* and observing God's laws correctly. By fulfilling the obligation of *Zakat*, individuals, and communities are expected to maintain economic justice and avoid violating the property and rights of others. The correct practice of *Zakat* can create a more economically and socially just society, contributing to healthy economic growth.

CONCLUSION

We employ a time-series model to see future trends in *Zakat* growth. Our findings project fluctuations over the next decade, encompassing positive and negative growth periods. These fluctuations suggest that *Zakat* will undergo ups and downs in its trajectory. Estimating the growth of *Zakat*, *Infaq*, and *sadaqah* receipts and understanding their role and importance in Islam are relevant results in Islamic economics. *Zakat* is pivotal in bolstering economic growth in Indonesia by facilitating income redistribution, fostering motivation for production, and providing crucial capital assistance to those in need. Enhancing the effectiveness and efficiency of *Zakat* programs can further fortify this symbiotic relationship, ultimately fostering sustainable and equitable economic development.

Our research findings carry significant policy, social, and practical implications. Regarding policy, our results directly address *Zakat* institutions, indicating that the anticipated fluctuations in *Zakat* growth will serve as a clear signal for enhancing their operational effectiveness. It underscores the necessity to elevate the participation of the community. Furthermore, future studies are warranted to incorporate additional dependent variables beyond GDP, providing a more comprehensive understanding of economic growth dynamics.

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