

The Impact Of Zakat On Improving Of The Community's Economy

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Abstract

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Theoretically, zakat has important role in economic, the multiplier effect of zakat can increase peoples' income. Consumptive zakat can give long term multiplier effect to economy, so do productive zakat. The distribution of zakat in National Zakat Agency South Solok regency is divided into five programs, namely: Prosper South Solok, Smart South Solok, Healty South Solok, Piety South Solok, and Care South Solok. However, in it's application the portion of productive zakat (Prosper South Solok) is less than consumptive zakat.

This research is aimed to discover the impact of zakat on improving community's economy in South Solok regency marked with increasing of income. The subject of research is people who accepted productive zakat fund from National Zakat Agency South Solok Regency. Sampling is done using purposive sampling technique consisted of 72 respondents. Data collection technique is conducted through interview, questionnaire, and documentacy. Data analysis technique utilized simple linear regression.

Research revealed zakat (X) has significant influence on improvement of community's economy (Y) in South Solok regency with value tcount > ttable (73,988 > 1,666) which means H0 rejected and Ha accepted. Regression equation is obtained $Y = a + bX$ which showed $Y = 3.277 + 0.664X$, It means dependent variable (Y) will be changed 0.664X for every unit change occurred in independent variable (X). Then, cofficiency test of RSquare determination revealed 98,7% variation on improvement of community's economy is influenced by zakat factor and the rest of them (100% - 98,7 % = 1,3 %) is explained by the other factors which is not researched by this research.

Keywords: *zakat, improving of community's economy*

INTRODUCTION

Zakat is economy stimulus emerges new power in collecting significant investation so, it will encourage the increasing of production in region economic cycle. On a macro basis, zakat can increase aggregate demand effecting the increasing of people's purchasing power for goods and services, when it is implemented with good management system, by making it as binding regulations and supported with the role of goverment as regulator as well as National Zakat Agency.(Al-Amin & Andespa, 2022),(Putri et al., 2023),(Al-Amin et al., 2023),(Alfia et al., 2023),(Hawari et al., 2023)

In order to maximize the potency of zakat in increasing people prosperity, the management of zakat is applied in two ways. Firstly, the management of zakat consumetively means collecting and distributing goods in order to fulfill basic needs of society economy especially the mustahiq in form of groceries and others for direct consumption. Then, productive means the management of zakat aimed to empower and distribute in form capital assistance for poor bussinessman, development, free education and others

In South Solok regency, the distribution of zakat is varied, muzakki (people who give zakat) directly give it mustahiq (people who accept zakat) or making masque as collector of zakat, or give it through official institution like National Zakat Agency, Zakat Institution, and other foundations. In implementation of zakat program at South Solok regency, National Zakat Agency South Solok regency follows national zakat empowerment program consisted of five programs, namely prosper South Solok (productive bussines), smart south solok (scholarship and education assistance), healty South Solok (medical assitance), Piety South Solok (assistance for religious activity and clerical cadre education), the last is care South Solok in form of assistance for natural disaster victim and other social activity. All of this zakat receiver is categorized to 8 asnaf (the people who have right to accept zakat) according to the provision for zakat recepiant stated in al-Qur'an at at-Taubah 60.

Until 2020, zakat fund has been distributed by National Zakat Agency to the people of South Solok regency which can be seen on the following table:

Table 1: Distribution of Zakat Fund in National Zakat Agency South Solok
 (In thousand rupiah)

No	National Zakat Agency Program	Year				
		2016	2017	2018	2019	2020
1	Prosper South Solok	214.000	34.500	35.500	152.820	131.250
2	Smart South Solok	1.166.400	715.100	1.272.200	567.127,5	389.800
3	Healty South Solok	165.080,2	203.819	375.193	724.518,3	610.107
4	Piety South Solok	57.900.	14.300	21.798	28.500	64.700
5	Care South Solok	802.079.	581.350	762.750	894.040	1.048.121,5
TOTAL		2.405.459,2	1.549.069	2.467.441	2.367.005,8	2.243.978,5

Source: National Zakat Agency South Solok regency, 2020

On 2020 the number of South Solok people who have accepted fund assistance from National Zakat Agency South Solok regency can be seen on the following table 2:

Table 2: The Number of Assistance Recipient from National Zakat Agency South Solok regency on 2020

No	National Zakat Agency Program	Year					Total
		2016	2017	2018	2019	2020	
1	Prosper South Solok	145	31	27	32	50	285

2	Smart South Solok	1090	756	1372	706	494	4418
3	Healty South Solok	89	129	182	373	260	1033
4	Piety South Solok	9	26	31	20	51	137
5	Care South Solok	1553	1797	1672	1809	2483	9314

Source: National Zakat Agency South Solok regency, 2020

Logically, the increasing of zakat fund distributed to community must give an effect to the increasing of people's economy. It can be known from the increasing of people's income. To compare it, we can observe income data of South Solok regency from 2016-2020 on the following table;

Table 3: Gross Regional Domestic Product of South Solok regency on 2016-2020

No	Year	Number	Percentage
1	2016	4.598.219,45	-
2	2017	4.893.871,26	6,43 %
3	2018	5.216.179,64	6,59 %
4	2019	5.575.239,80	6,88 %
5	2020	5.528.510,00	-0,84 %

Source: South Solok regency in number, 2021

Table above revealed Gross Regional Domestic Product of South Solok regency tend to annually increase. However on 2020, there was reduction, 0,84 %, it is predicted because of covid 19 pandemic hit and it influences community economy activity so thar it is effected on the income obtained.

Theoretically, zakat has role in economic, multiple effect of zakat can increase economic by enhancing community income. Consumtive zakat can give long term multiplier effect on economy, as well as zakat fund utilized for productive bussiness.(A.-A. Amin & Taufiq, 2023)

By observing the crucial zakat potency to increase people economy especially mustahiq, it is crucial to conduct research about how zakat can give real effect to the increasing of community economy. Then, the focus of research is analyzing the influence of zakat on improving of community's economy in South Solok regency. Meanwhile, the objective of research is to discover the influence of zakat on improving community's economy in South Solok regency.(A. Amin et al., 2023),(A.-A. Amin & Taufiq, 2023)

The word zakat linguistically have several meanings that is al-barakatu (blessing), al-namaa (growth and development), ath-thaharatu (chastity), and ash-shalahu (order). The meaning of blessing found in zakat means by paying zakat, it will give blessing to the property owned. Zakat means growth because it gives the right of almsman existed on our property, so it will emerge money

circulation in society effecting development of money function. In economy it is often recognized as the term 'zakat multiplier effect'.

Zakat is etimologically derived from the word zaka means blessing, growth, clean and kind, and it can also mean grow and develop. Zakat in blessing definition is the rest of property paid qualitatively will get blessing and developing eventhough quantitatively it is reduced. Meanwhile, in defenition of chastity means purify property from the others' right. However, according to syara', zakat is right which has been determined in term of number which must be paid on certain property.

According to terminology, zakat means "the number of certain property required by Allah to be handed over to the right person". Based on these definitions, it can be concluded that zakat is property which must be paid by every moslem to clean or purify the property to make it blessed. In term of Islam economy, zakat is one of fiscal instrument to reach socio-economy justice and distribution of income and property. The view of Mustafa E. Nasution, as one of fiscal policy, zakat (include infaq, sadaqah dan waqaf) is one of main joint in Islam economy system which will give amazing economy impact if it is applied well . She stated the aim of zakat activity based on viewpoint of market economy system is creating equal income distribution, beside distribution objective, it can be seen the impact of zakat to the allocation of economic sources and stability of economy activities

In general, the source of zakat is divided into 2 kinds, zakat fitrah and zakat maal. In term of language the word zakat fitrah means cleaning soul by spending property and giving it to the people who need it. Meanwhile, the term zakat fitrah means spending 1 sha of rice (equal to 2,5 gram) or other staple food and distributing it to the people needed in order to purify soul. Zakat fitrah is paid in Ramadhan in form of staple food from the area concerned.

Meanwhile, zakat maal is paid from the property owned based on certain requirements. Zakat maal is required to believers which their property has fulfilled certain minimal measure (nishab), and has reached certain period (haul). It can be done not only at ramadhan month, but also it can be paid in other months according to property which is the object of zakat.

Payment on the obligation of zakat is not only as worship, but it also has social and economy function. Social function of zakat payment by distributing it to the almsman is saving human resources and constructing it becoming community power and able to manifest equality and justice in income distribution in society. However, economicfunction of zakat is accelerating money circulation which finally able to increase the growth of economy in macro basis.

Social function of zakat can be seen from the several things as followed ;

- a. Zakat is functioned as social security means for almsmen in fulfilling their main needs so, they are free from poverty, misery, and destitution.
- b. Zakat is functioned as social security for the people who have debt or gharimin, almsmen who has debt and can't afford to pay.
- c. Zakat is functioned as assurance for people who are on trip and out of stock, which trip is aimed for good sake and not for immoral.

Beside several social functions, zakat has economic function as followed:

- a. Zakat collection from prosper people and distribut it to the poorer, can encourage the economic growth in countries in macro basis
- b. Zakat distribution can included as one of way to encourage money circulation to increase people's purchasing power to increase demand and fulfill the needs.
- c. Zakat fund which is provided for kind qardul hasan managed by zakat institution or Islam finance institution can encourage nation economy, because small bussinessman can utilize zakat fund to increase bussiness capital.

Al-Qur'an and Hadits is very detail regulating zakat. Allah says in at-Taubah verse 103 explained the wisdom of zakat for people paid zakat, in the following excerpt:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ

Meaning: Take alms of their wealth, wherewith thou mayst purify them and mayst make them grow, and pray for them. Lo! Thy prayer is an assuagement for them. Allah is Hearer, Knower

This verse explained the wisdom of zakat is zakat can purify muslim from stinginess and excessive love for wealth. Then, zakat can grow kindness in their hearth and develop property.

People or group who have right to accept zakat has regulated in Islam teaching, namely 8 categories (ashnaf). This provision has regulated in Alqur'an, the group of people who have right to accept zakat is clearly explained in al-Qur'an like what states in at-Taubah: 60:

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ قَرِيبَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Meaning: The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarer; a duty imposed by Allah. Allah is Knower, Wise. (At-Taubah verse 60).

This excerpt of al-Qur'an explained the people who have right to accept zakat: pauper, is the person with extreme poor, does not have property and power to fulfill their needs. Poor, is person who is not enough to make living, in a state of shortage. The administrator of zakat is person who is person assigned to collect and distribut zakat. Muallaf is disbeliever who has potency to convert

to Islam and new convert to Islam whose faith is still weak. Free the slaves includes saving Muslims who were held captive by the disbelievers. Debtor are people who have debtor for interests that are not immoral and not afford to pay it, on Allah's way means the need of Islam defences and muslims.

According to Poerwodarminto as quoted by Umi Hani'in prosperity in Indonesia dictionary derived from the word sejahterah which means secure, peaceful, prosperous and safe (free from various kinds of disturbance, difficulty, etc).

According to Al-Ghazali as quoted by Rahmawati, prosperity of a community depends on seeking and maintaining of 5 basic purposes: religion, soul, mind, lineage and property. These five things is human basic needs that is absolute group which must be fulfilled to make human live happily in this world and in the hereafter.

According to Al-Ghazali, prosperity is the maintenance of religion, soul, mind, lineage, and property which is basic issue of every individu to protect, manifest, and secure what has been people right. Therefore, the role of government to guarantee the people's prosperity is crucial.

Indicator used find out the prosperity level quoted by Sugiharto in his research, explains that there are 8 prosperity level according to Central Bureau of Statistics, namely income, consumption or family expenses, house condition, house facilities, the health of family member, the ease to get health service, the ease access to education, and the ease to obtain transportation facilities.

Indonesian Central Bureau of Statistics mentioned that there are several indicators which can be used to measure and discover household welfare level in a region:

1. Family income level

Based on classification, Central Bureau of Statistics classify the income to four items, namely:

- a. Very high (> Rp. 3.500.000).
- b. High (Rp. 2.500.000 – Rp. 3.500.000).
- c. Moderate (Rp. 1.500.000 – Rp. 2.500.000)
- d. Low (\leq Rp. 1.500.000)

Expense of household is always related to income. Expense to household consumption is differentiated into two things, expense for food consumption and expenditure on non-food consumption. The change of someone income will be influenced to the shifting of expenditure pattern. Higher income, higher expense.

2. Family education level

- a. Literacy score is used to measure reading and writing ability to ease people in communicating, absorbing, and delivering information. Literacy score is measured by

comparing the number of population aged 15 years and over that can read and write and the number of people aged 15 years and over and stated in percentage.

- b. School Enrollment Rate is used to discover the number of school age children who have attended school in all education level. Higher school enrollment rate, higher number of school age children who learn at school.
 - c. The Highest education completed is one of education indicator to discover human resources quality. The quality of high human resources can be obtained from high education level.
3. Family health level and house facility
- a. The aim of health development especially related to the healthy of toddler is decreasing infant mortality rate and decreasing maternal mortality rate. Besides, indicator to obtain health service is consisted of the distance of nearest hospital distance, pharmacy distance, drug handling, drug price and contraception.
 - b. Indicator of house facility is evaluated from 12 items, fasilitas tempat tinggal yang dinilai terdiri dari 12 item, namely yard, electronic device, refrigerator, lighting, owned vehicle, fuel for cooking, clean water source, drinking water facilities, how to obtain drinking water, drinking water sources, bath wash toilet facilities, and the distance of bath wash toilet facilities to house.

It is different with Islam concept about prosperity indicator, Al-Qur'an has discussed prosperity indicator in Quraisy verse 1-4, as followed :

خَوْفٍ مِّنْ وَأَمْنَهُمْ جُوعٍ مِّنْ أَطْعَمَهُمُ الَّذِي . الْبَيْتِ هَذَا رَبِّ فَلْيَعْبُدُوا . وَالصَّيْفِ الشِّتَاءِ رَحْلَةً لِّفِهِمْ . فُرَيْشٍ لِإِيلَافِ

Meaning: "For the taming of Qureysh. For their taming (We cause) the caravans to set forth in winter and summer. So let them worship the Lord of this House, Who hath fed them against hunger and hath made them safe from fear." (Al-Quraisy verse 1-4).

These four indicator is Islam value system, economy power in real sector (industry and trade), fulfillment of basic need and distribution system, and social security and order, as followed:

1. First indicator, basis of prosperity is when Islam teaching becomes economy main foundation of a country.
2. Second indicator, prosperity is impossible to be reached when economy does not run.
3. Third indicator is fulfillment of basic needs and distribution system.
4. Fourth indicator is prosperity measured by security and social order.

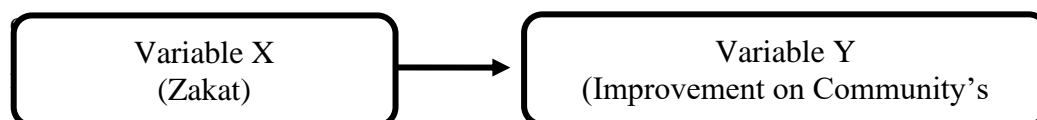
Prosperity as main objective of development can be reached, if aspect of economic sovereignty and well economy management can be manifested in real life. Therefore, develop economic

sovereignty and well economy management are main requirements to reach community's prosperity.

METHODS

The kind of research is quantitative field research. This research conducted in South Solok regency on May-October 2021. The source of data is consisted of primary and secondary data.

- a. Primary data source were people who accept productive zakat fund from National Zakat Agency South Solok regency .
- b. Secondary data were data obtained from related institution like National Zakat Agency and Central Bureau of Statistics South Solok regency
- c. Conceptual Framework
- d. To ease writer in formulating hypotesis, writer used conceptual framework, as illustrated in research chart as followed:



Note :

X = Zakat (free variable)

Y = Improvement on Community's Economy (bind variable)

Based on above conceptual framework, the following hypothesis can be arranged:

Ho/H0 : There is no significant influences between zakat and improvement of community's economy in South Solok regency (between X and Y).

Ha/H1 : There is significant influences between zakat and improvement of community's economy in South Solok regency (between X and Y).

Population and Sample

Population of this research was all of community who accepted zakat fund from National Zakat Agency South Solok regency and utilizing it as productive bussiness activity. Until 2020, the number of *mustahiq* (zakat recepiant) for productive bussiness is 258 people (*mustahiq*).

In determining respondent or sample writer utilized purposive sampling technique which is sampling technique with certain consideration¹. To determine the number of sample writer used slovin formula, so it is obtained 72 sample.

Data Validity Test (Research Instrument Test)

Research instrument test is consisted of two types:

¹ Suharsimi Arikunto, *Op.Cit*, h. 127

1. Validity test conducted using product moment correlation formula. To find out whether research instrument is valid or not, the value of correlation coefficient or r count compared with value of r table on significancy level 5 % and degree of freedom $(n-2)$. If the value of r count $>$ r table, so instrument is valid. Otherwise, the value of r count $<$ r table, so instrument is not valid
2. Instrument reliability test using Alpha Cronbach formula because this research instrument were questionnaire and graded scale. Decision making basis in reliability test is, if the value of cronbach's alpha $>$ 0,60, so the questionnaire is reliable or consistent. If the value of cronbach's alpha $<$ 0,60 so questionnaire is not reliable or not consistent².

Data Analysis Technique

1. Classic assumption test

a. Normality test

Normality test is aimed to prove data used have normal distribution. Then, analysis result is compared to it's critical value. Decision making basis can be done based on probability (Asymp.Sig), that is:³

- (a) If probability $>$ 0.05 so, the population has normal distribution
- (b) If probability $<$ 0.05 so, the population does not have normal distribution.

b. Heteroscedasticity Test

In this research heteroscedasticity test used Glejster test method. Decision making basis is :

- (a) If significance $>$ 0.05 so there is no heteroscedasticity.
- (b) If significance $<$ 0.05 so there is heteroscedasticity.

2. Data Analysis

a. Simple lineaar regression test

Research data analysis is done using simple regression analysis processed using SPSS. Then, Simple regression analysis is test the data to discover how far the influence between causing variable (X) that is zakat to effect variable (Y) that is the improvement of *mustahiq* economy

The model of simple linear regression is:

$$Y = a + bX + e$$

Note:

² V. Wiratna Sujarweni, *SPSS Untuk Penelitian*, (Yogyakarta: Pustaka Baru Press, 2014)., hlm 193

³ I'anatut Thoifah, *Statistika Pendidikan dan Metode Penelitian Kuantitatif*, (Malang: Madani, 2015), hlm. 221.

Y = dependent variable

X = independent variable

a = Konstanta

e = the term error in predicting value

b. Coefficient of Determination (R^2)

Coefficient correlation (R_{Square}) stated the diversity proportion on variable depends on which can be explained by the estimator variable. The value R^2 ranged from 0 – 1, value of R^2 which is getting closer to 1 show the influence of the estimator variable on the dependent variable is getting stronger. In contrast, the closer to 0 indicates the weaker influence.

The value of determination coefficient is count using the following formula:⁴

$$r^2 = 1 - \frac{\sum(y-y')^2}{\sum(Y-Y')^2}$$

Note:

r^2 = determination coefficient .

$\sum(y-y')^2$ = total difference between dependent variable and regression line

$\sum(Y-Y')^2$ = total difference between dependent variable and the mean of the dependent variable.

c. T test (t-count) or Partial test (Hypothesis test)

T test is conducted using SPSS software aimed to discover variable X partially has a significant effect to variable Y. Conclusion making basis on t test as followed:

(a) If the value of T or significant $< 0,05$, There is influence between independent variable and dependent variable partially.

If significant $> 0,05$, There is no significant effect between independent variable and dependent variable.

RESULT AND DISCUSSIONS

South Solok regency geographically located on $01^{\circ} 17'13'$ - $01^{\circ} 46' 45''$ South latitude and $100^{\circ} 53' 24''$ - $101^{\circ} 26' 27''$ East longitude. In 2011 South Solok regency is consisted of 7 districts, namely Sangir district, Sangir Jujuan district, Sangir Balai janggo district, Sangir Batang Hari district, Sungai Pagu district, Pauh Duo district and Koto Parik Gadang Diatch district, consisted of 39 villages and 215 hamlets. South Solok regency has an area approximately 3.346,20 Km² dominated by country forest, around 36,53 percent. District capital of South Solok is located in Padang Aro

⁴ Nawari, *Analisis Regresi dengan MS Excel 2007 dan SPSS 17*, (Jakarta: PT Elex Media Komputindo, 2010), hlm. 29.

(constitution No. 38 in 2003). South Solok regency is expansion of Solok regency as Parent County with capital district in Arosuka.

Total population of South Solok regency in 2020 is 182.027 people consisted of 92.859 men and 89.168 women. It can be seen the number of poor people in South Solok regency from 2012 until 2020 tends to decrease from year to year. Eventhough in 2019 and 2020, there is increasing because of economic downturn as an effect of covid 19 pandemic hit at the end of 2019.

Collecting and distributing zakat fund in South Solok regency is conducted by National Zakat agency South Solok regency with reference to the work program which has been regulated as followed:

1. PROSPER South Solok

Fund distributing program for productive business capital to support poor economy. (Classified into Asnaf category, poor)

2. SMART South Solok

Fund distributing program for scholarship, education cost assistance which is owed for university enrollement cost (categorized into Asnaf Fisabilillah, and Asnaf Gharimin)

3. HEALTY South Solok

Fund distributing program for mustahiq medical assistance which is unable to pay medical services and does not have medical insurance (categorized into asnaf pauper, poor, Gharimin)

4. PIETY South Solok

Fund distributing program for religious activity and education assistance for scholars cadre of South Solok to the the middle East (categorized into Asnaf Fisabilillah)

5. CARE South Solok

Zakat fund distributing program to help natural disaster victim and social activities (categorized into asnaf poor, Asnaf Ibnu Sabil and Infaq fund for humanity)

To distribute zakat, the administrator of National Zakat Agency South Solok regency is guided by Standard Operating Procedure which has been determined in management meeting at the beginning of term. As result, programs which has been conducted in accordance with the Standard Operating Procedure which has been determined and set the standard procedure and guideline in distributing zakat to mustahiq. It is aimed to make zakat that is distributed is right on target and appropriate.

Processing result of research data using simple linear regression was used to measure the influence of independent variable to dependent variable. In this research, independent variable is zakat meanwhile dependent variable is improvement of community's economy.

Based data processing result, the equation $Y = 3.277 + 0.664X$ is obtained, as result it can be explained that the value of constant (a) = 3.277 . It means if zakat management (variable X) equal to zero (0) (no change) so, the improvement of community's economy (variable Y) is 3.277. Then, regression coefficient of zakat management/variable (X) (b) = 0.664 with positif value means if zakat management (X) increase by 1 unit, so Y will increase 0.664. It means zakat (X) increase 0.664 so community's economy improvement (Y) will increase 0.664.

Coefficient correlation (R²) is aimed to discover the ability of independent variable (zakat) in contributing and influencing dependent variable (the improvement of community's economy). Higher value of determination coefficient, better the ability of independent variable in explaining dependent variable. The result of data processing revealed value of $R^2 = 0,987$ which means zakat give contribution 0.987 or contributed around 98,7% to the improvement of community's economy in South Solok regency. Meanwhile the rest of them 1,3 % is explained by the other variables which is not explained in this research.

T test is aimed to find out variable X partially has significant influence to variable Y. Based on processing result, it is obtained the value of $t_{count} = 73,988$, meanwhile value of $t_{table} = 1,666$. Therefore, value of $t_{count} > t_{table}$ ($73,988 > 1,666$) means H_0 rejected and H_a accepted, it can conclude that there is significant influence between zakat and the improvement of community's economy in South Solok regency.

Zakat has many wisdom and clear positif influences, for property paid, person pay it, and muslims' community. Paying zakat means someone has appreciated the blessings of wealth given by Allah SWT. It is compulsory to pay zakat on the wealth of the rich, it is not only to manifest sympathy to the poor, but also to protect from starving and poverty. Accumulating wealth by tycoon without thinking of fuqara fate has very big role in growing of security disruption in society.

Zakat is the biggest factor in fighting poverty which is sourced for all kind of catastrophe, both individuals and communities. If wealth person pay zakat required for them through trusted agency, zakat will fight the poverty. For property that is paid zakat, it can make it clear, developed with all blessing, saved from all of disaster, and protected by Allah from all of destruction, neglect, and wastage.

This research revealed zakat make an impact or big influence on improving of community's economy. The existence of zakat fund accepted by mustahiq can help them in fulfilling all their needs. Theory said zakat is not only as income redistribution instrument, but it also social security for the community. Zakat is social security for pauper in obtaining income and fulfilling their needs. Zakat is social security for poor in getting additional income to fulfill their needs. Then,

zakat is also social securift for other asnaf in strengthening his faith by fulfilling all needs as an effect of zakat fund accepted.

However, this very big zakat potential is not maximal to be utilized as an effort for equitable distribution of income in society. Logically, as faithful muslim all of muslims have to optimalize the role of zakat in decreasing the poor and increasing community's economy. In contrast, it is ironic when the utilization of zakaf potency is still categorized inti less maximal in improving community's economy.

Writer can conclude that there are problems causing big zakat potency in an effort to improve community's economy does not run maximal in South Solok regency. It would be pity, if this very big potency could not be realized. If zakat is truly utilized to improve community's economy, it can be sure that community's prosperity problem in South Solok regency can be handled well.

Problems can be classified into the following thing:

- a. Management of zakat funds is not maximal wherein the allocation of zakat fund managed by National Zakat Agency is used more for consumetive zakat than productive zakat.
- b. Lack of supervision to people accepts productive zakat so that zakat fund is not fully utilized to develop bussinees.
- c. Development conducted by National Zakat Agency to people who accept productive zakat is not maximal so that bussiness management does not run well.
- d. Socialization from National Zakat Agency to community is still minimal, so that many people does not know that National Zakat Agency has program for productive business.

Regard to these issues, it is necessary to optimalize the roles of zakat in improving community's economy. Considering theoritically zakat gives significant effect to the improvement of community's economy. There are several things which can be considered for South Solok regency so, zakat potency can be maximalized in improving community's economy to reduce poverty in South Solok Regency:

- a. Optimalization the role of National Zakat Agency, Zakat Institution, and other official institution in collecting and distributing zakat to community.
- b. Increasing the portion of zakat distribution for productive business than consumtive.
- c. Conducting training, development, and supervision to community who accepts productive zakat.
- d. Socialization to all levels of society by collaborating with public's figure both traditional figure and religious leaders, so community knows the existence of National Zakat Agency, Zakat Institution, and other official institution.

Beside practical suggestion, It is also suggested the policy maker, public figure and people to increase literacy and understanding especially religion knowledge. Because main foundation of Islam economy system is Aqidah reflected in sharia rules and ethics or akhlak in every activity especially economy activity. Government needs to provide place for community in an effort to seek and comprehend religion, public figure needs to be a person who nurtures and becomes a role model for people, meanwhile community needs to open their mind to accept and apply every value of religion teachings in daily life.

By collaborating and synergizing on improving community's faith quality through literacy fulfillment, so the pattern of economic activity in accordance with Islamic teachings and Islamic value can be applied. People will comprehend and entrust the collection and the distribution of zakat maal through official institution and together support government program to improve community's economy and decrease poverty rate through empowerment of people's economy by utilizing big potency of zakat. Therefore, zakat is truly having roles on improving economy according to concept and theory stated before.

CONCLUSION

The study delves into the economic impact of zakat in South Solok regency, highlighting its potential as a driver of community prosperity. While both consumptive and productive zakat play a role, the research emphasizes the importance of the latter in fostering long-term economic growth. Despite the existence of various zakat programs, such as Prosper South Solok, the distribution seems skewed towards consumptive rather than productive initiatives. Through empirical analysis involving 72 respondents, the research establishes a significant correlation between zakat and economic improvement, as evidenced by a regression equation indicating a positive influence of zakat on income growth. The coefficient of determination underscores zakat's substantial contribution, accounting for 98.7% of the variation in economic enhancement. However, it acknowledges that other factors outside the scope of the study may also influence economic dynamics. Ultimately, the findings underscore the pivotal role of zakat in fostering economic development and advocate for a more balanced allocation between consumptive and productive initiatives to maximize its multiplier effect.

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