

The Accountability and Distribution of Productive *Zakat* in Improving the Welfare of *Zakat* Recipients

Muliati*
 Universitas Tadulako
 muly_ak@yahoo.co.id

Arung Gihna Mayapada
 Universitas Tadulako
 arunggihna@gmail.com

Debriyanto
 Universitas Tadulako
 debriyantowun@gmail.com

Muhammad Darma Halwi
 Universitas Tadulako
 darma_halwi@untad.ac.id

***Abstract.* The problem of inequality that occurs in society caused by differences in meeting the needs of life is increasing. Islam has provided a solution to this problem, which is *zakat*. The distribution of resources from the rich to the poor is the essential purpose of *zakat*. This study aims to provide empirical evidence related to the effect of accountability *amil zakat* institutions and distribution of productive *zakat* by the *amil zakat* institutions, in this case of National *Amil Zakat* Agency (BAZNAS) of Central Sulawesi Province, on the welfare of *zakat* recipients. This study is quantitative research with a survey method. The survey was conducted on *zakat* recipients recorded in BAZNAS of Central Sulawesi Province, which amounted to 165 people. The research data was obtained through questionnaires and documentation. The data analysis method used in this study is the multiple linear regression analysis. The results of this study reveal that the accountability of the BAZNAS has a significant effect on the welfare of the *zakat* recipients. Besides, the distribution of productive *zakat* by BAZNAS has a significant effect on the welfare of *zakat* recipients. These results indicate that the accountability of *amil zakat* institutions and the distribution of productive *zakat* are vital in improving the welfare of *zakat* recipients as the fundamental goal of *zakat*.**

***Keywords:* accountability, *amil zakat* institutions, productive *zakat*, the welfare of *zakat* recipients**

INTRODUCTION

Poverty is a multidimensional problem that is a primary concern of almost all countries today, including Indonesia. Based on World Bank data, Indonesia's poverty rate has decreased by 9.4% from 1999 to 2019. Nevertheless, almost 10% of Indonesia's population still lives below the poverty line, and nearly 20% are threatened with falling into poverty due to their low income in 2019.

Although Indonesia's poverty rate has decreased from 1999 to 2019, the poverty rate has fluctuated in several provinces in Indonesia. One example is Central Sulawesi Province. Central Sulawesi Province is recorded to experience a fluctuating change in the number of poor people based on Central Statistics Agency data from 2007-2019. The number of poor people in Central Sulawesi Province is also the second-highest on Sulawesi Island after South Sulawesi Province. In 2019, the number of poor people in Central Sulawesi Province was recorded to reach almost 15% of the total population of more than 400,000 people, the majority of whom came from Parigi Moutong, Donggala, and Poso Regencies. Also, Central Sulawesi Provincial Statistics Agency data shows the level of inequality in the expenditure of Central Sulawesi residents as measured by the Gini Ratio showing an increase in 2019 from 2018 by 0.013 points to 0.330.

This situation requires the Central Sulawesi Provincial Government, in particular, and the Indonesian government, in general, to act in every possible way so that the number of poor people can be reduced and the level of inequality of population expenditure can be minimized. Developed countries can reduce poverty levels to a minimum by implementing social security systems [1]. Unfortunately, such a social security system does not exist in the majority of developing countries like Indonesia [2].

Indonesia, as a country with the largest Muslim population in the world, should be able to use similar but different social security instruments that have been regulated in Islam, namely *zakat*. *Zakat* is one of the pillars of Islam, which is an obligation for Muslims. Islam, as a religion of "*rahmatan lil alamin*," emphasizes the importance of human relations with *Allah SWT* and human relations with fellow human beings and all other living things. *Zakat* is worship not only related to human relations with *Allah SWT* but also with other humans.

According to Q.S. At-Taubah verse 60, *zakat* is a property that must be issued when it meets the requirements set by the religion and is passed on to

eight persons, namely the poor, needy, *amil, mualaf*, slave, debtor, beneficiary, and person is on the way. *Zakat* means cleansing or purifying the acquired property so that it can bless, grow, and develop. In general, *zakat* is divided into two types: *zakat fitrah* and *zakat maal*. The *zakat fitrah* is obligatory *zakat* for every Muslim to come before Eid during the holy month of *Ramadan*, which is equivalent to 3.5 liters of the primary Muslim food. Meanwhile, the *zakat maal* is *zakat* issued by Muslims by 2.5% on business, agriculture, mining, maritime, livestock, treasures, gold, silver, and income, which has passed the *nishab* threshold. *Zakat* can also be distinguished by goals that are both consumptive and productive. Consumptive *zakat* is the provision of food, beverages, clothing, and shelter. Productive *zakat* is donations provided in the form of entrepreneurial training capital and business development for the poor who conform to Islamic law principles. Productive *zakat* aims to provide economic relief to the poor so that the benefits of the *zakat* fund increase.

Several academics have studied the role of *zakat* in improving the welfare of society. Previous researches revealed that *zakat*, which is managed and distributed by *amil zakat* institutions to recipients of *zakat* (*mustahik*), can reduce poverty levels and minimize income inequality in the community, specifically the distribution of productive *zakat* [3]–[5]. Productive *zakat* has a multiplier effect due to the rotation which can produce and keep on spinning. An *amil zakat* institution generally distributes productive *zakat* to micro and small businesses that require business funds. However, the effectiveness of productive *zakat* in improving the community's welfare cannot be immediately identified [6].

Recognizing the role of *zakat* that can help create the welfare of the nation equally, the Indonesian government has taken the initiative since 2001 to establish an institution that manages *zakat* funds under the government's auspices, namely the National Amil Zakat Agency (BAZNAS). One of the goals of the establishment of BAZNAS is to optimize the collection, distribution, and utilization of national *zakat* funds for poverty alleviation, improving people's welfare and moderating social inequalities. Based on BAZNAS data, the potential for *zakat* in Indonesia in 2019 will reach Rp. 233.6 trillion. However, the collection of national *zakat* funds by *amil zakat* institutions only reached Rp. 8,100 billion in 2018. The data shows that *zakat* fund collection has not been optimized by existing *amil zakat* institutions, including BAZNAS.

Several previous studies have reviewed the determinants of the amount of *zakat* collected in Indonesia. The results of the previous studies revealed that in addition to the lack of knowledge regarding the obligation of *zakat*, public distrust of

amil zakat in distributing and utilizing *zakat* is one of the main reasons people choose to distribute *zakat* traditionally or not even fulfill the obligation of *zakat*, especially *zakat maal* [7], [8]. Based on previous studies, the majority of Muslims do not channel their *zakat* funds through *amil zakat* institutions because they doubt the accountability and methods of *amil zakat* institutions [9], [10]. This doubt can be understood given the rampant corruption cases committed by public sector institutions in managing public funds. Therefore, *amil zakat* institutions such as BAZNAS need to build public trust through increasing accountability for the receipt and distribution of *zakat* funds.

Amil zakat institutional governance refers to the structure and mechanism of institutional governance that ensures the realization of financial and managerial accountability for the collection and distribution of *zakat* funds. *Amil zakat* institutional accountability is represented through processes, institutions, and information that can be accessed by all parties who concern it, and the information is available sufficient for monitoring. The results of previous studies reveal that the more accountable the institutions of *amil zakat*, the higher the community's intention to collect their *zakat* funds through them [11], [12]. Previous studies also revealed that the accountability of *amil zakat* institutions increased the level of receipt of *zakat* funds in these institutions [7].

Based on the background, this study aims to analyze the effect of accountability and distribution of productive *zakat* by the Central Sulawesi Province BAZNAS on the welfare of the *zakat* recipient community. This research contributes as a regulator reference material in improving the management of *amil zakat* institutions so that the potential for *zakat* revenue in Indonesia can be realized maximally. Besides, this research also contributes to encouraging *amil zakat* institutions such as BAZNAS and private *amil zakat* institutions that exist in improving the method of distributing productive *zakat* so that the benefit of *zakat* funds can be more fruitful, especially useful in promoting the welfare of the community.

METHOD

This research is a quantitative study conducted on the recipient community of *zakat*, which is distributed by BAZNAS Central Sulawesi Province. The criteria for the *zakat* recipients referred to are the poor and the needy who have small businesses and have the will to change their economies conditions so that they receive productive *zakat* funds. The data of this study were obtained by distributing questionnaires to the recipients of *zakat* distributed by Central Sulawesi Province BAZNAS in October 2018 until May 2019. The number of research respondents who

filled out the questionnaire was 165 recipients of zakat. After completing the questionnaire, the validity and reliability were tested. After that, the data were analyzed using multiple linear regression analysis methods.

Amil zakat institutional accountability variable in this study is divided into four indicators: legal and regulatory accountability, process accountability, program accountability, and police accountability [13]. Meanwhile, the distribution of productive zakat is operationalized through the amount of aid received by the recipient of zakat [14]. Meanwhile, the welfare of the recipients of zakat is measured through the dimensions of the implementation of prayer, health (frequency of illness), education, family (number of children), and wealth (total income) [14].

RESULT & DISCUSSIONS

The results of multiple linear regression analysis showed that the coefficient of determination (R Square) of this research model was 0.417. This figure means that 41.7% of zakat recipients' welfare variability is influenced by the *amil zakat* institutions' accountability and the distribution of productive zakat. Meanwhile, the remaining 58.3% is influenced by other variables not examined in this study. Besides, the F test results indicate that the accountability of *amil zakat* institutions and the distribution of productive zakat simultaneously have a significant effect on the welfare of zakat recipients. These results are interpreted based on the results of the F test, which show the significance is below the significance probability of 5%. These results also mean that this research model is feasible.

Table 1. The Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	4,441	2,260		1,965	0,054
Accountability	0,456	0,156	0,407	2,925	0,005
Productive_Zakat	0,227	0,103	0,306	2,202	0,032
R: 0,661			F computed: 22,849		
R Square: 0,436			Sig: 0,000		
Adjusted R Square: 0,417					

Based on Table 1, the partial test results for the accountability variable of the institution of *amil zakat* obtained significance of 0.005, which is below 0.05. This result means that the accountability of *amil zakat* institutions significantly influences the welfare of zakat recipients. Besides, the partial test results also showed that the standard beta coefficient for the *amil zakat* institution's accountability variable was 0.456. The magnitude of the coefficient of accountability of the *amil zakat* institution means

that every time there is a one-point reminder of the accountability of *amil zakat*, the welfare of zakat recipients will also increase by 0.456 assuming the other variables remain.

Table 1 also shows the partial test results for the distribution of productive zakat variables, which obtained that the significance of the variable distribution of productive zakat is 0.032 below 0.05. These results mean that the distribution of productive zakat has a significant effect on the welfare of the zakat recipients. Meanwhile, the standard coefficient of the distribution of productive zakat is 0.227, which means that every time the distribution of productive zakat increases by one point, the welfare of the zakat recipients will increase by 0.227 points assuming other variables are constant.

The results of this study revealed that the accountability of *amil zakat* institutions had a significant effect on the welfare of the zakat recipient community in line with several previous research findings [13]. An institution is said to be accountable if it can carry out the mandate given and be able to account for the mandate. In the view of the zakat recipients, BAZNAS Central Sulawesi Province's accountability is already proper. This conclusion was drawn based on the results of the processing of the questionnaire distributed to zakat recipients that the level of accountability of BAZNAS in Central Sulawesi Province was in an excellent range. Based on the responses of zakat recipients, the idea that dominates the accountability of BAZNAS in Central Sulawesi Province is the BAZNAS programs that do not damage environmental stability. BAZNAS Central Sulawesi Province has also been able to distribute every zakat fund mandated by zakat payers reasonably to the zakat recipients so that the zakat recipients are satisfied with the assistance they receive. Therefore, BAZNAS of Central Sulawesi Province is considered to have fulfilled the criteria or indicators of the implementation of accountability in Islam [15].

Accountability is not just about reporting open data on the receipt and distribution of zakat funds to all stakeholders. Furthermore, accountability also entails presenting data that is true and complete and not manipulative. Specifically, the accountability of *amil zakat* institutions is not only to stakeholders but also to ALLAH SWT.

Accountability is a control mechanism for *amil zakat* institutions to avoid malfunctions. Accountability is also a tool to gain public trust, especially the payer and recipient of zakat that zakat is distributed on target and fair. Besides, accountability is also vital to gain the trust of the government and the community in general so that it becomes one of the community's top choices in channeling zakat funds.

This study also revealed that the distribution of

productive *zakat* by BAZNAS in Central Sulawesi Province was effective in improving the welfare of *zakat* recipients. In general, the distribution of productive *zakat* by BAZNAS Central Sulawesi Province is done in two ways, namely the traditional and creative. Productive *zakat* distributed traditionally is productive *zakat* realized through the distribution of productive goods, such as livestock, sewing machines, carpentry tools, and many others. Meanwhile, productive *zakat* distributed creatively is productive *zakat* distributed in the form of venture capital funds to help the progress of a micro and small business along with entrepreneurship training. According to respondents in this study, the distribution of productive *zakat* through these two methods by BAZNAS in Central Sulawesi Province has done very well.

The distribution of productive *zakat* is carried out in line with the purpose of *zakat*, which is to alleviate poverty gradually and continuously [16], [17]. The distribution of productive *zakat* is not only done by distributing venture capital funds, but it is included with training and assistance to the *zakat* recipients related to how to manage the business correctly and adequately [14], [16]. Therefore, the distribution of productive *zakat* is seen as having a multiplier effect and has a more long-lasting benefit compared to short-term consumptive *zakat*.

CONCLUSION

Based on the results and discussion, the accountability of *amil zakat* institutions and the distribution of productive *zakat* have a significant effect on the welfare of *zakat* recipients. The accountability of *amil zakat* institutions increases the trust of *zakat* payers to the *amil zakat* institutions. More and more *zakat* payers are collecting *zakat* funds to *amil zakat* institutions so that the amount of *zakat* funds collected is increasingly managed. Besides, the accountable *amil zakat* institution also shows that the *amil zakat* institution can manage the distribution of *zakat* funds well so that the benefit of the *zakat* fund increases. Also, this study revealed that the distribution of *zakat* fund, which is useful in improving the welfare of the *zakat* recipients, is the distribution of *zakat* in the form of productive goods and business capital for micro and small business actors compared to the distribution of *zakat* in the form of consumptive goods.

This study's findings contribute to BAZNAS and other *amil zakat* institutions to increase accountability in the management of *zakat* funds. Besides, BAZNAS and other *amil zakat* institutions should focus more on distributing productive *zakat* by formulating micro and small business development programs. Even so, the results of this

study must be interpreted carefully because this research was carried out in BAZNAS of Central Sulawesi Province and the people of Central Sulawesi. Besides, the limited time and funds cause researchers not to reach all *zakat* recipients from the Central Sulawesi Province BAZNAS.

REFERENCES

- [1] L. G. Lundblad, 'Islamic Welfare, Discourse and Practise: The Institutionalization Of Zakat In Palestine', in *Interpreting Welfare and Relief in the Middle East*, N. Naguib and I. M. Okkenhaug, Eds. BRILL, 2008, pp. 195–216.
- [2] N. Abd. Wahab and A. Rahim Abdul Rahman, 'A framework to analyse the efficiency and governance of *zakat* institutions', *J Islamic Acc and Bus Res*, vol. 2, no. 1, pp. 43–62, Apr. 2011, doi: 10.1108/17590811111129508.
- [3] R. A. Kasri, 'Effectiveness of Zakah Targeting in Alleviating Poverty in Indonesia', *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, vol. 8, no. 2, pp. 169–188, Jul. 2016, doi: 10.15408/aiq.v8i2.3005.
- [4] S. A. Shaikh, 'Zakat Collectible in OIC Countries for Poverty Alleviation: A Primer on Empirical Estimation', *International Journal of Zakat*, vol. 1, no. 1, pp. 17–35, 2016.
- [5] Q. Ayuninyah, A. H. Pramanik, N. Md. Saad, and M. I. Ariffin, 'Zakat For Poverty Alleviation And Income Inequality Reduction: West Java, Indonesia', *Journal of Islamic Monetary Economics and Finance*, vol. 4, no. 1, pp. 85–100, 2018.
- [6] I. S. Belk and L. D. Arsyanti, 'Measuring Zakat Impact On Poverty And Welfare Using CIBEST Model', *Journal of Islamic Monetary Economics and Finance*, vol. 1, no. 2, 2016.
- [7] Nikmatuniayah, Marliyati, and L. M. A, 'Effects of Accounting Information Quality, Accountability, and Transparency on Zakat Acceptance', *MIMBAR*, vol. 33, no. 1, pp. 62–73, 2017.
- [8] N. B. Abu Bakar and H. M. A. Rashid, 'Motivations of Paying Zakat on Income: Evidence from Malaysia', *IJEF*, vol. 2, no. 3, p. p76, Jul. 2010, doi: 10.5539/ijef.v2n3p76.
- [9] Z. Lessy, 'Zakat (Alms-Giving) Management In Indonesia: Whose Job Should It Be?', *La Riba: Jurnal Ekonomi Islam*, vol. 3, no. 1, 2019.
- [10] I. Firmansyah and A. Devi, 'The Implementation Strategies of Good Corporate Governance for Zakat Institutions

- in Indonesia', *International Journal of Zakat*, vol. 2, no. 2, pp. 85–97, 2017.
- [11] P. Y. Jayanto and S. Munawaroh, 'The Influences of Reputation, Financial Statement Transparency, Accountability, Religiosity, and Trust on Interest in Paying Zakat of Profession', *Jurnal Dinamika Akuntansi*, vol. 11, no. 1, pp. 59–69, 2019.
- [12] E. Iskandar, D. Iskandar, and H. Maulana, 'The Role of Accounting Information in the Determination to Muzakki's Decisions for Zakat payment', *emt*, vol. 3, no. 2, p. 47, Dec. 2019, doi: 10.35870/emt.v3i2.96.
- [13] M. A. Alhubbfillah, D. Hafidhuddin, and H. Tanjung, 'Hubungan Profesionalitas dan Akuntabilitas Pengelolaan Zakat Terhadap Efektivitas Pemberdayaan Ekonomi Umat', *JABM*, May 2019, doi: 10.17358/jabm.5.2.285.
- [14] D. S. Tanjung, 'Pengaruh Zakat Produktif Baznas Kota Medan Terhadap Pertumbuhan Usaha Dan Kesejahteraan Mustahik Di Kecamatan Medan Timur', *AT-TAWASSUTH: Jurnal Ekonomi Islam*, vol. 4, no. 2, pp. 349–370, 2019.
- [15] A. M. Abu-Tapanjeh, 'Corporate governance from the Islamic perspective: A comparative analysis with OECD principles', *Critical Perspectives on Accounting*, vol. 20, no. 5, pp. 556–567, Jul. 2009, doi: 10.1016/j.cpa.2007.12.004.
- [16] A. Salam and D. Risnawati, 'Analisis Zakat Produktif terhadap Kesejahteraan Mustahik (Studi pada Lembaga Amil Zakat Infaq Shodaqoh NU Yogyakarta)', *Jurnal Ekonomi Syariah Indonesia*, vol. 8, no. 2, pp. 96–106, 2018.
- [17] R. Sari, 'Pengaruh Pendayagunaan Zakat Produktif Terhadap Pemberdayaan Mustahiq Dompot Peduli Ummat Daarut Tauhiid Yogyakarta (Studi Kasus: Desa Ternak Mandiri di Desa Dlingo Kecamatan Dlingo Kabupaten Bantul)', *Jurnal Manajemen dan Bisnis*, vol. 5, no. 2, pp. 112–132, 2015.