

# THE IMPACT OF ZAKAT, EDUCATION EXPENDITURE, AND HEALTH EXPENDITURE TOWARDS POVERTY REDUCTION

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## ABSTRACT

This study aims to determine the effect of the distribution of zakat, infaq and alms funds in BAZNAS Indonesia, education expenditure and health expenditure on poverty. The method used is a quantitative research method. The independent variable is the distribution of zakat, infaq and alms funds in BAZNAS Indonesia, education expenditure and health expenditure, while the dependent variable is poverty. The analysis technique used is multiple regression analysis techniques.

The results of this study indicate that the variables of zakat, education expenditure, health expenditure partially have a negative effect on poverty, meaning that if zakat, education expenditure, health increases, poverty will decrease. In the simultaneous test, all the independent variables jointly influence poverty reduction.

Keywords: Zakat, Education Expenditures, Health Expenditures, Poverty.

## INTRODUCTION

Indonesia is known as one of the world's developing countries have a fundamental problem, namely poverty. Poverty is also very concerned with the quality of civilization, whether economic, social, education, and health. In September 2015, the number of poor population (population with per capita monthly expenditure below the poverty line) in Indonesia reached 28.51 million people (11.13 percent), reduced by 0.08 million people compared to March 2015 which conditions of 28.59 million people (11.22 percent). The Government budget for programs given poverty reduction more long is getting bigger, but the decline in poverty occurs in a number of less significant.

Government budget continues to given in span of 2009 until 2013 for infrastructure budget and budget poverty. The infrastructure budget in the time span of the average increased 24.89% from Rp76,3 trillion in 2009 to become Rp184,3 trillion in 2013. In addition to the infrastructure budget, the budget also continues to experience increased poverty, which later manifested in various programs for poverty reduction. In the period 2009-2013 the average increase in the allocation of budgetary poverty of 14,64%, i.e. Rp79,9 trillion in 2009 to become Rp136,5 trillion by 2013. But the effectiveness of the poverty program is not able to lower the poverty figures significantly. With the magnitude of the poverty budget, the number of poor population only dropped average amounted to 3.61% within the time range or average about 0.72% per year.

Poverty is a condition where a person does not have the power to meet their daily needs. Someone said to be poor according to the United Nations Development Program is someone whose consumption

is below \$2 per day. In overcoming poverty, there are several instruments that can be used by the Indonesian government to reduce poverty, including increasing economic growth, reducing inflation, making spending such as spending on education and health that touches the people directly or cooperates with BAZNAS in distributing zakat, infaq and alms funds to be more targeted.

The above instruments are expected to improve the welfare of the Indonesian people. Like the state budget for education which is intended to realize the equality of the community in accessing education services. With equitable access to education services, it is expected to increase productivity which leads to welfare. Like the state budget for education, the state budget for health is also expected to realize equity in community access to health services, so that their health status is better and in terms of productivity, it also improves.

The phenomenon of poverty in Indonesia has been an issue with, not just individual issues or issues of particular groups. Islam looked at that poverty is *sunnatullah* which should be sought and provided concrete solutions. Equitable income distribution is one of the ways to reduce the level of poverty, especially extreme poverty exist in Indonesia.

The teachings in Islam ZIS provides space for a muslim to anticipate problems in the field of social and moral fields. QS Al Mu'minuun [41]: 1-4, QS. At-Tawba [9]: 103, QS. Al-Baqara [2]: 267, QS. Adz Dzaariyat [53]: 14, QS Ar Ruum [30]: 39, and QS Al An'aam [6]: 141.

Islam any concrete solution gives up the existence of the problem of poverty occurs in all regions of Indonesia, namely one with voting funds zakat,

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sadaqah, and infaq. Islamic history records at the time of Caliph Umar bin Abdul Azis, during his reign over the past 2 years 5 months old, ZIS is capable of losing poverty altogether in his country (BMH, 2004). Even the more number of ZIS sent to neighbouring countries (North Africa) is still poor. In addition, although religious obligations is ZIS that is personal, which simply involves muzakki and mustahiq, but if managed by the Baitul Maal will provide greater social effects through a multiplier effect for the community in General. The presence of ZIS is the reason to be able to reduce the level of poverty, especially that there are in Indonesia. Given the potential that can be collected zakat Rp217 trillion worth, which unfortunately zakat collected only 1.2% or totaling Rp3 trillion (BAZNAS, 1999). The presence of ZIS is judged capable of reducing the level of poverty of the disadvantaged and mustahiq.

ZIS funds collected are then is divided into a number of aspects, such as economic empowerment, improvement of the quality of health care, improving the quality of education, and the improvement of the quality of religious education. It has been implemented by the provider of the zakat Agency either by Amil Zakat (BAZ) and institution of Amil Zakat (LAZ) starting from the central level up to the level of district or city. The next question is how big the influence of zakat, infaq, sadaqah and against the poverty of society is represented by economics, education and health mustahiq.

In order to realize the welfare of the Indonesian people, integration of government institutions related to poverty is needed. Like the Ministry of Education and Culture and the Ministry of Health, the role of BAZNAS as an official non-structural state institution is considered important. That is because BAZNAS has the function of collecting zakat, infaq and alms from muzakki and distributing zakat, infaq and alms to the mustahiq. This important role is supported by BAZNAS programs which are quite comprehensive in alleviating poverty in Indonesia. Based on this background, the formulation of the problem in this paper is whether zakat funds, education expenditures, health expenditures affect poverty.

### LITERATURE STUDY POVERTY

Poverty according to the United Nations Development Program (UNDP) is someone who is categorized as a poor person if he has an expenditure of under US \$2 per day. According to the Hanafi school of thought in Amalia (2010), the poor are people who have permanent jobs but cannot meet their daily needs. Meanwhile, according to the Syafi'i, Hambali and Maliki schools, they mentioned that the poor are people who have adequate property or income in meeting their needs and the needs of others who are dependents but are not fully fulfilled.

The government has its own version of eradication programs, such as the government through its structural state institutions, namely the ministry of education which has the responsibility of alleviating poverty through equal distribution of education services. The Ministry of Health has the responsibility to reduce poverty through equitable access to health services. The ministry of finance has the responsibility of reducing poverty in Indonesia through controlling economic growth and the Indonesian bank has the

responsibility in reducing poverty in Indonesia by controlling inflation. BAZNAS as a non-structural state institution, has various poverty alleviation programs such as zakat community development, Rumah Pintar Anak Bangsa, Smart Cars/Motorbikes, etc. The program will be more optimal if the income distribution is smooth enough. One area that also has an important role in the economy is distribution including income distribution. Income distribution in Fauzia (2014: 139) is to explain how the distribution of wealth or income is carried out by economic actors. Income distribution is the focus of the basic objectives of Islam to reduce economic inequality between the poor and the poor. Economic inequality can be reduced if the entire community can meet the basic needs of life or if in Islam can meet the needs of Dharuriyatnya. The command of Allah Almighty that the concentration of wealth and distribution not only on certain groups has been stated in Surat Al - Hasyr verse 7.

The theory of related and supporting this theory is the study of the Optimum Solution by Karim (2002) which showed that the transfer of wealth from the rich to the poor through good consumerist ZIS nor productive will be able to shift the increasing prosperity in both the mustahiq as well as muzakki.

Kahf (1979) put forward another theory that says that Islam looks at economic activities as one aspect of the exercise of human responsibilities as ' his ' Caliph. The more economic activity that it does, then the more noble aspects of life also in maintaining the balance of the other.

### ZAKAT, INFAQ AND SADAQAH

Zakat is the practice contained in the tenets of Islam, alms that mandatory law to do. While infaq and sadaqah is alm, but not obligatory practice (sunnah) by Allah Swt. Zakat in the Qur'an has called repeatedly for as much as 30 times with 27 times which were juxtaposed with the word Salat (Muhammad, 2005).

Some verses in the Qur'an which explains about zakat:

- a) QS Al Baqarah [2]: 267 which means ' o believers, spend (in the way of Allah) most of the good things which thou hast, and part of what we extract from the Earth for us. And you shall choose the bad-bad then you spend them, but you don't want to pick it up but with the squinting eyes of him. And know that God is rich again Most Commendable '.
- b) QS Al An'aam [6]: 141, meaning ' and He who causes gardens to grow, [both] trellised and untrellised, and palm trees and crops of different [kinds of] food and olives and pomegranates, similar and dissimilar. Eat of [each of] its fruit when it yields and give its due [zakah] on the day of its harvest. And be not excessive. Indeed, he does not like those who commit excess'.

### THE COLLECTION OF ZAKAT, INFAQ, SADAQAH (ZIS)

The function does and continues to experience innovation at institutions of zakat is a function of the collection manager. Factors that should be observed and examined in depth in the exercise of the functions of the collection is knowing the obligatory

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zakat, keeping trust muzakki or donors with the transparency of the financial flow, and give understanding and insight into the importance of tithe obligation.

### CHANNELING ZAKAT, INFAQ, SADAQAH (ZIS)

Other functions in the management of ZIS is the function distribution . With regard to the object of research, namely data collection ZIS obtained from financial statements BAZNAS. It needs to be elaborated also its programs along with the ZIS channeling function in BAZNAS.

### ZAKAT BECAME AN INSTRUMENT OF WELFARE MUSTAHIQ

Zakat is a medium that makes a moral obligation for people to be able to help those who are poor and neglected, so squalor and poverty can be eliminated from the muslim community. Therefore the zakat can be an instrument of welfare as mustahiq (Chapra, 2001).

### RESEARCH METHOD

In this study, the approach used is quantitative explanation. In this research, it will prove the influence of zakat, infaq and alms fund distribution, education expenditure, and health expenditure on poverty in Indonesia in accordance with the hypothesis set.

### OBJECT OF RESEARCH

Objects used in this research is the fund raising data zakat, infaq, sadaqah (ZIS), as well as the distribution of data obtained from Amil Zakat Agency financial report (BAZNAS) the period 2013 to 2015 that have been audited.

### TYPES AND TECHNICAL DATA COLLECTION

The information and data required in this study is secondary data. i.e. data that his acquisition doesn't have to be retrieved from the source of the information directly. Whereas technical data collection on this study was gathered from several sites web BAZNAZ and print media are published monthly.

### METHODS OF DATA ANALYSIS

Methods of analysis used in this study is the analysis of factors and multiple regression analysis, as well as the use of secondary data are taken from the monthly financial report on the website of the Central BAZNAS the period 2013-2015.

### RESULTS

#### MULTICOLLINEARITY TEST

Table 1  
Multicollinearity Test

Independent Variable	VIF	Interpretation of Results	Information
distribution of ZIS funds	1,103	Score VIF < 10	No Multicollinearity occurs
Health Spending	1,278	Score VIF < 10	No Multicollinearity occurs
Education Expenditures	2,252	Score VIF < 10	No Multicollinearity occurs

Source: SPSS Processing Results

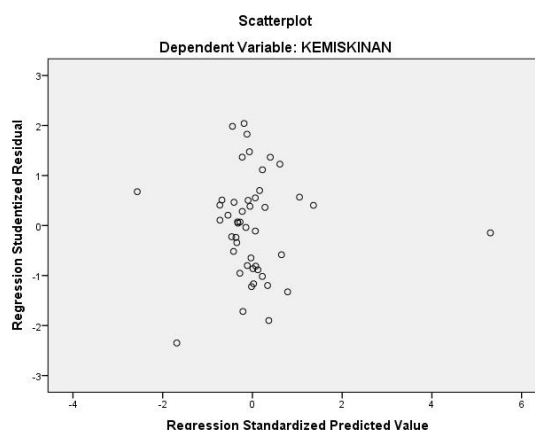
#### AUTOCORRELATION TEST

Table 2  
Autocorrelation Test

Score Durbin Watson	Indicator	Interpretation of Results	Information
0,753	-2 to +2	Between -2 dan +2	There is no autocorrelation

Source : SPSS Processing Results

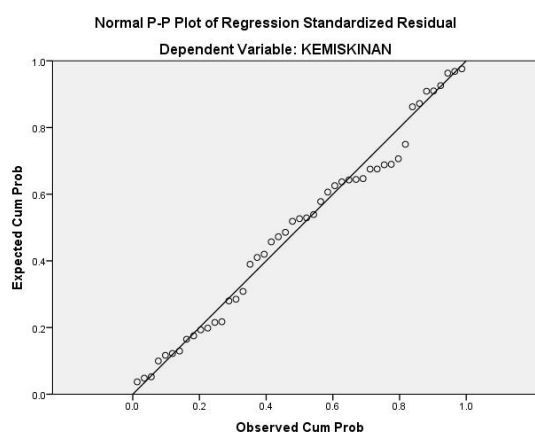
#### HETEROSCEDASTICITY TEST



Picture 1  
Heteroscedasticity test  
Source: SPSS Processing Results

Based on the picture above, there are no symptoms of heteroscedasticity because the points spread above and below the zero point on the Y axis or the standardized residual regression line.

#### NORMALITY TEST



Source: SPSS Processing Results  
Picture 2  
Normality Test

Based on the picture above, there are no symptoms of normality or have passed the normality test because the points spread along the diagonal axis.

#### MULTIPLE REGRESSION ANALYSIS

Based on the results of research conducted, with a constant value of coefficient - 0.007, if all the

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independent variables are in a constant state, then the dependent variable or Y decreases by 0.007 units in the negative direction. With a ZIS coefficient of  $-1.9020E-11$  and a significance of 0.812. If the value of the constant coefficient and other independent variables is 0, then poverty decreases by  $1.9020E-11$ . For education variables with a constant coefficient of  $-2,856E-5$  and a significance value of 0,000, education has a negative effect on poverty. The point is that when education rises by 1 unit, poverty decreases by  $2,856E-5$  units. Similar to the education variable, the health variable also has a negative coefficient value of  $-2,502E-5$  and has a significance value of 0.059. The point is that when health rises by 1 unit, poverty will decrease by  $2,502E-5$  units.

### HYPOTHESIS TEST RESULTS

#### T-TEST RESULTS

Overall independent variables have an influence on the dependent variable because it has a significance smaller than  $\alpha$  10%. Although overall the independent variables have a partial effect on the dependent variable, all of variables have a negative direction. For the independent variables that affect the dependent variable with a negative direction include ZIS, the National Budget for Education and National Budget for Health.

#### F-Test Results

The entire independent variable influences together or simultaneously the dependent variable because the significance value is less than  $\alpha$  10%, with a value of 0,000.

R Squared value of 0.735. The point is that the variation of the dependent variable, namely poverty, can be explained by the independent variables, namely the distribution of zis funds, education spending, health spending by 73.5%.

### DISCUSSION

#### Effects of Zakat, Infaq and Alms Funds on Poverty

The influence of the zakat, infaq and alms fund distribution of the National Amil Zakat Agency partially on poverty in Indonesia can be seen from the results of the hypothesis t test which states that the zakat, infaq and alms fund distribution partially has a negative effect on poverty in Indonesia. This can be proven from the probability sig value of 0.912 and the t-value of -0.111. The results of this study are in line with research conducted by Amalia (2010) and also Latifah (2013) which states that the distribution of zakat to mustahiq can increase income mustahiq and can reduce poverty. Likewise with research conducted by Beik (2009) who examined the analysis of the role of zakat in reducing poverty who chose a case study on the republican poor wallet with the result that zakat is able to reduce poverty and income inequality.

In Ismifaroh (2012), there is a gap between the collection and distribution of amil zakat institutions, but the distribution is right on target and can improve the welfare of the mustahiq. Whereas in Latifah (2013), the promotion carried out by Amil Zakat influences loyalty in distributing zakat, infaq and sadaqah to amil zakat institutions. With more loyal muzakki channeling both zakat, infaq and shadaqah to amil zakat

institutions and supported by distributing zakat, infaq or shadaqah can reduce poverty.

### THE EFFECT OF EDUCATION EXPENDITURE ON POVERTY

Based on the results of the t test conducted, education spending partially has a negative effect on poverty in Indonesia. The results of this study are in line with that conducted by Beik (2017) that the low productivity of the poor is caused by their low access to education. And also in Ryandono (2008) states that education in the long run can get people out of poverty.

Fauzy (2019) say that good education is needed to support a country's productivity. With good education, the industrial world which is in need of new technological breakthroughs to be more efficient in its production can be met the technology needed thanks to the human resources they have have a good education. Not only as a solution to the impasse faced by the industrial world, but education has also been considered as a form of long-term investment to improve the welfare of the people of a country.

The long-term investment must be supported by all parties, including the central government. The importance of long-term investment in education so that all communities have equal access to education and productivity increases. As according to Ryandono (2008) and Beik (2017) states that the low productivity of the poor is caused by their low access to education. The role of the central government in determining the desired direction of education is vital. The central government holds control over the amount of budget that is poured out of people's education so that it can run well and in accordance with the programs that have been prepared.

### INFLUENCE OF HEALTH EXPENDITURE ON POVERTY

The effect of health expenditure partially on poverty in Indonesia based on the t test carried out states that health expenditure has a partially negative effect on poverty in Indonesia. The results of this study are in line with previous studies conducted by Setyowati (2014) namely that an increase in better health status will increase productivity in working and doing business for the poor. This, according to Setyowati (2014), makes it more possible for poor people to obtain higher incomes and escape poverty.

It is not only good education that must be given by the government to its citizens, but also good health. The importance of health in improving the standard of living of the people must also be considered. More and improved health in a country the more it will increase. As according to Herianingrum (2019), explaining intervention to improve the health of the government is also an important policy tool to reduce poverty.

The role of the government in improving and building the health of its citizens can be started from giving advice, counseling, training to budgeting funds for health through the ministry of health so that the health standards of its citizens can improve. With an increase in better health status, it will be able to increase productivity in working and doing business for the poor. This will make it easier for poor people to earn higher incomes and move out of poverty.

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## CONCLUSION

Based on the results of the analysis and discussion in the previous chapter, it can be concluded as follows:

1. The distribution of ZIS funds has a negative effect on poverty in Indonesia.
2. Education expenditure has a negative effect on poverty in Indonesia.
3. Health expenditure impact negatively on poverty in Indonesia

The distribution of zis funds, education expenditure, and health expenditure simultaneously influence poverty in Indonesia.

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