

The Limits of Indicators of Wealth and Poverty through the Prism of a Systemic Approach of Zakatable Assets

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ABSTRACT

The study aims to explore the limitations of financial indicators of wealth and poverty in the light of a systemic approach, which considers zakat assets as a network for processing resources and circulating energy in all parts of the whole. This allows human communities, each in its way, to find the right balance between performance and resilience in the long term in all circumstances, particularly in times of crisis and pandemic. Among the most important results reached by the study: the need to design indicators that are not only based on the quantity of money held by people, to highlight the quantities, volumes, sizes and areas related to resources to preserve the diversity of living things and ecosystems. The study recommends rehabilitation of the role of local actors in the design of indicators so that they are not the exclusive prerogative of international experts who are far removed from the daily concerns. This promotes freedom of initiative in the governance of local affairs in favor of the 'de-financialization' of human life and the introduction of currencies that respect local values.

Keywords: Assets of zakat, indicators, wealth, poverty, systemic approach

INTRODUCTION

The simple things in life, which are part of the common good of humanity, are still there. However, they sometimes tend to be forgotten, distorted, emptied of substance, and not appreciated at their true value. What matters is not so much to lead a simple life - everyone is free to conceive the life that suits them - as to develop methods of analysis that are equal to simple but essential facts, to what they encompass as meaning, values and scope, to be able to determine what really matters to preserve it, to prevent it from being lost under the influence of quantitative logic and even worse to conformism in any form whatsoever.

Knowing that the sacred texts, which express many things in a few words (*jawāmi' al-kalim*), contain a multitude of meanings and ranges of

which a significant part remains unexplored, the present study is based on texts, dedicated to assets subject to *zakāt* (*amwāl zakawiyah*), to explore the limits of wealth and poverty indicators widely used in both international studies and those aimed at analyzing the potential effects of *zakāt*, both at the macroeconomic, mesoeconomic, and microeconomic levels. While observations expressed most often in figures are far from everyday usage, indicators prevent us from seeing the essential things and calculations do not capture simple facts.

After highlighting the need for a renewed reading of assets subject to *zakāt* and the performative character of economic indicators, the study analyzes indicators of wealth and poverty under the prism of assets subject to *zakāt*. The conclusion presents the main results and

emphasizes the need for local actors to reclaim indicator questions as part of a process of local initiatives that promote commitment to the life of the City.

FOR A RENEWED READING OF THE ASSETS SUBJECT TO ZAKAT

According to the sacred texts, here *Qurān* and *Sunnah*, the assets subject to *zakāt* at the time of the Prophet (ﷺ) encompass four main categories: herds (camels, cows, sheep), agricultural products for human consumption and likely to be conserved, gold and silver, and goods for trade (al-Qaradhawi, 2000, 1: 53-182). This non-exhaustive list, of which some components may be associated with a bygone era, proves to be crucial to better rethink the problems associated with the link between *zakāt* and indicators of wealth including poverty under the reign of quantity (Guénon, 1945).

The history of humanity is linked to that of agriculture, i.e. to the domestication of plants, animals and the development of the techniques necessary to cultivate or raise them. Human survival always depends on the amount of food available. Civilization, in the first sense of the word, corresponds to the way of life of the peoples who adopted agriculture. Money then appeared, in many forms, to make exchanges more fluid when necessary. It is only one of many assets; it is not a medium that regulates social relations and infiltrates the entire sphere of life in the City, as illustrated in Figure 1. In this way, goods carry not only an original meaning, but a morality of attitudes and norms. The unbridled commodification of goods dilutes these dimensions as well as the

sense of related values. For example, the camel carries values such as endurance, temperance, and sobriety which is characterized by an absence of superfluous ornaments. Most descendants of the nomads, now settled in cities, have lost the sense of these values and consider the camel as the object of a fruitful business. To show their opulence, they turned to the standardized products, primarily four-wheel drive cars, under the effect of mimetic desire (Girard, 1961).



Figure 1. Assets subject to zakat

Source: Developed by the author

This renewed approach, which has its roots in the heart of human civilization, leads us to go beyond the literal reading and to appropriate classical texts in the light of the progress of scientific research, across all disciplines and beyond social sciences, to the dangers that threaten the planet and the challenges facing the human species. This emphasizes, in a fundamental way, the units of measurement which are involved in the calculation of the assets subject to *zakāt*, namely the quantities, the masses, the volumes, the lengths, and the duration with regard to the condition of the lunar year (*hawl*), as summarized in Table 1.

Table 1. Units of measurement involved in the calculation of assets subject to *zakat*

Type of Assets	Percentage	Referent of measurement
Herds	Variable by type	Quantity, duration
Agricultural products	5%, 10%	Mass, volum, duration
Gold, silver, money	2,5%	Mass, duration
Goods for trade	2,5%	Mass, quantity, area, length, duration

Source: Compiled by the author

As regards the exact physical quantities, these units of measurement are related to the real economy and the daily life of the populations beyond the monetary appreciation and the price signal that turns out to be a delusion. What guides the decisions of the players in the global financial markets is not so much the price signal as the volatility driven by unbridled speculation to take advantage of price differentials, even if only for a concise period (Bouleau, 2018).

Such an analysis overlaps with the studies that led to the need to construct indicators in quantity, mass, volume and surface (Bouleau, 2012: 101; 2017: 34), like those presented by the famous Report of the Club of Rome '*Limits to Growth*' (Meadows et al., 1972: 160) and its update (Meadows et al., 2004: 241). Some of these indicators would highlight, for example, changes in social health (Jany-Catrice, Zotti, 2009) and natural heritage (greenhouse gas emissions and carbon footprint) (Paillet, Bouleau, 2016). Other initiatives focus on the ecological footprint or thresholds of irreversibility (Rockström et al., 2009). What is important is to highlight general trends in social health and pollution emissions in order to have an in-depth discussion on how to improve these trends (Méda, 2015).

Thus, humanity has an invaluable heritage of knowledge that is rooted in the expert work of normal people

acquired over the centuries. However, she does not always know how to approach it with discernment in order to grasp its secret melodies, under the intoxication of civilization in love with gadgets of all kinds (Massignon, 1950), which have made people lose their sense of reality and plunged them into endless mimetic rivalry (Girard, 1961). Most economic indicators, far from being neutral techniques, support this permanent leap of desire and frustration by ignoring the societal right recognizing each human group ('*umrān basharī*'), in the sense of Ibn Khaldun (2001: 42), the freedom to follow one's economic life trajectory embedded in the local social fabric (Polanyi, [1944] 1985: 104), free from any pre-established economic classification like 'developed/underdeveloped' (Rist, 2009), 'competitive/non-competitive' (Group of Lisbon, 1996).

THE PERFORMATIVITY OF THE ECONOMIC INDICATORS

Academic research has shown that economic indicators carry a vision, i.e. divisions of the world (Belabes, 2001). This denotes their performative character (Ottaviani, 2015, Demailly *et al.*, 2015), in the sense of Austin ([1961] 1970), where speech, or any other form of human expression, can be direct action and not a representation or description of a thought.

This radically changes the status of statistical tools: once indicative, they become performative, by a loop effect, since agents are encouraged to adapt their behavior to the characteristics of the indicator (Brossard, Colletis, 2011). Indicators, far from being potential catalysts for paradigmatic change, are the tools for legitimizing a status quo in the conduct of societies. Hence, the need for a scientific debate to distinguish the indicators likely to bring a change of direction in the orientation of societies, of those which in their modes of construction, include the ferments of a system which they claim to go beyond. As Alain Desrosières (2014: 275) points out, *"for a statistic to play its social role as an alleged neutral referent, above parts of a conflict or social groups, it must be instituted, guaranteed by democratic procedures themselves legitimate. It helps make reality and not just reflect it."*

The performative nature of economic indicators is reflected in statistics. One of the difficulties in studying statistics comes from their use as an argument to suggest certain progress and therefore justify the introduction of certain measures that seem, at first sight, to concern themselves with the fate of the most deprived, through a carefully designed vocabulary, taking into account repeated criticism). According to a recent World Bank report (2018: 1),

"in 2015, an estimated 736 million people were living below the international poverty line, or \$1.90 in purchasing power parity in 2011. In 1990, there were 1.9 billion of them. In a quarter of a century, 1.1 billion people (on a net balance) have escaped poverty

and improved their standard of living ".

In other words, it is necessary to produce before distributing through the strict application of the recommended policies that alone will allow emerging countries to benefit from economic growth that matches their ambitions and ensure sustainable development and the well-being of their populations.

A change in the threshold, however small, will have a real impact on the number of poor people in the world. The statistics are not neutral a priori. Only the reconstitution of their production and use chains makes it possible to grasp their real scope and unstated objectives. The World Bank has set itself the goal of eradicating extreme poverty around the world in 2030. But the slowdown in growth, its experts note, makes this goal more difficult to achieve. In other words, it is necessary to produce before distributing through the strict application of the recommended policies that alone will allow poor countries to benefit from economic growth that matches their ambitions and ensure sustainable development and the well-being of their populations (World Bank, 1994).

Beyond the human suffering associated with the implementation of the recommended policy, the societies concerned are confronted with fundamental changes in their cultural specificities in favor of a single model, where the only recognized values are competition, enrichment and individual promotion. If this trend continues, it would inevitably lead to an irreparable impoverishment of the cultural heritage of all humanity (Dujardin *et al.*, 2003).

This problem is lacking in contemporary literature that combines *zakāt* and GDP, traditionally used to

assess the wealth of nations without looking at the performative character of the indicator and its impact on cultural diversity and the way of perceiving the world; because any indicator gives an inevitably restrictive interpretation of the reality it claims to apprehend and makes it intelligible.

ASSETS SUBJECT TO *ZAKAT* AT WEALTH INDICATORS

The percentage of *zakāt* to gross domestic product is often used as an indicator by researchers (Hashem, El-Sha'er, 2015: 420; Shaikh, 2016: 29; Nisthar, Nufil, 2017: 59; Ismail, 2018: 4), international organizations such as the OECD (OECD, 2017: 60), the International Monetary Fund (Alam *et al.*, 2017: 14-15), the World Bank (Iqbal, 2013: 5), often in reference to Kahf's work (1989: 18), without taking into account the effective epistemological posture.

This amounts to measuring the contribution of *zakāt* to the creation of national wealth without questioning the epistemological presuppositions and limits of this indicator, which is based on a particular vision of the wealth of society: that of economists who consider that wealth comes from the production of goods and services to be sold on the market.

This conception leads to ignoring the social bond, the cultural heritage, and a whole series of essential activities, not only because they constitute a source of well-being, but more generally the fabric of daily life, i.e. to say the most important things in life by essence unquantifiable. As Bob Kennedy notes at the University of Kansas, on 18 March 1968, about the GDP: "*It measures everything except that which is worthwhile*" (Rogers, 2012). These

activities range from what national accounts call '*non-market household production*' to activities that are qualified as '*non-productive*'. The wealth of a society is reduced to the production of goods and services traded on the market in the monetary sphere (Méda, 2012: 20).

Faced with this challenge, the alternative cannot be enough to develop new indicators alongside the GDP. It is necessary to take a global perspective: that of the transition towards societies of good living (Jany-Catrice, Viveret, 2018), by returning to the essential. Hence, the importance of local initiatives aimed at developing indicators that would better reflect progress or regressions of good living, in terms of human, social and ecological purposes (Jany-Catrice, 2010).

The addition of monetary added values for GDP calculation ignores what is free but valuable. This paradox leads us to rethink the very idea of wealth by seeking to extract it from its materialistic straitjacket (Rahnema, 2004). Wealth is not reduced to monetary wealth, and its multiple and qualitative rather than quantitative dimensions must be considered through its measurement (Caillé, 2012).

Furthermore, the calculation of GDP does not consider what is lost on the way in more and more cases, where growth destroys more than it creates. Multiple damages, whether human, social, or ecological, escape the growth accounts, and can rarely be evaluated in monetary terms. These damages are closely related and cannot be treated independently of each other. Thus, major public health problems are associated with pollution, the ozone hole, the greenhouse effect, and climate change.

With such limits, now shared by groups of leading researchers (Stiglitz *et*

al., 2009) within international organizations (OECD, 2011), excessive reliance on GDP generates nonsense and paradoxes (Méda, Gadrey, 2013). In this sense, it is not just an inappropriate indicator — it becomes dangerous (Gadrey, 2018). For example, the destruction of tropical forests in Indonesia for the pulp, paper and palm oil industries is good for GDP. It does not matter if it is a disaster for the environment, endangered species, and aboriginal people. GDP is indifferent to the nature of the activity that ultimately generates income, just as it is indifferent to its human, social and ecological cost (Illich, [1969]1971).

The assets subject to *zakāt* refer to the idea that the wealth of a society is not reduced to GDP, i.e. to the sum of the monetary added values, as the currency is not the exclusive support of wealth, but only a case. The assets subject to *zakāt* are, first and foremost, goods of social utility that have their own value.

It should be noted, as classical legal literature states, that the Arabic word '*māl*' refers to all that is beneficial (ibn al-'Arabī, 2003, 2: 107; al-Zarkashī, 2000, 3: 31; al-Bahūtī, 1982, 3: 152). In this, people adopt this or that good for the potential benefit it provides (Ibn 'Abd al-Salām, 1990, 1: 132), given the lifestyle of society regarding available resources. This is the reason why "among the ancient Arabs, the qualifier of *māl* (good) is attributed more to camels because they constituted the largest part of their *amwāl* (goods)" (Ibn Mandhūr, 2003, 14: 152).

The objective of economic activity is not so much to produce more to earn more as to produce what is beneficial to enable society to be sustainable, by making available to the population the goods it needs while minimizing acts likely to harm general

health as described in the treaties of *ḥisbah* or are specified the rules of conduct that govern life in the city, including markets, in order to identify and minimize risks to maximize benefits.

This frame of mind belongs to the very essence of the human condition. As rightly noted by Ibn Khaldūn (2001: 346),

"the human being can only be qualified as such if he is able to attract what is beneficial to him and repel what is harmful to him and sustainably comply with this good conduct".

It extends to the entire social body. A society can only be qualified as such if it can do what is beneficial to it and push back what is harmful to it and conforming to it in a sustainable way. It is found more than four centuries later in the writings of Baron Massias (1822, 3: 201). With reference to the literature on complex systems, the sentence '*attract what is beneficial*' can be synonymous with '*performance*' and that '*repel what is harmful*' with '*resilience*'. If resilience and efficiency are both necessary, nature tends to favor systems which an optimal mixture of the two. Resilience requires greater diversity at the expense of efficiency, in order to increase the ability to adapt to problems that may arise. In this, GDP is a poor measure of the sustainability of systems because it measures volume, while ignoring the network structure needed to process resources and move energy to all parts of the whole. Hence the need to distinguish between bubble economy that ends up bursting sooner or later and resilient economy able to quickly overcome shocks and disturbances (Goerner *et al.*, 2009: 77). The world today needs, more than ever, such a frame of mind which, if

it disappears, causes society to disappear with it¹.

ASSETS SUBJECT TO ZAKAT AND INDICATORS OF POVERTY

The non-exhaustive list of goods subjects to *zakāt*, listed above, shows that poverty is not reducible to a monetary issue. In a monetary approach to poverty, households are considered poor if their income is below a threshold that changes according to the distribution of living standards, as shown in Table 2 on the World Bank's poverty line.

Table 2. Poverty threshold established by the World Bank

1990	2008	2015
1 USD	1,25 USD	1,90 USD

Source: Compiled by author from World Bank data

In 1990, researchers proposed measuring poverty in the world against the poorest countries. They started from national poverty lines of a number of the poorest countries and converted them into a common currency using exchange rates in purchasing power parity. But as points out the Bip 40 (a barometer of inequality and poverty), an indicator developed at the local level by an association network of militant researchers and trade unionists (Concialdi, 2009), inequalities and poverty are not limited to monetary inequalities.

The monetary approach to poverty largely depends on the conventions adopted, both for the definition of income and for the setting of the threshold (Hourriez, Legris, 1998:

35). However, poverty is multifaceted; it is both a fact and a feeling, and the synthesis is difficult, to measure it, without losing the substance, nor to denature the meaning, is a dangerous exercise (Destremau, Salama, 2002).

The monetary conception of poverty leads to an arbitrary categorization which qualifies as poor people who do not necessarily consider themselves as such. The association of poverty with lack of money is recent. If it goes back to the end of the eighteenth century, under the effect of the industrial revolution, it is not neutral, because it directs thought to purely economic considerations (Polanyi, 1985: 192). Hence, the interest about poverty from the researchers in political economy (Lallement, 2012) and, more recently, from researchers in finance (Gloukoviezoff, 2008).

Most studies associating *zakāt* and poverty alleviation (Abdullah *et al.*, 2015; Olanipekun *et al.*, 2015; Kasri, 2016; Arif, 2017; Mkuu, Bin Yusoff, 2017; Dutsinma, Dansabo, 2017) remain trapped of this purely monetary conception of poverty without grasping the underlying epistemological presuppositions. Hence, the tendency to consider *zakāt* as the following:

- A financial system (Sarea, 2012: 242).
- A microfinance tool (Ibrahim, Ghazali, 2014: 117; Hussaini, 2017: 59; Hassanain, 2015: 193; Debnath, 2015: 1; Aldosari, 2016: 33).
- A non-bank financial institution (Hassan *et al.*, 2013: 27).
- A non-profit financial institution (Saad *et al.*, 2014: 509).

¹ It should be noted that this idea was developed before the appearance of the corona virus.

- A digital platform for revenue mobilization (Yaakub *et al.*, 2016; Mulyadi *et al.*, 2018). Hence, the name of 'E-Zakat' or electronic *zakāt*.
- A bank to effectively manage the funds of the *zakāt* (Dakhoir *et al.*, 2014: 62; Sudirman, 2016: 57). Hence, the name of '*zakat bank*' as an extension of that of '*waqf bank*' (Mohammad, 2011).
- A tool of financial inclusion (Salleh, 2015: 150; Hashem *et al.*, 2015: 413; Yahaya, 2018: 15) that aims to mobilize more savings to promote investment and consumption, which are the drivers of growth.
- A mechanism of social finance (Alim, 2017: 233; Stirk, 2015: 3; Bayniyah, 2017; Soyan Financial Consultancy, 2017: 16; International Federation of Red Cross and Red Crescent Societies, 2018: 3-4; Muhammad *et al.*, 2018: 141; Rasool *et al.*, 2018: 4116).

In addition, these studies recommend investing the revenues of *zakāt* to better meet the needs of beneficiaries (Wan Ahmad, 2012; Alkhulaqi, 2014: 222; Gafoordeen *et al.*, 2016).

This financialist reading amounts to closely associating *zakāt* with private capital for the benefit of managerial ideology that is not identified as one. Social finance, it must be remembered, consists of mobilizing private capital to generate not only economic value, but also social and environmental one (Moore *et al.*, 2012: 116).

However, managerial ideology, beyond its mythical character as a solution to all social problems (Le Goff, 1992), has proved to be a social perversion that ultimately leads to instrumental management of the psyche

and a free subjection to the cult of economic performance (Gaulejac, 2006), which is one of the characteristics of contemporary societies (Habermas, 1979; Ehrenberg, 1991).

This orientation is not surprising in the light of the statistics circulating on the Islamic financial industry in international organizations. As noted by the World Humanitarian Summit (2016: 1) in a special session dedicated to Islamic social finance: "*The Islamic Finance industry's assets are presently estimated to be worth USD 2 trillion and are forecast to rise to USD 5 trillion by 2020. This is unsurprising, given that the total economy of Muslim countries is valued at USD 16.2 trillion, just behind the United States and the European Union.*"

Does not assimilating *zakāt* to a financing tool constitute a new market fundamentally for financial, fiscal, legal and shariatic engineering whose mission, proclaimed loud and clear, is to protect the quality and safety of *zakāt* for the benefit of the beneficiaries? Does the financialization of *zakāt* not offer tempting business? This may explain its recent attractiveness to private and public non-governmental organizations and United Nations agencies, especially those dedicated to humanitarian actions!

CONCLUSION

According to this study, it appears that assets subject to *zakāt* are not a mere list of goods, some of whose constituents seem, at first sight, to date from another time, or even from an archaic period. This list, not exhaustive, carries a vision where money is not the exclusive support of wealth, but is only a case. It refers to assets of social utility that have their own value: if money is not everything, there

are things that cannot be bought as long as they are intended for right holders. Hence, the limits of literature that associates *zakāt* with monetary indicators, be it wealth or poverty. The scope of this list has not been grasped in its full meaning, because the analysis remains confined to the normative domain in the strict sense of the word, regardless of the content developed and the intentions displayed. The assets subject to *zakāt* carry not only an original meaning, but a moral in attitude-behaviour social relationships. The unbridled commodification of goods dilutes these dimensions and the sense of related values.

Moreover, this list basically conveys the units of measurement involved in the calculation of what is subject to the *zakāt*, in this case: quantities, masses, volumes, lengths, and durations. This analysis, which highlights the link with the real economy and the daily life of populations beyond monetary appreciation, overlaps with the studies that led to the need to build indicators in quantity, mass, volume, and area to highlight, by way of illustration, changes in the natural heritage (greenhouse gas emissions and carbon footprints) and social health, so that the actors can have a sort of dashboard that reports cumulative results related to the actions of agents involved in the local fabric. This gives the opportunity to improve trends in a concerted way over a long period by identifying and minimizing risks for the maximization of benefits.

In this, the study calls for a reappropriation of indicators that would do justice to the creativity and competence of local actors, so that the construction of indicators is not the exclusive domain of experts and public decision-makers. It seems difficult to

imagine that a single player, however competent, can take care of this mission without any potential conflict of interest. Hence the shift from expert measurement to a local consultation in the development of indicators to protect against any risk of excess that has taken hold of our contemporary societies. This necessitates the introduction of currencies that respect local values. With such specific and complementary currencies, shocks would be better absorbed.

ACKNOWLEDGEMENT

This study is funded by the Chair of Dr. Abdulhadi H. Taher for Studies of Fiqh and Accounting of *Zakāt*, Faculty of Economics, Jeddah, King Abdulaziz University, Saudi Arabia.

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Literacy and Intention to Pay Zakat: A Theory Planned Behavior View Evidence from Indonesian Muzakki

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ABSTRACT

Zakat is a crucial instrument in Indonesian economic growth. It is considered vital because it can mobilize assets owned for economic growth by empowering certain groups in society, but Indonesian potential cannot be appropriately maximized. Empirically intention is a determining factor changes in muzakki behavior, influenced by muzakki's knowledge and attitude. The purpose of this study is to explore and examine how much impact the zakat literacy among Indonesian Muslims has on the intention to pay zakat. This study also analyzes the intention to pay zakat when viewed from the level of factors in the theory of planned behavior. This research involves structural equation modeling (SEM) approach, which is done through AMOS software, with a sample of 280 muzakki. The results of this study stated the hypothesis that was tested as a whole was accepted, so that it can be concluded the higher level of attitude, subjective norms, and literacy about zakat owned by muzakki it will have implications for the higher intention of muzakki in his compliance zakat paying.

Keyword: Zakat Literacy, Theory Planned Behavior (TPB), Intention to Pay Zakat, Structural Equation Modelling (SEM)

INTRODUCTION

Indonesia is one of the countries that has the largest Islamic community in the world; data shows in 2017 12.9% of the world's Muslim religions live in Indonesia (Istiqomah & Asrori, 2019; Mukhibad et al., 2019). One of the pillars in Islam is the obligation to pay zakat, but empirically the Indonesian Muslim community is not fully aware of this obligation (Afiyana et al., 2019; Istiqomah & Asrori, 2019). Whereas zakat is an essential instrument in Islamic economics, it is considered vital because it can mobilize assets for economic growth by empowering certain groups in society: poor, needy, fund

administrators, slaves, debtors and travelers (Al Jaffri Saad & Haniffa, 2014; Bunyamin, 2019). According to data released by the National Board of Zakat (BAZNAS), the potential for Indonesian zakat in 2017 reaches Rp 271 trillion per year. But the amount of zakat received has only reached Rp 5 trillion. In addition to Baznas, the CEO of Rumah Zakat, also said the same thing, namely the potential for zakat in Indonesia had reached 217 trillion, but the realization of zakat collected is still raised at 4% (Afiyana et al., 2019; Andiani et al., 2018; Tahliani, 2018). For this reason, it is necessary to formulate a solution related to the problem of not yet maximizing the potential of zakat.

Empirically several studies have been carried out, stating that one of the problems that directly intersects is the low level of muzakki literacy (Bin et al., 2019; Mohd Ali et al., 2017). Literacy in the modeling of compliance-based zakat has been shown to significantly influence the intention to pay zakat (Bin et al., 2019; Sulaiman et al., 2019). This finding supports previous research, which states that the intention and awareness of paying the zakat are determined by how much knowledge and understanding of religion and zakat (Mohd Ali et al., 2017). When viewed from the perspective of psychology, one's intention can be predicted by three determinants: attitude towards certain behaviors, possessed subjective norms and perceived behavioral control (Theory of Planned Behavior) (Al Jaffri Saad & Haniffa, 2014; Huda et al., 2012; Ramdhani, 2016). Muzakki's intention to pay zakat is influenced; by individual attitude factors towards attributes attached to zakat, by the influence of others, and also by perceptions about behavioral control that can facilitate or inhibit individuals in paying zakat (Awadh Bin-Nashwan & Abdul-Jabbar, 2016; Huda & Ghofur, 2016).

For this reason, the purpose of this study is to explore and examine how much influence the zakat literacy among Indonesian Muslims has on the intention to pay zakat. The study also examined the intention to pay zakat when viewed from the level of factors that exist in the theory of planned behavior. The findings of this study are expected to contribute to the vacuum in the knowledge of zakat. They can be used as a strategic reference for institutions authorized to increase the ratio of zakat to the Islamic economy.

LITERATURE REVIEW

Zakat Literacy

Zakat is the main foundation of Islam. Compulsory, not only bring blessings and cleanses the soul but also has a tremendous social and economic impact (Andiani et al., 2018; Mikail et al., 2017). The word zakat has several etymological meanings, namely blessing, growth and development, holiness, and goodness. While in terms of zakat is part of the property with certain conditions, which God requires to its owner, to be submitted to those entitled to receive it with certain conditions (Al-Mamun & Haque, 2015; Hoque et al., 2015). The relationship between the notion of zakat is very comprehensive, the assets that are issued with the purpose of zakat, assets will be a blessing, grow, develop, sacred and good (Dandago, K., Muhammad, A., & Abba, 2016).

"Take alms from a portion of their property, with that alms you cleanse and purify them and pray for them. Verily, your prayers (become) peace of mind for them. and Allah heareth again knows." (QS: At-Taubah, 103)

" And something Riba (additional) that you give so he increases in human wealth, So Riba does not add to Allah. and what you provide in the form of alms that you intend to achieve the pleasure of Allah, then (who do so) Those who multiply (reward)" (QS: Ar-Rūm, 39)

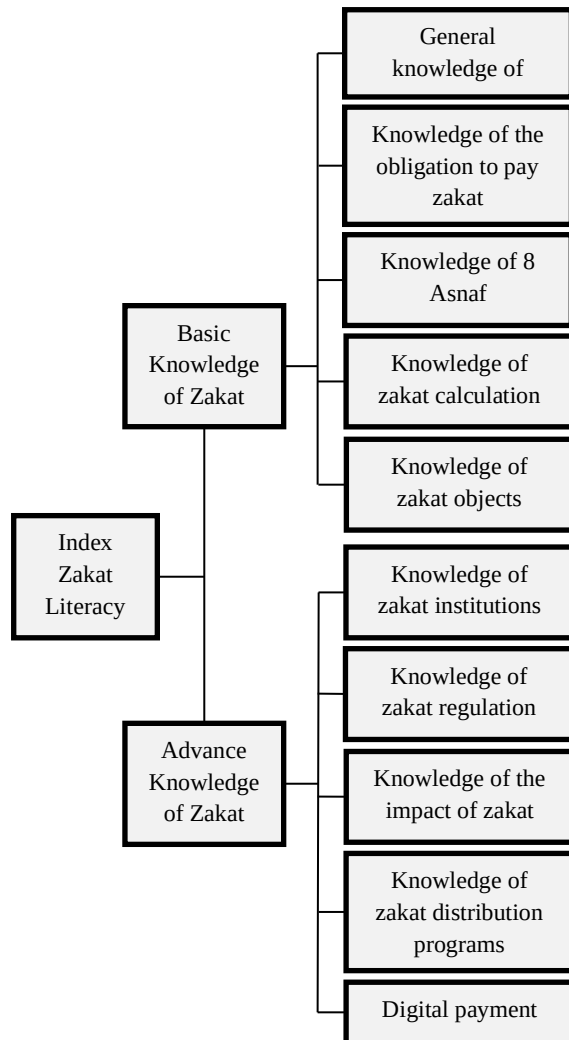


Figure 2. Components of Zakat Literacy

Source: BAZNAS (2019)

The concept of literacy in Islam has become part of the development of Islam history and has been a Muslim culture since the time of the Prophet; it is marked by the descent of Surah Al-Alaq verses 1-5 where the first verse in Surah Al-Alaq is "*Iqra*" which means to read. The verse is Allah SWT command to read or literate in a broader meaning (BAZNAS, 2019). Furthermore, the general concept of literacy is an ability, knowledge, and understanding of something that will change one's behavior and decisions towards it (Antara et al., 2016; Bin et al., 2019). Accurately, the definition of zakat

literacy can be interpreted as a person's ability to read, understand, calculate and access information about zakat, which in the end, the level of awareness in paying zakat will be higher. In a study conducted by the National Board of Zakat stated (see figure 1), zakat literacy consists of two main dimensions, namely basic knowledge about zakat and advanced knowledge about zakat. From these two dimensions, five variables were formed for the first dimension and five variables for the second dimension (BAZNAS, 2019).

Theory Planned Behavior (TPB)

Theory planned behavior is used to help understand intentions and behavior. This is also known as a social cognitive framework. TPB behavior decisions are not spontaneously made but are the result of a reasoned process in which behavior is influenced, with attitudes, norms, and perceptions of control over behavior (Allah Pitchay et al., 2019; Wang et al., 2018). The TPB model has three key factors, namely, perception of behavioral control, subjective norms, and attitudes towards behavior (see figure 2). Overall, TPB theory is an activity-based model that has been formed to justify the intentions of certain individual behaviors (Ajzen, 2005). This theory is widely used in various studies and applied in the field of business and management behavior.

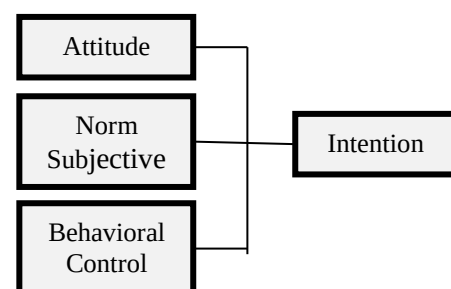


Figure 3. Theory Planned Behavior Framework

Source: Ajzen (2005)

The main element in TPB dimension is an attitude some researchers have tested attitude towards zakat as a critique of behavioral intention (Ashraf, 2019). Heikal et al in his research found that a significant relationship between attitude and adherence to zakat on employment income (Heikal et al., 2014). Likewise Bidin et al revealed that attitudes significantly influence the obligation of zakat among fund owners and attitudes towards zakat payment significantly influences zakat fulfillment behavior (Bidin et al., 2009).

The second element is subjective norms, based on the available literature; there is a significant influence of subjective norms on behavioral intention. In the perspective of zakat, previous research has been carried out, namely the relationship between subjective norms to fulfil zakat shows mixed results. Andam and Osman research result indicate a relationship between the two variables, namely subjective norms and intention to fulfill zakat (Andam, A.C. and Osman, 2019).

The last element is the perception of behavioral control. Previous studies have shown that there is a relationship between perceived behavioral control and behavioral intention. In terms of research relating to zakat, previous studies investigated the relationship between perceived behavioral control and intentions in fulfilling zakat. The results showed significant correlation between perceived behavioral control and zakat compliance intentions (Heikal & Khadafi., 2014). Based on some of the literature above, the use of TPB theory is the best to consider in individual behavioral intentions.

MODEL DEVELOPMENT

Zakat Literacy Effect on Intention to Pay

Having a deep understanding related to zakat is an obligation for all adherents of Islam, because the property will be held accountable when the time comes. Empirically studies that specifically address the relationship of zakat literacy with the intention to pay zakat are still very rarely conducted. One of the research results shows that the growth factor of the intention to pay zakat is on how often the muzakki follows the study of science, so that it has implications for increasing knowledge (Beik & Alhasanah, 2012). Next muzakki's more knowledge about zakat such as; the terms, conditions, calculations, recipients and the zakat law will affect the increasing intention of muzakki to pay zakat (Mohd Ali et al., 2017). In support of this statement, several studies have suggested that the higher level of muzakki's knowledge of zakat, this can have a significant impact on the intention of muzakki to pay zakat (Huda & Ghofur, 2016; Martono et al., 2019; Sedjati et al., 2018).

H1: Zakat literacy has a positive effect on Intention to pay zakat

Theory Planned Behavior Factors Effect on Intention to Pay

Behavior of paying zakat by muzakki is an action in the category of open behavior. Intention is the main determining factor in predicting behavior; the behavior is reflected in one's planned intentions to take action or not (Ajzen, 2005). The literature review states that the intention to pay zakat muzakki is influenced; by perceptions of behavioral control that can promote and inhibit factors in paying zakat, by his attitude towards the attributes inherent in zakat payment, and also by the influence

of others closest to him (Al Jaffri Saad & Haniffa, 2014; Awadh Bin-Nashwan & Abdul-Jabbar, 2016). Empirically several studies that have been carried out state that the factors in TPB (Attitudes, subjective norms, and behavioral control) can simultaneously have a significant positive effect on Muzakki's intention to pay zakat (Andam, A.C. and Osman, 2019; Heikal et al., 2014; Huda et al., 2012). While the results of research from Al Jaffri Saad and Haniffa stated, only two factors had a significant positive effect on the intention to pay zakat, namely attitude and subjective norms (Al Jaffri Saad & Haniffa, 2014).

H2: Attitudes has a positive effect on the intention to pay zakat

H3: Subjective norms has a positive effect on intention to pay zakat

H4: Behavioral control has a positive effect on intention to pay zakat

Theory Planned Behavior Factors Effect on Zakat Literacy

Empirically, studies that specifically discuss the relationship between TPB factors and zakat literacy are still very rarely carried out, thus this study uses a

theory that pertains to zakat literacy, namely financial literacy. In financial literacy the knowledge factor is divided into two perspectives; basic knowledge and advance knowledge. Both relate to how humans utilize their knowledge as a concept of behavior change (Castro-González et al., 2020; Fujiki, 2020; Muñoz-Murillo et al., 2020). Some research states that the attitude factor (personal characteristics) is the key to how much literacy level is owned and can be utilized (Ameliawati & Setiyani, 2018; Grohmann, 2018; Ibrahim et al., 2009; Mindra & Moya, 2017). Whereas Lajuni et al specifically in his study discussed the influence of the factors that exist in TPB (attitudes, subjective norms, and behavioral control) on literacy; empirically attitude and behavioral control have a positive effect on financial literacy, while subjective norms show symptoms of no influence (Lajuni et al., 2018).

H5: Attitudes has a positive effect on zakat literacy

H6: Subjective norms has a positive effect on zakat literacy

H7: Behavioral control has a positive effect on zakat literacy

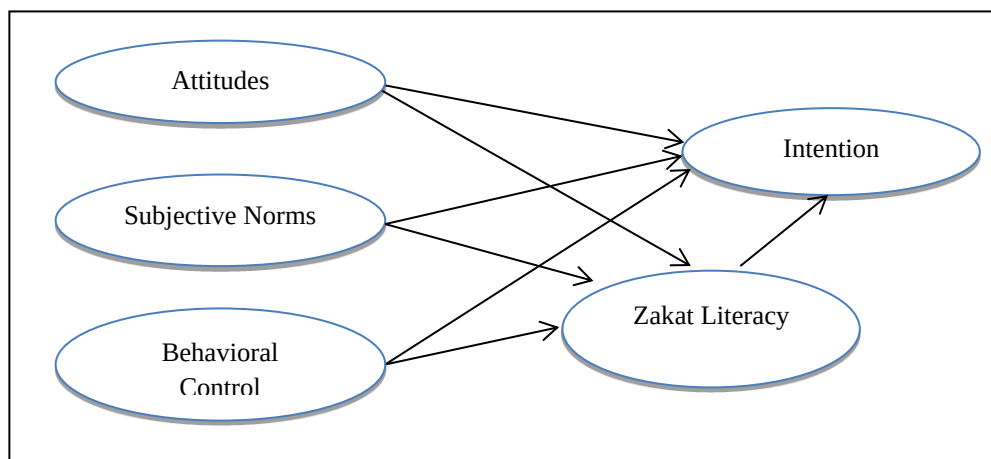


Figure 4. Research Framework

Source: various sources gathered by previous studies

METHODOLOGY

This research involves structural equation modeling (SEM) approach, which is done through AMOS software. SEM analysis includes various statistical analyzes such as path analysis, confirmatory factors analysis (CFA), root mean square area (RMSEA), causal modeling with latent variables and multiple regression analysis variances (Anwar et al., 2018; Hair et al., 2010; Yusfiarto & Pambekti, 2019). This

research was conducted by utilizing community surveys with questionnaire media. With a population of 576 respondents, however, those who meet the requirements related to the results of the questionnaire are only 280 respondents. So that the sample used was 280 respondents (see table 1), the number was categorized as eligible when using the provisions of the existing number of indicators and multiplied by 5-10 (Ferdinand, 2002).

Table 1. Respondents Profile

Respondent Demographics		Frequency	Percentage
Gender	Male	183	65.4%
	Female	97	34.6%
Domicile by Regional	Central Java	84	30.0%
	East Java	46	16.4%
	West Java and Banten	52	18.6%
	Special Region of Jakarta	43	15.4%
	Special Region of Yogyakarta	55	19.6%
	Civil Servant	40	14.3%
Job by Industry	Financial Services	76	27.1%
	Teacher / Lecturer	48	17.1%
	Retired	23	8.2%
	Retailer	32	11.4%
	Entrepreneur	37	13.2%
	Manufacture	24	8.6%

Source: data processed, 2020

RESULT AND DISCUSSION

The first test is a reliability and validity test; the analysis uses the Cronbach alpha test (> 0.6) and the corrected item-total correlation (> 0.4). The reliability criteria of the questionnaire if the cronbach alpha value is above 0.6, the provisions of data validity if the corrected item total correlation value is more than 0.4. In table 2 explains that the value of cronbach alpha and corrected item total correlation on each variable, following the provisions so that it meets

the research assumptions. The subsequent analysis is a full model SEM analysis; the results of data processing at the full SEM model stage are carried out by conducting a suitability test and a statistical test. Analysis of the results of the confirmatory factor analysis showed $CMIN / DF = 1.093$, $GFI = 0.89$, $AGFI = 0.92$, $CFI = 0.95$, $TLI = 0.94$, $RMSEA = 0.032$, $Chi-Square = 21.536$, $Probability = 0.29$. The parameters produced in the analysis can be evaluated to be within the recommended limits (see table 3 and figure 4). While

the measurement results from the standardized regression weight analysis on the Full model show (see figure 5), the value of the relationship between variables and indicators is in a good range, which is more than equal to 0.50.

It can be concluded that these parameters are in good category according to the theory that loading factors are said to be in good categories if more than or equal to 0.50 (Hair et al., 2010; Ferdinand, 2002)

Table 2. Reliability and Validity Tests

No	Variable	Cronbach Alpha	Corrected Item Total Correlation	Conclusion
1	<i>Intention to pay</i>	0.814	0.844	accepted
2	<i>Zakat literacy</i>	0.819	0.835	accepted
3	<i>Attitude</i>	0.828	0.849	accepted
4	<i>Subjective Norms</i>	0.839	0.818	accepted
5	<i>Behavioral Control</i>	0.845	0.829	accepted

Source: data processed, 2020

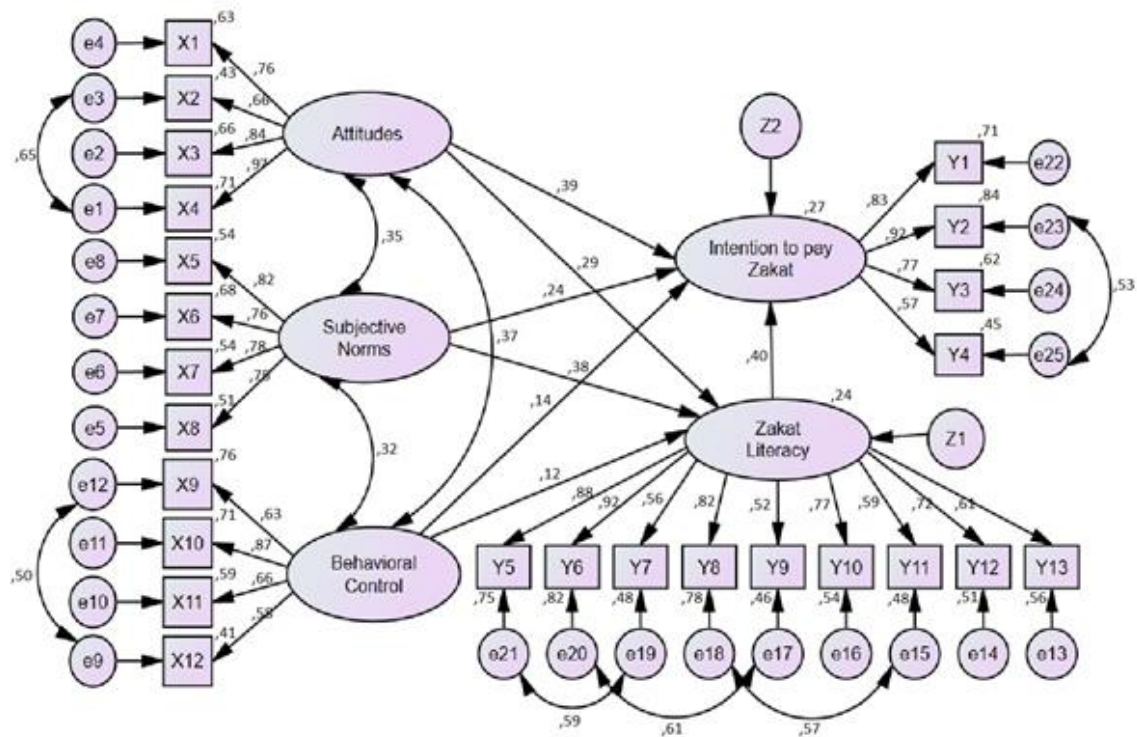


Figure 5. Confirmatory Factor Analysis Construct Full Model

Source: data processed, 2020

Table 3. Confirmatory Factor Analysis Testing Results

Goodness of Fit Index	Cut-Off Value	Analysis of Full Model	
		Result Analysis	Evaluation Model
<i>Chi Square</i>	< 21,774	21,536	Good
<i>Probability</i>	$\geq 0,05$	0,29	Good
<i>RMSEA</i>	$\leq 0,08$	0,032	Good
<i>GFI</i>	$\geq 0,90$	0,89	Marginal
<i>AGFI</i>	$\geq 0,90$	0,92	Good
<i>CMIN/DF</i>	$\leq 2,00$	1,093	Good
<i>TLI</i>	$\geq 0,95$	0,94	Marginal
<i>CFI</i>	$\geq 0,95$	0,95	Good

Source: data processed, 2020

After all assumptions are fulfilled, the hypothesis testing is analyzed using the critical ratio (CR) and probability (P) values of a causality relationship through the operation of structural equation modeling, using CR value parameters >1.96 and $P < 0.05$ (Hair et al., 2010; Ferdinand, 2002; Anwar, Rehman and Shah, 2018). Based on the results of the analysis show (see table 4): zakat literacy has a positive effect on intention to pay zakat (CR = 3.67, $P = 0.01$, H1 supported), attitude has a positive effect on intention to pay

zakat (CR = 3.48, $P = 0.01$, H2 supported), subjective norms have a positive effect on intention to pay zakat (CR = 2.16, $P = 0.02$, H3 supported), behavioral control has a positive effect on intention to pay zakat (CR = 1.74, $P = 0.09$, H4 not supported), attitude has negative influences to zakat literacy (CR = 2.97, $P = 0.01$, H5 supported), subjective norms have a positive effect on zakat literacy (CR = 3.19, $P = 0.01$, H6 supported), behavioral control has a positive effect on zakat literacy (CR = 1.36, $P = 0.13$, H7 not supported).

Table 4. Regression Weight Structural Equational Model

Relationship			Estimate	S.E.	C.R.	P
Zakat Literacy	←	Attitudes	0.294	0.121	2.975	0.015
Zakat Literacy	←	Subjective Norms	0.382	0.078	3.193	0.016
Zakat Literacy	←	Behavioral Control	0.125	0.137	1.364	0.137
Intention to pay Zakat	←	Attitudes	0.394	0.084	3.481	0.012
Intention to pay Zakat	←	Subjective Norms	0.242	0.112	2.158	0.023
Intention to pay Zakat	←	Behavioral Control	0.145	0.154	1.742	0.092
Intention to pay Zakat	←	Zakat Literacy	0.406	0.271	3.677	0.011

Source: data processed, 2020

Table 5. Hypothesis Result

	Relationship	C.R.	P	Result
H1	<i>Zakat literacy has a positive effect on Intention to pay zakat</i>	3,67	0,01	Accepted
H2	<i>Attitudes has a positive effect on intention to pay zakat</i>	3,48	0,01	Accepted
H3	<i>Subjective norms has a positive effect on intention to pay zakat</i>	2.16	0,02	Accepted
H4	<i>Behavioral control has a positive effect on intention to pay zakat</i>	1.74	0,09	Rejected
H5	<i>Attitudes has a positive effect on zakat literacy</i>	2.97	0,01	Accepted
H6	<i>Subjective norms has a positive effect on zakat literacy</i>	3,19	0,01	Accepted
H7	<i>Behavioral control has a positive effect on zakat literacy</i>	1.36	0,13	Rejected

Source: data processed, 2020

Based on the estimated output of the SEM model it can be said (see table 5); zakat literacy variable has a positive effect on the intention to pay zakat variable, these results support previous research which states that the higher level of muzaki knowledge, the implications for the intention of muzakki paying zakat (Huda & Ghofur, 2016; Martono et al., 2019; Sedjati et al. ., 2018); variable attitudes and subjective norms have a positive effect on intention to pay zakat, it supports previous research which states that the intention to fulfill zakat is significantly influenced by the attitude and norms of muzakki on zakat payment (Andam & Osman, 2019; Al Jaffri Saad & Haniffa, 2014); variable attitudes and subjective norms have a positive effect on zakat literacy, these results support the results of previous research which states that literacy is driven by how strong a person's subjective attitudes and norms are on the utilization of possessed knowledge (Mindra & Moya, 2017); whereas for behavioral control variables, according to the output variable results do not have a positive effect on the zakat literacy variable or the intention to pay zakat

variable, these results do not support the results of previous studies (Lajuni et al., 2018; Andam & Osman, 2019).

CONCLUSION

In general, the results of this study stated the consistency of literacy and TPB in the context of zakat. Variables in TPB and literacy, such as subjective norms, attitudes, and knowledge play an important role in explaining muzakki's intention in paying zakat. These findings show that literacy and TPB are general theories that can be applied in various fields to explain compliance behavior. From a theoretical point of view, the results indicate that the higher level of mastery of muzakki's knowledge on zakat, both in general and specifically, will have implications for the high intention of muzakki to pay zakat. Furthermore, when viewed from a behavioral perspective, the factors in TPB, namely attitude and subjective norms, have the highest impact value concerning the intention of muzakki to pay zakat. Attitude plays an internal role, related to the faithful response to the

number of benefits received in paying zakat, and subjective norms play a role in external responses related to the impulse received to grow muzakki's intentions in paying zakat. In practical terms, the findings of this research can be utilized by zakat institutions to focus more on increasing muzakki literacy (knowledge of zakat) by putting forward the perspective of muzakki's attitude and subjective norms in the context of zakat. Although the research findings have described the intention of muzakki to pay zakat, these findings should be carefully defined. Because the scope of this research only focuses on a few regions in Indonesia. As such, it is recommended that future studies be conducted involving a larger and more pluralistic sample in Indonesia so that they can define muzakki's behavior more comprehensively about zakat. Also, future studies must consider other variables related to the context of zakat paying compliance behavior.

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Evaluation of Development in Zakat Literature: A Scientometrics Analysis

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ABSTRACT

The study adopted the Scientometrics analysis to evaluate the development in zakat scholarly publications. Scholarly publications on zakat were gathered using the Scopus online databases and later analysed using Microsoft Excel software. The study helps analyse, evaluate and feature scholarly publications based on some considered performance indicators. The study discovered a varied trend in the citation of literature based on authorship (single and multiple) and also published date. Zakat authors and researcher cut across several fields and disciplines. More publications are discovered in Asian regions and less funding or sponsorship for zakat research is observed.

Keywords: Zakat, Scholarly Publication, Scientometrics

INTRODUCTION

Zakat is no doubt one of the established and the third pillar of Islam which is stipulated and fixed. Zakat is an annual deduction of specified fraction from the total amount of an individual surplus wealth declared using a specified threshold. The surplus could be in the form of wealth (monetary), food and/or property that a Muslim with sufficient means own. These surpluses are to be distributed to fellow Muslim as beneficiaries based on their (needs) especially for those with below-average sustenance and means of livelihood as revealed in the Quran and prophetic traditions. Zakat literarily denotes the purification, growth and/or increase in the soul. Zakat could technically be compared to the conventional tax system. Although some authors are of the opinion that zakat is of Ibadah (act of worship) and not tax system. Some of the positions include the fact that Zakat is a form of worship in the sense that it encourages Muslims to see their wealth

as a trust from God (Allah) for which they are obliged to give out to the less privileged than themselves as instructed by their creator (Allah). Some position on zakat is that it provides financial assistance to the needy, purifies and frees individual givers' minds from greed, selfishness, and the hoarding of wealth (Ma 'sum Billah, 2016; Owoyemi, 2020).

Several verses of the Qur'an and even the prophetic traditions have illuminated on the importance of Zakat. Zakat is encouraged and used as tools to emancipate recipient from hopelessness and poverty by ensuring and enabling improvement in their standard of living. This can be achieved in the judicious investment of the wealth received through zakat to enable reasonable return on such investment. The concept of zakat has in a long way encouraged brotherhood and social harmony among the Muslims. Zakat likewise saves recipient from participating in crimes and other social vices hence, enabling

social security and harmony within the society.

Several studies and knowledge forum have been conducted on zakat and several scholarly articles have been published on the role of zakat on poverty reduction and food security (Sumai, Mutmainnah, Nurhamdah, & Arsyad, 2019), zakat management (Owoyemi, 2020), impact of zakat (Tahiri Jouti, 2019) analysis and distribution of zakat (Rahmat & Nurzaman, 2019), evaluation an assessment of zakat distribution (Rahmat & Nurzaman, 2019), determinant on intention to give zakat (Andam & Osman, 2019), role of zakat in justice and economic growth (Ahmad, 2016), creating an economic sustainable community using zakat (Ma 'sum Billah, 2016), comparative analysis of zakat and the conventional tax system (A. Y. Q. Saad & Foori, 2020), barriers for effective zakat system (R. A. J. Saad & Farouk, 2019).

These studies have being carried out in several countries of the world. However, no study has been found on the analysis of zakat literature. This particular study therefore aims to conduct a scientometric study on zakat literature ranging from the first zakat scholarly publication in 1964 to 2019. The study will analyse literature on zakat based on the growth in literature and other productivity indices of the scholarly publications. Some of the indices considered in assessing the zakat literature will also be based on their productivities based on citation, countries, authors, journal outlets that published most publications on zakat, forum and publication types etc.

METHODOLOGY

Zakat literature were accessed and gathered using the Scopus online

database. Scopus is a trusted online database that contains collection of scholarly publications and their bibliographic details (A. O. Yusuf, Abdullah, & Zaidi, 2018). Scopus database covers several thousand of Scholarly publications from thousands of publishers. Searches in Scopus also incorporate searches of patent databases. Publication indexed in Scopus database are peer-reviewed scientific publications in several scientific, technical, medical, and social sciences and other fields. Publications featured in Scopus database are reviewed yearly to ensure and maintain high quality standards.

The study adopts the Scopus database based on its wide ranges of collection, friendly user interface and assess to the authors need. The scholarly publications for this study was gathered based on some inclusion and exclusion criteria. For a publication to be included in the search the theme of such publication must subtly or explicitly based on zakat irrespective of the field or specialisation. The language of the publication must be or translated to English language. The year of publication must not be beyond 2019. The year 2019 was considered as year 2020 is still in her first quarter and may not comprehensively capture zakat publications in such year.

The syntax adopted for the publication search in the Scopus database is stated below:-

```
TITLE-ABS-KEY ("Islamic
Taxation" + zakat ) AND (
EXCLUDE ( PUBYEAR ,
2020 ) ) AND ( LIMIT-TO (
LANGUAGE , "English" ) )
```

Total outcomes of four hundred and nine (409) scholarly publications extracted after the inclusion and exclusion criteria were considered. Thereafter, a careful

scan was done on the document as a method of data cleaning to ensure publication details are accurate. The gathered details/ data are thereafter subject to some form of analysis using Microsoft Excel as an analysis tool.

RESULTS AND FINDINGS

This section of the study carefully and critically analyse scholarly publications on zakat and thereafter presents findings based on the assessments and literature development. The literature development analysis will be established on the zakat literature growth. The scholarly publications assessment performance indications (productivity) are subjected to only publications produced within 1964 (first scholarly publication on zakat) - 2019. The indices to evaluate these developments on zakat scholarly publications will be measured based on the publications productivities considering zakat publications growth and trends based on publication by year, citation trends, publication performance based on countries, authors' productivity, journal outlets that

published most publications on zakat, forum and publication types regarding zakat publication and zakat funding agencies.

DEVELOPMENT IN ZAKAT LITERATURE BASED ON PUBLICATION YEARS

This study describes and analyses the trends and behaviour in zakat scholarly publications based on their years of publication. The publications in considerations are scholarly articles on zakat from years ranging from 1964-2019 based on Scopus online database. The total articles on zakat based on the range of years in considerable amount to four hundred and nine (N=409) publications. The analysis point out that zakat scholarly publications are recently gaining more attention than earlier years considering the trends, growth and number of recent publications on zakat. Earlier year no doubt witnessed few publications in one hand and some years with no publications on the other hand which made the publication production then seem erratic.

Table 1. Development in zakat literature

S/N	Year of publications	Number of publications	S/N	Year of publications	Number of publications
1	1964	1	16	2004	2
2	1969	1	17	2005	1
3	1981	1	18	2006	2
4	1987	1	19	2007	2
5	1991	1	20	2008	5
6	1992	1	21	2009	6
7	1993	3	22	2010	8
8	1994	2	23	2011	16
9	1996	2	24	2012	26
10	1997	4	25	2013	23
11	1999	1	26	2014	29
12	2000	3	27	2015	30
13	2001	2	28	2016	35

S/N	Year of publications	Number of publications	S/N	Year of publications	Number of publications
14	2002	3	29	2017	54
15	2003	6	30	2018	57
			31	2019	81
Total					409

Eighty-one ($n=81$) publication is the highest number scholarly publications published on zakat and this is witnessed in year 2019 which is the last year in consideration. The number of publications in 2019 amounted to about 20% of the total publications in consideration. This is trailed by year 2018 and 2017 with fifty-seven ($n=57$) and fifty-four ($n=54$) publications on zakat respectively. Other years that witnessed more than twenty publications include year 2016, 2015, 2014, 2013 and 2012 with witnessed thirty-five ($n=35$), ($n=30$), ($n=29$), ($n=23$), ($n=26$) publications respectively.

Publications on zakat in year 2011 amounts to sixteen ($n=16$) while remaining years in consideration witnessed less than ten (10) publications each on zakat. For year 2010 and 2009,

only eight ($n=8$) and six ($n=6$) publications were published respectively while years 2007 and 2006 witnessed two ($n=2$) publications each.

Early publications on zakat are few and the growth is gradual and bit erratic. The first and only publication on zakat was published in 1964 and the next was after five (5) years which was 1969. The third publication in 1981 was after about twelve (12) years from the second publications and seventeen years (17) from the first publications which indicated non-constant in its publications. Other early years of publication 1987, 1991 and 1992 also recorded one (1) publication each. Three (3) publications was later recorded in subsequent year (1993) and later dropped to two (2) in 1994 and same amount (2) maintained in 1996.

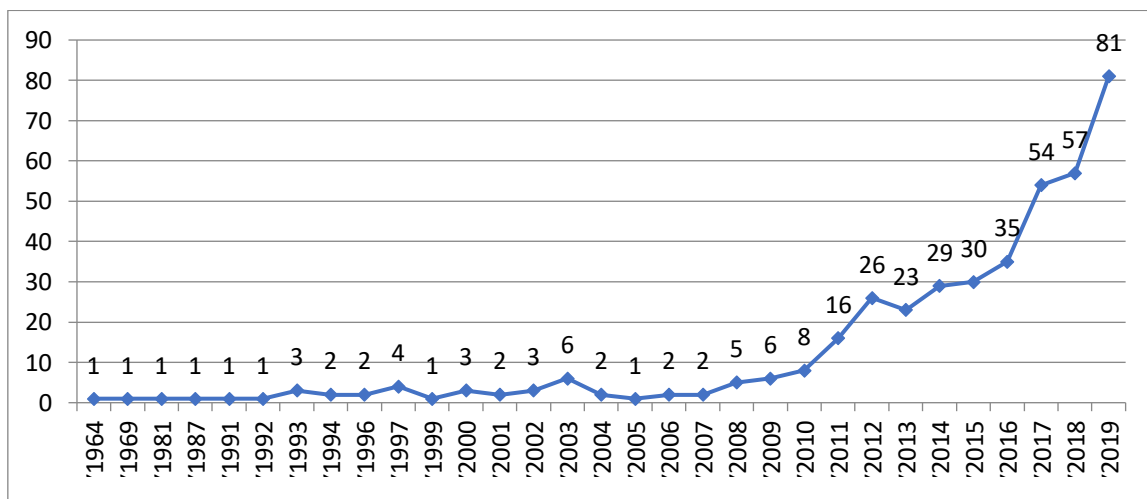


Figure 1. Development in Zakat Literature

In 1997, four (4) publications on zakat were recorded and later dropped to only one (1) in 1999 and later raised to three (3) in 2000 and then dropped to two (2) in 2001 and later raised to three (3) in 2002. These earlier years showed how zakat publications trend behaved in a fluctuating manner.

PUBLICATIONS PRODUCTIVITY USING CITATION AS INDICES

Citation is one of the key indexes to examine productivity for scholarly publications, researchers and authors. Citation is stage above publication as its one of the indexes to monitor the performance of already published publications. This section thereby considers evaluation of zakat scholarly publications ranging from 1964 to 2019 to assess their performance and contributions. The total citations for all the publications in consideration amount to (N= 1619). This study considers publications with at least (n=19) citations to be considered for inclusion in the citation index.

The publication with highest number of citation (Scott, 1987), the article is one of the earliest publication on zakat and recorded ninety-five (n=95) citations, which are less than 10% of the total citations. The next publication (book) that trailed in citation (Salim, 2008) with (n=66) citations while the article produced by (Benthall, 1999) has fifty-two (n=52). A co-authored publication (Al-Krenawi & Graham.,

2000) followed suit in the citation trend with forty-five (n=45) citations. Similarly, (Dean & Khan, 1997; Kochuyt, 2009) gathered forty-two (n=42) citations each while (Metwally, 1997) and (Kuran, 2003) have thirty-eight (n=38) and (n=36) citations respectively.

In addition, (N. Wahab & Rahman., 2011) which is a co-authored articles and (Buehler, 2008) both have thirty-four (n=34) citations each while another book (Fauzia, 2013) and gathered twenty-nine (n=29) citations. Twenty-seven (n=27) citations each were recorded by (Ahmad Basharat, Yousuf, Iqbal, & Khan, 2002; Mohit & Nazyddah, 2011) which are both co-authored articles. Al-Ajmi & Hussain, (2011) and (Krafess, 2005) recorded twenty-four (n=24) citations each while (A. Ab Rahman, Alias, & Omar, 2012) and (Weiss, 2002) recorded twenty-three (n=23) and (n=21) citations each. And finally, (Calder, 1981; M. O. Yusuf & Derus, 2013; Zaid, 2000a) recorded nineteen (n=19) citations each.

This analysis point to the fact that co-authored author and year of publication does not necessarily translate to more citations. This is clear as the evaluation and assessment of zakat scholarly publications pointed that most cited publications on zakat are majorly single-authored articles compared to the co-authors counterparts. Likewise some later publications gathered more citations compare to some of the earlier published publications.

Table 2. Publications productivity using citation

	Title	Journal	Cited
1	Resistance without Protest and without Organization: Peasant Opposition to the Islamic Zakat and the Christian Tithe	Comparative Studies in Society and History	95

	Title	Journal	Cited
2	Challenging the secular state: The Islamization of law in modern Indonesia	Challenging the Secular State: The Islamization of Law in Modern Indonesia	66
3	Financial worship: The quranic injunction to almsgiving	Journal of the Royal Anthropological Institute	52
4	Islamic theology and prayer: Relevance for social work practice	International Social Work	45
5	God, gifts and poor people: On charity in Islam	Social Compass	42
6	Muslim perspectives on welfare	Journal of Social Policy	42
7	Economic consequences of applying Islamic principles in Muslim societies	International Journal of Social Economics	38
8	Islamic redistribution through zakat historical record and modern realities	Poverty and Charity in Middle Eastern Contexts	36
9	A framework to analyse the efficiency and governance of zakat institutions	Journal of Islamic Accounting and Business Research	34
10	The rise of shari'a by-laws in Indonesian districts: An indication for changing patterns of power accumulation and political corruption	South East Asia Research	34
11	Faith and the state: A history of Islamic philanthropy in Indonesia	Faith and the State: A History of Islamic Philanthropy in Indonesia	29
12	Social housing programme of Selangor Zakat Board of Malaysia and housing satisfaction	Journal of Housing and the Built Environment	27
13	Frequency of known risk factors for stroke in poor patients admitted to Lahore General Hospital in 2000	Pakistan Journal of Medical Sciences	27
14	Accounting systems and recording procedures in the early Islamic state	Accounting Historians Journal	26
15	Corporate dividends decisions: evidence from Saudi Arabia	Journal of Risk Finance	24
16	The influence of the Muslim religion in humanitarian aid	International Review of the Red Cross	24
17	Zakat institution in Malaysia: Problems and issues	Global Journal Al-Thaqafah	23
18	Reorganising social welfare among muslims: Islamic voluntarism and other forms of communal support in Northern Ghana	Journal of Religion in Africa	21
19	Measurement model of corporate zakat collection in Malaysia: A test of diffusion of innovation theory	Humanomics	19
20	The appointment qualifications of Muslim accountants in the middle ages	Accounting Education	19
21	Zakāt in imāmī shī'ī jurisprudence, from the tenth to the sixteenth century A.D.	Bulletin of the School of Oriental and African Studies	19

EVALUATION OF AUTHORS' PRODUCTIVITY USING CITATION AND NUMBER OF PUBLICATIONS AS INDICES

Authors' productivity is measured based on number of citation in this case greater than twenty (≥ 20) plus number of other publications after first condition (citations) is met. Authors' productivity (AP) is therefore equal to citation (c) greater twenty (>20) in a publication plus other publications (op) produced by the author either individually or co-authored ($AP = c \geq 20 + op$). For co-authored articles the corresponding authors were first considered then other authors as presented in each of the considered publications.

The author considered as most productive based on this analysis is (Scott, 1987) based on one the earliest articles published on zakat. The study gathered the highest citations compare to other zakat studies. Only this was found to be attributed to this author both individually or co-authored. This study has thereafter created a skateboard for other zakat authors and researchers. The next is Salim Arskal with book published (Salim, 2008) on zakat. The publication is fairly early and gathered more citation. This publication is the only confirmed publication on zakat based on the Scopus database.

Benthall, Jonathan also trailed with an article (Benthall, 1999) and a book (Benthall, 2016) on zakat with fifty-two (52) and five (5) citations respectively making the author categorised as one of the productive authors in zakat publications. Other authors with single articles with higher citations are (Al-Krenawi & Graham, 2000) (Dean & Khan, 1997) (Kochuyt, 2009) (Metwally, 1997) with forty-five

(45), forty-two (42), forty-two (42) and thirty-eight (38) citations respectively.

Two articles were published by same author (Kuran, 2003, 2013) and gathered a total forty-seven (47) citations- thirty-six (36) and eleven (11) respectively. Buehler, (2008) which is the only article by the author gathered thirty-four (34) citations. Four articles (N. A. Wahab & Abdul Rahman, 2012; N. A. Wahab & Rahman, 2012; N. A. Wahab, Zainol, Bakar, Ibrahim, & Minhaj, 2016; N. Wahab & Rahman, 2011) were co-published with Wahab, Norazlina Abd as corresponding author in all publications in consideration. Other author (s) with single publication are (Fauzia, 2013), (Ahmad Basharat et al., 2002), (Mohit & Nazyddah, 2011) and gathered twenty-nine (29), twenty-seven (27) each and twenty-six (26) citations each. Three other publications (Zaid, 2000a, 2000b, 2004) singly authored gathered twenty-six (26), nineteen (19) and fifteen (15) citations while co-authored articles (Al-Ajmi & Hussain, 2011; Al-Ajmi, Hussain, & Al-Saleh, 2009) garner twenty-four (24) and fifteen (15) citations respectively.

Twenty-four (24) citations were gathered by (Krafess, 2005) which is the only published article on zakat by the author. Three multiple-authored articles with twenty-three citations from (A. Ab Rahman et al., 2012) while the two (A. Ab Rahman, Thaidi, & Rahman, 2019; M. F. Ab Rahman, Ab Rahman, Thaidi, & Ghani, 2019) gathered no citations yet, while, (Weiss, 2002) gathered only twenty-one (21) citations and the only publication on zakat by the author.

The analysis signifies that the most productive authors dwell on more article publications compare to other publications such as books, book chapters and reviews. Although, some study have found review publications

more productive especially based on their citation count.

Table 3. Authors' productivity using citation and number of publications

S/N	Authors	Title	Publication Type	Number of Publication	Number of Citation
1	Scott, James C.	Resistance without Protest and without Organization: Peasant Opposition to the Islamic Zakat and the Christian Tithe	Article	1	95
2	Salim, Arskal	Challenging the secular state: The Islamization of law in modern Indonesia	Book	1	66
3	Benthall, Jonathan	Financial worship: The quranic injunction to almsgiving	Article	2	52
		Islamic charities and Islamic humanism in troubled times.	Book Chapter		5
4	Al-Krenawi A., Graham J.R.	Islamic theology and prayer: Relevance for social work practice	Article	1	45
5	Dean H., Khan Z.	Muslim perspectives on welfare	Review	1	42
6	Kochuyt T	God, gifts and poor people: On charity in Islam	Article	1	42
7	Metwally M.M.	Economic consequences of applying Islamic principles in Muslim societies	Article	1	38
8	Kuran T.	Islamic redistribution through zakat historical record and modern realities	Article	2	36
		The political consequences of Islam's economic legacy			11
9	Buehler M.	The rise of shari'a by-laws in Indonesian districts: An indication for changing patterns of power accumulation and political corruption	Article	1	34
10	Wahab, Norazlina Abd	A framework to analyse the efficiency and governance of zakat institutions	Article	4	34
		Efficiency of zakat institutions in Malaysia: An application of data envelopment analysis	Article		16
		Productivity growth of zakat institutions in Malaysia: An application of data envelopment analysis	Article		7
		Developing service quality index for zakat institutions	Article		1
11	Fauzia A	Faith and the state: A history of Islamic philanthropy in Indonesia	Book		29

S/N	Authors	Title	Publication Type	Number of Publication	Number of Citation
12	Ahmad Basharat R., Yousuf M., Iqbal J., Khan M.M.	Frequency of known risk factors for stroke in poor patients admitted to Lahore General Hospital in 2000	Article		27
13	Mohit M.A., Nazyddah N.	Social housing programme of Selangor Zakat Board of Malaysia and housing satisfaction	Article		27
14	Zaid O.A	Accounting systems and recording procedures in the early Islamic state	Article	3	26
		The appointment qualifications of Muslim accountants in the middle ages	Article		19
		Were islamic records precursors to accounting books based on the Italian method?	Article		15
15	Al-Ajmi J., Abo Hussain H.	Corporate dividends decisions: evidence from Saudi Arabia	Article		24
	Al-Ajmi J., Abo Hussain H., Al-Saleh N.	Decisions on capital structure in a Zakat environment with prohibition of riba: The case of Saudi Arabia	Article		15
16	Krafess J.	The influence of the Muslim religion in humanitarian aid	Article		24
17	Ab Rahman, A., Alias, M.H., Omar, S.M.N.S.	Zakat institution in Malaysia: Problems and issues	Articles		23
	Ab Rahman, M.F., Ab Rahman, A., Abdullah Thaidi, H.‘., Ab Ghani, N.F.A.	A global ZakĀt game: Application of technology in teaching and learning for global peace agenda	Articles		0
	Ab Rahman, A., Abdullah Thaidi, H.‘., Ab Rahman, M.F.	A proposed mosque model for ZakĀt governance towards achieving global peace	Articles		0
18	Weiss H.	Reorganising social welfare among muslims: Islamic voluntarism and other forms of communal support in Northern Ghana	Article		21

ANALYSIS OF ZAKAT PUBLICATION BASED OF PUBLICATION TYPES

Scholarly publications are majorly peer-reviewed information documents or sources written by expert and professionals in their fields. In the sciences and social sciences, they often publish research results. There are several types of scholarly publications in form of journal articles, books, book chapter and others. Zakat publications have been published in these varied formats in different platforms and forum. This study aims to describe zakat publication based on their publication types.

From the total amount of scholarly publications produced on zakat (N=409), journal articles have the highest number of zakat publication with two hundred and ninety-eight (n=298) publications. This is about 73% of the total publications on zakat. Publications from conference is next type of publication with fifty-six (n=56) publications from different conferences while reviews have twenty-three (n=23) publications in total. Zakat publications also appear in several book chapters which amounted to total of twenty-eight (n=28) and four (n=4) books featured on zakat.

Table 4. Zakat Publication Types

S/N	Publication Types	Number of Publication
1	Articles	298
2	Conference proceedings/ publications	56
3	Reviews	23
4	Book Chapters	28
5	Book	4
Total		409

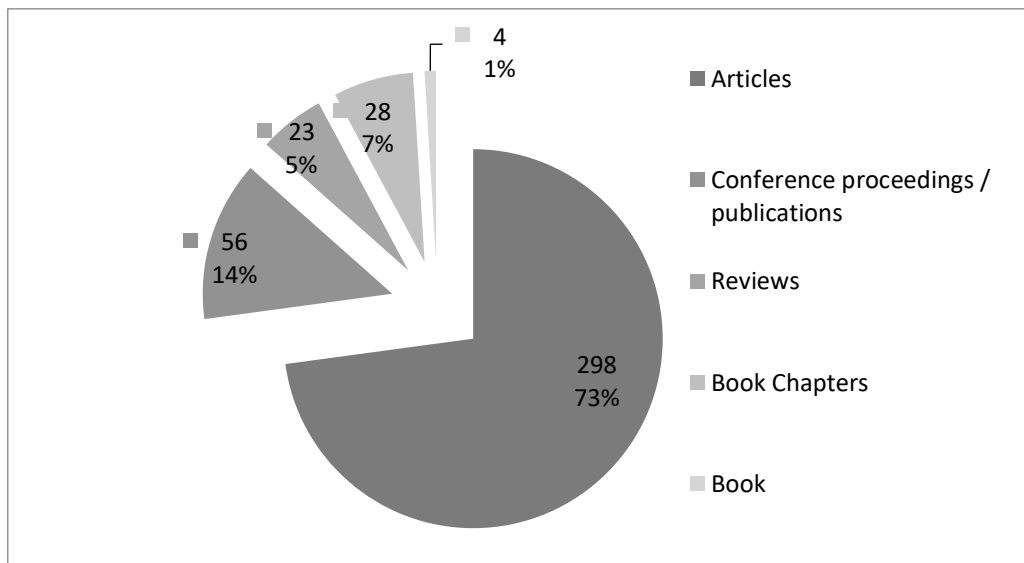


Figure 2. Zakat Publications based on Types

EVALUATION OF ZAKAT PUBLICATIONS BASED ON PUBLICATION OUTLETS

Outlets that published scholarly publications on zakat were assessed. This is to measure and determine the development and trend in zakat publications using the outlets. Outlets in considerations are still those indexed in the Scopus online databases. About two hundred and eight (N=208) publication outlets from varied field discovered to publish documents on zakat. From the total number of the outlets, only eighteen (18) were considered for inclusion. The threshold for inclusion is outlet that produced minimum of five (5) publications in the year range considered.

The highest publication of thirteen (13) was recorded by Int. J. Islam. Middle East. Financ. Manage, this is trailed by ten (10) articles and conference papers from Adv. Sci. Lett.

and IOP Conf. Ser. Earth Environ. Sci. respectively while Al-Shajarah and J. Islamic Account. Bus. Res. published nine (9) articles and reviews each. Seven (7) publications were recorded by Humanomics, Humanit. Soc. Sci. Rev. and Pak. Dev. Rev. while Int. J. Innov. Creat. Change, Int. J. Appl. Bus. Econ. Res., Global J. Al-Thaqafah., Int. J. Supply Chain Manag. recorded six (6) articles publication each. AIP Conf. Proc. and IOP Conf. Ser. Mater. Sci. Eng. published five (5) publications each that includes conference reviews and proceedings. Jurnal Pengurusan, Int. J. Sci. Technol. Res. and Int. J. Soc. Econ. individually produced five (5) articles each.

The analysis illustrates reasonable progress in zakat publication outlets and likewise some level of diversity, multidisciplinary and trans-disciplinary studies and perhaps collaboration in zakat research.

Table 5. Zakat Publication Outlets

S/N	Publication Outlets	Abbreviated Titles	Publication Types	Number of Publication
1	International Journal of Islamic and Middle Eastern Finance and Management	Int. J. Islam. Middle East. Financ. Manage	Articles	13
2	Advanced Science Letters	Adv. Sci. Lett.	Articles	10
3	IOP Conference Series: Earth and Environmental Science	IOP Conf. Ser. Earth Environ. Sci.	Conference Paper	10
4	Al-Shajarah	Al-Shajarah	Articles	9
5	Journal of Islamic Accounting and Business Research	J. Islamic Account. Bus. Res.	Articles /Reviews	9
6	Humanomics	Humanomics	Articles	7
7	Humanities and Social Sciences Reviews	Humanit. Soc. Sci. Rev.	Articles	7
8	Middle East Journal of Scientific Research	Middle East J. Sci. Res.	Articles	7
9	Pakistan Development Review	Pak. Dev. Rev.	Articles	7
10	International Journal of Innovation, Creativity and Change	Int. J. Innov. Creat. Change	Articles	6
11	International Journal of Applied Business and Economic Research	Int. J. Appl. Bus. Econ. Res.	Articles	6
12	Global Journal Al-Thaqafah	Global J. Al-Thaqafah	Articles	6

S/N	Publication Outlets	Abbreviated Titles	Publication Types	Number of Publication
13	International Journal of Supply Chain Management	Int. J. Supply Chain Manag.	Articles	6
14	IOP Conference Series: Materials Science and Engineering	IOP Conf. Ser. Mater. Sci. Eng.	Conference Paper	5
15	AIP Conference Proceedings	AIP Conf. Proc.	Conference Reviews / Proceedings	5
16	Jurnal Pengurusan	Jurnal Pengurusan	Articles	5
17	International Journal of Scientific and Technology Research	Int. J. Sci. Technol. Res.	Articles	5
18	International Journal of Social Economics	Int. J. Soc. Econ.	Articles	5

EVALUATION OF ZAKAT PUBLICATIONS BASED ON COUNTRIES' PRODUCTIVITY

This study likewise evaluates zakat publications based on development based on countries productivity. This study considers country with a minimum of five (5) publications for inclusion. The country with the highest publication on zakat is Malaysia with a total one hundred and fifty seven (157) which is about 39% of the total publications across several fields, journal outlets by several single and multiple authors. This publication growth was trailed by Indonesia with a total of eighty publications on zakat (88). Pakistan and United States published twenty-two (22) and twenty-one (21) publications on zakat, respectively.

Six (6) publications each was garner by Morocco and India, while Saudi doubles the publications of the former and the later countries. Australia and Thailand individually published five (5) scholarly publications on zakat.

This analysis signpost that more publications are gathered from Asian continent especially the South East Asia which is a Muslim dominant region. United States and United Kingdom also

garner more publications though with Australia behind them.

Table 6. Countries Evaluation of Zakat Publications

S/N	Countries	Number of Publications
	Malaysia	157
	Indonesia	80
	Pakistan	22
	United States	21
	United Kingdom	14
	Saudi Arabia	12
	Morocco	6
	India	6
	Australia	5
	Thailand	5

CONCLUSION

This study critically measured and carefully analysed scholarly publications on zakat. The study thereby provides reasonable insight on zakat publication based on some considered performance indicators. Reasonable growth is clearly observed in zakat literature and collaborations among zakat authors and researchers in several disciplines are apparent. However, visible funding for zakat research is not noticed except for Islamic State University in Jakarta (UIN Syarif Hidayatullah) with support from the Ford Foundation and Universiti Sains

Islam Malaysia. This may perhaps be as a result of the study search scope (Scopus). Further studies may consider improving by focusing on other and more databases. This will enable the exploration of details not captured in the scope of this study.

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A New Approach to Zakat Management For Unprecedented Times

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ABSTRACT

This article stresses the necessity of Zakat playing a primary role in response to humanitarian crises in the Muslim world and beyond. This will not be possible without a rethinking of the original spirit of Zakat as found in the scriptures, in addition to the adoption of innovative tools in Zakat management. As an increasing number of multi-lateral organizations are today being involved with Islamic philanthropy in general and Zakat in particular, an important topic in this discussion is about partnerships between these organizations and traditional faith-based Zakat houses and collectors. The approach suggested in this paper is a collaborative approach by which faith-based institutions would ensure the spirit of Zakat – which remains in its essence an act of faith – is preserved, while having the highest possible impact on the maximum of people in need by benefiting from the distribution networks, efficiency and other best practices of multi-lateral organizations.

Keywords: Zakat, Partnership, Humanitarian impact, Innovation

INTRODUCTION

“Today over 70 million people have been forcibly displaced around the world. 60% of these populations come from OIC countries.”²

This is a disturbing statement, and from a leading figure in global and Islamic philanthropy, one that forces us to take note. Unfortunately, the refugee situation is one among many other humanitarian crises mostly affecting OIC countries. In fact, “42% of Sovereign Muslim nations today find themselves dependent on others”³, needing humanitarian assistance and dependent on aid. The reasons for this are complex and beyond the scope of this

paper, however, it would be fair to say that it is incumbent upon the major donors and significant recipients to reflect on and reconsider how the issue is challenged today. We cannot accept that the world generates ever more enormous wealth and at the same time ever greater poverty.

There must be a much more strategic look at building capacity from within communities. International aid cannot be the only answer for some of the critical challenges facing needy people across much of the Muslim world. The question is: can there be a solution that builds equity and capacity in countries currently facing economic

² Quote from Khaled Khalifa, Regional Representative to the Gulf Council Countries & Senior Advisor on Islamic finance, UNHCR,

during the International Shariah Scholars Forum 2019.

³ Quote by Sikander Khan, Director of the UNICEF, during the World Zakat Forum 2019.

dependency and a persistent need for humanitarian assistance?

In September 2019, at the Sustainable Development Goals (SDG) Business Forum at the SDG Summit, the United Nations Secretary-General highlighted how a persistent \$2.5 trillion annual financing gap stands in the way of the SDGs (UN Deputy Secretary-General, 2019). This astonishing gap will not simply be filled by more significant commitments from the major donors, who have their own challenges. Changes in the role played by some leading nations in international assistance, as well as the Corona pandemic, has currently rocked the global economy. How realistically can these gaps be bridged? The reality is that there is no single answer for this: a multi-faceted approach is required.

THE SPIRIT OF ZAKAT

The potential size of the annual Zakat pool has been estimated between US\$200 billion and US\$1 trillion, according to Obaidullah and Shirazi in 2015 and the World Bank and IDBG in 2016 (Rehman & Pickup, 2018). This makes obvious the fact that Zakat should be considered as a key topic in this debate. Its role is easily understood by how closely UN SDGs are linked to priorities within the Zakat management framework, with SDGs such as no poverty (SDG 1), zero hunger (SDG 2), reduced inequalities (SDG 10) all being at the heart of a successful Zakat management approach.

In Arabic, Zakat means growth, blessings, purification and development. It requires Muslims to pay 2.5% of their qualifying wealth on an annual basis. Zakat provides an opportunity for the payer to fulfil their duty to God by almsgiving. It also provides an

opportunity to help the poor. However, the concept of Zakat goes beyond this, which is why there needs to be a review of how Zakat managers consider Zakat management. Unfortunately, in many countries Zakat is managed with only a concern for absolute poverty relief, rather than social empowerment of the whole community. The very soul of Zakat is in moving people from dependence to independence, and from being mentally and financially constrained to being intellectually and socially emancipated. This is most clearly seen from the constitutional verse for Zakat in the Quran, in which God All Mighty provides a very clear direction on the macro approach to alms, giving that He is instructing to distinguish Zakat from general charitable giving in the form of Sadaqah.

In the Quran, Allah says there are eight recipients of Zakat:

“Indeed, Zakat expenditures are only for [1] the poor and [2] the needy, [3] those who work on [administering] it and [4] for bringing hearts together, [5] to [free] those in bondage and [6] for those in debt, [7] for the cause of Allah and [8] for the stranded traveller. [This is] an obligation from Allah. Allah is All-knowing, All-Wise.” (Quran 9:60).

The divine instruction then is one that identifies eight clear and distinct recipient classes. We understand from this that a wider benefit will emerge if the collection and distribution are managed as per scripture. This means that, should Zakat agencies genuinely seek to build Zakat systems in line with scripture, there will be an additional blessed outcome of honour, dignity, and community spirit to transpire. Muslims

would understand the term ‘barakah’, which can be understood as ‘the whole is greater than the sum of its parts’, but the key point here is that so much more can be achieved if a societal approach is taken to genuinely uplift the community.

Today Zakat is too often synonymous with charity and charitable funds. In reality, it could be no further from the truth. Zakat is a means of liberating man from the pursuit of wealth and consumerism. For the Zakat payer, it is genuinely intended to ‘clean’ one’s wealth, by surrendering a small proportion to God All Mighty. Reinforcing the relationship between a human being and his/ her creator. Reminding the individual that all they have is from God, The Sustainer, and it is upon them to return some to him. And with that return there is a natural means to liberate the impoverished and dependent. There is a mechanism for hope and optimism that whatever their circumstances, God has created a social finance structure for society to give those in need a hand up, not just a ‘hand out’. Taking such a perspective can completely change the way Zakat is both collected and distributed, but furthermore through whom and how it is distributed.

Zakat management bodies must recognise that the world is a very different place in 2020 than the year they were probably constituted. This is the year where some challenger banks have enabled automatic Zakat deductions from our accounts and the year blockchain has entered the realm of tracking Zakat from payer to beneficiary. In this context, it is crucial that all Zakat managers ask two tough questions:

1. Does scripture have a position in our approach to Zakat management?

2. Do efficiency and effectiveness have a guiding role in distribution?

THE ROLE OF SCRIPTURE

Zakat managers need to recognise that it is upon scripture that Zakat funds are procured. Therefore, there should be a regular review of the demands of scripture in the fast-moving world of today. We must recognise that scripturally Zakat’s goal is to strengthen spiritually through economic empowerment of Muslim communities. This is an important distinction, and if Zakat was only about poverty and the poor, why would there be a separation between voluntary charity and obligatory Zakat? There is a distinction of strategic significance and this needs to be understood. The categories to which Zakat can legally be deployed are not stated by chance but are based on a divine instruction to lift the vulnerable from a state of weakness, so that they can themselves contribute to a more prosperous and pluralistic society. When man is freed from the material troubles of the world, he can find the headspace to enjoy life with a divine connection, a life of service and exemplary civil society.

Some contemporary Islamic scholars argue that Zakat entitlement and worthiness is focused on the adjective and attribute coined by Allah for the meta-categories and not just the physical recipients. This explains why Umar ibn Al Khattab, the second Caliph of Islam, did not deploy Zakat funds in one category for example, considering that it was no more relevant at his time. Each meta-category is anchored on an underlying outcome and impact which is the objective of that meta-category. Therefore, the fundamental purpose of

Zakat can only truly be realized through the effective and empowerment focused distribution of Zakat across the eight divinely ordained categories. It cannot be a technical exercise of juristic compliance focusing on the accurate individual payment of Zakat alone, as it may fulfil the letter but then lose the soul.

Unfortunately, in many Muslim majority countries today this perspective has become a challenge. Ministerial boundaries and bureaucracies often put departments in conflict with how Zakat intersects with society. However, much more can be achieved through a more holistic approach. The empowerment of the most vulnerable in society can raise nations at an unprecedented rate. Scandinavian nations are often celebrated for their performance on social indices, but their results are not by chance, they are underpinned by a genuine welfare state and a commitment to invest at a state level in society. As such the vulnerable and needy become an ever-smaller proportion of society and at the very least the Faqeer (who have nothing) migrates to Miskeen (who has not enough) status. Utilising scriptures as such brings two major benefits:

1. *Spiritual Motivation*

Zakat is the jewel of the crown of Islamic social finance. It motivates the payer from the perspective of fulfilling a covenant with God All Mighty. At the same time, it empowers the claimant and allows them to feel social security at the hands of the society around them. It helps erode jealousy and depression with a positive attitude toward a divine approach to an equitable distribution of wealth.

2. *Economic Empowerment*

Through utilising the eight categories of distribution, a wide and diverse approach is taken to the redistribution of wealth. These categories allow the urgent needs of the poor and vulnerable to be addressed, while looking at the wider structural challenges which may have put them in this difficult situation such as debt, forced displacement and even modern-day slavery, all of which are affecting refugees. In the way we live today this is critical, regardless if one is living in a majority Muslim country or where a Muslim community is living as a minority.

A highly reflective approach upon scripture can genuinely revolutionise the way people in need (be that material or spiritual), regardless if they are in Saudi Arabia or Switzerland, can achieve a dignified life.

Taking such a pragmatic view to scripture represents a challenge, but one with enormous rewards. Ultimately, we need to ponder: why is it that we are spending billions in Zakat funds, yet the poor are simply increasing in number and need? There must be a change and there must be a great review upon the structures through which we operate.

THE PURSUIT OF EFFICIENCY & EFFECTIVENESS

“Verily, Allah enjoins justice, and excellence and giving help to relatives, and He forbids immoral sins, evil and tyranny. He admonishes you, so that perhaps you may take heed”
(Quran, 16:90).

Excellence and its pursuit as such must be at the heart of Zakat organisations. We must be pioneering and exploring all the best and latest ways to achieve our

goals. Zakat management bodies would highly benefit from taking the risk of implementing innovative tools. This is necessary to create a healthy environment for Zakat to flourish and respond to the unprecedented challenges of the day.

Important new and more efficient ways to manage the needs of those eligible to receive Zakat must be explored and supported. The needs of today and seemingly tomorrow oblige us to investigate better ways to manage Zakat funds, with efficiency and effectiveness sought with every dollar collected and distributed.

MUTUAL BENEFIT OF THE PARTNERSHIP MODEL: UNHCR CASE STUDY

Considering case studies like this is important as it allows us to clearly see that non-faith led organisations have a role to play. Their ability to innovate and efficiently deliver aid to those that need it, especially in hard-to-reach areas, should be embraced, given the appropriate safeguards are in place. While collection and payment of Zakat are an act of faith, it's best led firstly by agencies that are able to affirm the faith and build structures to ensure Zakat funds are managed with due regard. However, there is undoubtedly a role for organizations from outside the faith context to work with collectors to help achieve shared outcomes. Zakat collectors have the potential to embrace multilateral players that are pioneering innovative poverty alleviation programmes. When this is done with a sound social welfare strategy founded upon scripture, this could help enhance impact, reduce cost and improve reach. The key point here is to recognize this opportunity that, if embraced, could

really help improve the global impact and footprint of Zakat, and wouldn't alienate refugees and host community members alike, many of whom are eligible to receive it, in their share of Zakat. Faith-based organizations should lead the way while capitalizing on strategic and sustainable partnerships with multi-lateral organizations based on an effective and impact-oriented approach. For example, taking a societal approach to respond to the immediate needs of the most vulnerable refugees and internally displaced persons (IDPs), could also build a sense of solidarity with their host Muslim brothers and sisters, implied by the dedication of a portion of Zakat to them. At the same time, for payers, it would allow them to see, feel and experience the value of effective Zakat collection, distribution and empowerment.

It is incumbent upon all key actors to actively better understand not just the role they can play, but the role they should play and their collective responsibility towards an increasing number of displaced persons globally, especially in hard-to-reach areas such as Yemen, Syria, Afghanistan, Somalia, and Mali. The mutual goodwill for cooperation and partnership on pilot and long-term basis is recommended as the best way forward to fill any gaps that might deprive millions of eligible vulnerable families from living in dignity and realizing their full potential. An additional point to consider for this approach, is the potential role local and regional faith-based humanitarian organizations can play as implementing partners in the process of assessment and monitoring the distribution of Zakat. It can widen their networks, strengthen their capacities and amplify their impact. In return, multi-lateral organizations can benefit from the local outreach of implementing partners, as well as local

knowledge of the beneficiary population. A local approach to the collection, distribution and empowerment through Zakat can truly revolutionize the response to some of the major challenges of the world. Some of the most challenged nations have major pockets of unlocked Zakatable wealth and are supported by a global diaspora sending remittances through unofficial means. If these channels are integrated into national stratagem the opportunities for substantial and long-lasting change are unprecedented and partners such as UNHCR can truly optimize financial interventions for some of the most vulnerable people in a nation.

Therefore, today as we look forward to a post-corona world, it is urgent that we deeply consider what role Zakat needs to play to optimise its impact. We need to move beyond providing the poorest people with the most basic provision, we need to utilise Zakat to lift the poorest people. We need to take them on a journey of self-development and empowerment. We need to revive the tradition of investing in all Zakat categories and ensuring Zakat bodies have portfolios based on the divine mandate and not just the norms upon which they have operated since inception.

In this regard the case of UNHCR is singular and unique in the United Nations space, as it has put in place new and specific internal regulations and infrastructure for the distribution of Zakat funds (including in hard-to-reach areas), rather than using existing programmes as they were. This came after the receipt of 5 fatwas that govern UNHCR's approach to Zakat distribution, ensuring the respect of the scripture and the legitimacy from a compliance perspective. These edicts were received from internationally

recognized scholars and institutions. The fatwas were summarized in a fatwa report (Furber, 2017), highlighting UNHCR's eligibility to distribute Zakat funds provided that it respects two primary conditions:

1. *Zakat funds must be received by those mentioned in the Quran (9:60),*

Following the juristic conditions, UNHCR only distributes Zakat to eligible beneficiaries that are most in need among refugees and internally displaced persons. These populations enter in at least five of the eight categories of Zakat:

- a. Poor and Needy - *Al Fqara' wa Al Masakeen* (two categories): refugees and internally displaced persons supported tend to be poor or lacking assets or income. They have a limited ability to cover their basic everyday needs for themselves and their families. Some refugees and internally displaced persons might have had a good source of income, however, once forced to flee, most leave with no more than the clothes on their backs.
- b. Debtors - *Al Gharimun*: refugees and internally displaced persons may be considered debtors, since, in many cases, they lose their homes, their belongings and personal possessions, which prompts them to incur debt to replace lost essentials. Even in the case where they were able to bring some money with them, years of displacement have exhausted their financial savings and forced them into debt to survive.
- c. Wayfarers or Stranded Travelers - *Abna' Al Sabeel*: a traveler, whilst they may be wealthy in his

or her country of origin, is deemed to be stranded and consequently in need of financial assistance. Refugees, in most cases, can be categorized as stranded travelers who have fled their homes with limited resources and have undertaken a perilous journey to protect their families from conflict or persecution.

- d. Those in bondage – Fil Riqab: while this is meant to help ‘slaves’ pay the debt that bonded them to their masters, which doesn’t officially exist in its literal form anymore, this category can be projected on many refugees and internally displaced persons who are ‘enslaved’ by their uncertain situations or persecutors.

Therefore, focusing on refugees, IDPs and communities hosting them as well, has a wider impact on the spectrum of Zakat categories by benefiting several of them at once. Eligible beneficiaries are identified as per a vulnerability assessment framework, to guarantee the distribution of Zakat to the ones who deserve it who are in fact the most vulnerable and living under national extreme poverty lines.

2. *Zakat funds must not be used to cover expenses or wages.*

All United Nations organizations cover their salaries and other overhead costs by deducting a certain percentage on donations they receive. For UNHCR this amount is 6.5%. This is standard for every single donation. However, the organization grants an exceptional waiver for Zakat donations, to ensure that 100% of Zakat received by UNHCR is distributed to beneficiaries, and thus respect the fatwa condition. That being said, any overhead costs associated with the distribution of Zakat funds are

covered from other (non-Zakat) sources of funding for UNHCR. This is a bold approach and shows the respect given to managing Zakat funds by the agency, and should illustrate to Zakat agencies and partners the value of working with the agency.

In terms of distribution, Zakat funds are spent through UNHCR’s cash assistance programmes. These programmes were in place before the distribution of Zakat, but it has been adapted to fit the specific considerations of Zakat mentioned above. When distribution in cash is not possible, Zakat is given in-kind. By ensuring their immediate needs, cash assistance helps prevent thousands of refugees who are restricted from working in host countries from facing severe hardships and enables them to address their needs according to their own priorities. It also helps in improving their social networks by repaying loans borrowed from family, neighbours, and landlords which therefore reduces household tensions. Additionally, it benefits the local economy by injecting cash that enables refugees to pay at local shops/ markets and for local services. Vulnerable families are often headed by women alone who often face cultural, legal and childcare obstacles when looking for work. Providing them with cash assistance helps prevent them from resorting to desperate survival strategies – such as pulling children out of school and child labour. In reality, cash assistance programmes. For example, an evaluation of the winter cash programme for Syrian refugees in Lebanon showed that cash assistance had a significant multiplier effect on the local economy: for each dollar spent, the programme generated about \$2.13 in gross domestic product for the Lebanese economy and had no significant impact on inflation (UNHCR, 2018). This shows how cash

distribution contributes to the economic empowerment of the host community as well, in line with the spirit of Zakat as mentioned in the first part of this paper.

With this system in place, a pilot was launched end of 2016, which led to the UNHCR's Refugee Zakat Fund launch last year where UNHCR assisted over 1 million beneficiaries with Zakat, by distributing \$43.165 million. What is worth mentioning here is that:

- Over 90% of the funds were donated by Muslim foundations and charities from different countries (mainly in GCC);
- Foundation partners choose the destination of their Zakat funds based (Jordan, Lebanon, Bangladesh, Yemen, Mauritania, Iraq, etc.) which is a critical governance element in UNHCR's approach to Zakat.

Hence the benefit of strategic cooperation between Muslim charitable organizations and Zakat houses on one side, and multi-lateral organizations such as UNHCR on the other, in order to optimize the process and maximize the impact of the public well-being (al Maslaha al 'Amma). This partnership and cooperation model would allow Muslim organizations to benefit from the efficiency, transparency, best practices and large distribution networks while managing the funds according to their respective conditions and strategies. In addition, it is important to point out here that multi-lateral organizations usually have different kinds of humanitarian programmes. In the discussion about Zakat, this means that the distribution of Zakat can be given in different ways with different impact modalities, of course while respecting the scriptures. This also means that the impact of Zakat-compliant programmes will come in addition to the impact of other

programmes. This is an important parameter to consider, as it promotes using Zakat in the context of a wide social empowerment scheme of the whole community, beyond considering Zakat as a poverty relief tool only.

Regarding Zakat for refugees in particular, Muslim organizations were eager to capitalize on UNHCR's compliance and effectiveness (in particular the fact that 100% of funds are distributed directly to beneficiaries as mentioned), as well as the wide outreach of UNHCR and its cash/ in-kind distribution networks, including hard-to-reach areas where very few organizations can enter like in Yemen. Additionally, UNHCR was able to overcome challenges posed by financial regulations in some countries through partnerships with credible local entities and financial institutions, allowing the process of distribution to operate smoothly and in-line with local regulations. Other countries where Zakat is distributed include Jordan, Lebanon, Iraq, Mauritania and Bangladesh. As Zakat funds are spent to beneficiaries in the places and populations decided by the partner, this shows that Muslim organizations can keep control over Zakat management while getting the advantages of such a partnership model. This ends up being a model where multi-lateral organizations become key partners of Muslim organizations to implement their Zakat strategies effectively and widely.

From the multi-lateral organizations' perspective, this model opens a whole new source of resource mobilization, enabling them to impact more beneficiaries and diversify their partnerships, hence reducing funding gaps and risks. This is also an opportunity for multi-lateral organizations to learn more about

Islamic philanthropy and discover new financing models (Zakat, Waqf, Sukuk, Sadaqah Jariyah...) that, when linked to the humanitarian expertise of these organizations, can lead to powerful tools towards realizing the SDGs. Promoting this partnership model will foster collaboration of international organizations with new partners among faith-based institutions and widen the scope of engagement with existing ones. This is a key component of the strategy of these organizations in their response to today's humanitarian challenges in the Muslim world and beyond.

CONCLUSION

We live in a world where 821 million people - more than 1 in 9 of the world population –do not get enough to eat (WFP, 2019), a world where wealth is increasing exponentially, along with poverty. Muslim countries are among the most affected by these humanitarian crises. There is, therefore, no doubt whatsoever on the key role Zakat needs to play in empowering communities and leading the needy towards a more dignified life. This will not be achieved if we do not deeply reflect on the spirit of Zakat and manage its funds accordingly. In view of current global regulations that require certain criteria for humanitarian and social assistance, this effort should be guided by authorised Islamic organizations. It is critical for a scripture-led societal strategy to be successful, the Islamic leadership is qualified to determine what constitutes an act of faith with the intention of maximizing the impact of Zakat through a partnership with entities, including international organisations, which can facilitate the delivery of programs for the best of vulnerable Muslim communities. This is a win-win

situation whereby Zakat is delivered in the most effective and efficient way without violating the principles of Sharia and without Muslim organizations losing control over the process.

As the funding gap towards SDGs and humanitarian assistance is dramatic, and as a large part of this funding will be used in the Muslim world, there is a strategic alignment between Zakat principles and humanitarian goals. There can be a mutual partnership between both sides, with Islamic agencies leading the strategies related to the Zakat industry while capitalizing on the best practices of multi-lateral organizations in delivering Zakat funds with maximum impact for the beneficiaries and on the overall economy, thus providing new and more stable sources of funding to these organizations. This might require from the latter to adopt some of their existing processes and programmes to the specific requirements of Zakat or other forms of Islamic philanthropy, but this has been done at the infrastructure level and should be capitalized on and replicated for the better of the most vulnerable. At the heart of making this work though, is undoubtedly a need to revive a scripture led approach, and for Zakat agencies to ask existential questions of themselves, of who are they here to serve and how best can that service be executed for a better world.

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Does Zakat Signal the Firm Value? **An Additional Inference of Mining and Manufacturing Zakatnomics**

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ABSTRACT

Mining and manufacturing industries are two contributive sectors having high economic value. Optimalization of their zakat potential should be estimated not only addressed to provide the gain for public welfare, but firms should also obtain the economic value on their performance. This research aims to provide an empirical inference on mining and manufacturing zakatnomics. The effect of corporate zakat potential on the firm value is tested in this research. The sample comprises 47 mining companies and 180 manufacturing companies listed in Indonesia Stock Exchange by utilizing financial statements of 2018 period. The result of this research finds that zakat potential was found positive on the firm value. This research also finds that zakat has a positive impact on profitability. Therefore, the finding in this research draws an inference that zakat empirically signals firm value and profitability.

Keywords: Zakat, Mining, Manufacture, Firm Value, Profitability

INTRODUCTION

Zakat on corporate income still becomes one of the emerging sharia issues. The increasing drive to pay zakat has led into the economics concept. The BAZNAS Center of Strategis Studies (2019) recorded the concept of zakatnomics in 2019. It refers zakat to economics. One of objectives of the zakatnomics is to disclose the tenet providing the number of corporate zakat potentials paid by firms. Indonesia with the largest Islamic population would create great zakat potential. Firdaus et al. (2012) estimated the zakat potential in Indonesia about 217 trillion rupiah or 3.4 percent of GDP of 2010. If the corporate sector engages with zakat, the number of the distributions will be greater. The starting purpose of this research is to disclose the magnitude of zakatability in the mining and manufacturing companies. The increasing income trend in the business industry occurs every year. The collection of zakat should be based on

the incomesize. The magnitude of economic value in the mining and manufacturing sectors could be huge corporate zakat potential. For instance, one of sectors is the manufacture. In 2019, the number of large and medium manufacturing was 33.923 companies (BPS, 2019). It will provide huge zakat potential if they are fully engaged

The final point of conducting this research is to test the impact of mining and manufacturing zakat potential on the firm value. A final unexplored avenue in the context of corporate zakat is its link with firm value. The emerging phenomenon shows that the zakatnomics has been conceptualized in the mining and manufacturing area. It provides a voice in order that firms can be involved in alleviating the poverty through zakat as social performance. Meanwhile, the corporate area generally expects the value driving the business performance. To address this case, this research aims

to find the effect of corporate zakat potential on the firm value.

Since firms provided stock ownership to the public, we should have taken into account the financial performance in the market measurement. Firm value derives from market valuation. The market is a creation source of the firm value. The stakeholders tend to give high concern when the reputation of the firm increases. This research uses Tobin's Q due to a driving determinant behind the decision to do investment. Q is a ratio to assess the financial performance in the market using value creation deriving from market expectation. When the market has the level of better trust to the firm, the performance in the eyes of investor and public would increase. If using the accounting measurement through profitability including ROA and ROE, it would be no estimation of marginal cost and less representative value. Nevertheless, to solve the debating point in prior literatures, this research will include the use of the profitability.

Zakat for business area may be social performance creating the value over financial performance. Meanwhile, many studies exist investigating the nexus between zakat and financial performance of profitability. There has been relatively no empirical evidence at all on the firm value. The empirical analysis has been devoted to the nexus between financial performance and corporate zakat using profitability. Their findings still become inconclusive showing that there is no definite nexus between zakat and profitability (Al-Azizah, 2018; Al-Malkawi and Javaid, 2018; Darsiya et al., 2019; Rhamadhani, 2017; Samad et al., 2015; Yusnita et al., 2019; Utari et al., 2019). This research appears to find conclusive specification

model. The context of the academic debate around should be solved by employing the additional analysis in this research in order to contribute to the respective existing empirical literature.

This research contributes to enrich the studies about the zakat providing the signal within enhancing firm value. The finding of this research adds to the recent literature on zakat leading the increase into firm value. This research also provides the consistent finding with prior literature that zakat has the nexus with financial performance of profitability empirically. It provides an additional inference on the concept of zakatnomics booked by BAZNAS Center of Strategic Studies. The evidence of finding of this research may help the corporate area make a decision concerning zakatnomics.

The remainder of this research is organized as follows. Further section presents the literature review, research method, result and conclusion. In reviewing the literature, this research elaborates the concept of zakatnomics and develops the hypothesis on the relationship between zakat and firm value under the stakeholder theory. Sample and variable information are presented in research methodology. The result of this research provides the finding and the conclusion draws an inference followed by the suggestion for future study.

LITERATURE REVIEW

Zakat is the distribution of ownership rights to certain people determined by the Shari'a because of Allah. It aims to improve the welfare by alleviating the poverty. BAZNAS Center of Strategic Studies (2019) has just released the concept of Zakatnomics to implement in various sectors of business (agriculture,

mining, manufacture, as well as service and trade). In the terminologically, zakatnomics refers zakat to economics. It provides the awareness of building of islamic economics order with the purpose the happiness, equal life and ultimate glory. A faith, productivity revolution, a fair economic, and the implementation of zakat are the main pillars of the concept of zakatnomics.

Corporate zakat defines as the zakat payment of corporation to community and social. Zakat is part of social obligation, sharia compliance and depending on the economic ability. The liability of zakat in the corporate sector is based on Management of Zakat Chapter 4 verse 2 Letter c (commerce) and Letter g (industry) and the regulation of religion minister of PMA No. 52 of 2014 concerning Sharia and Procedures for measuring mal and fitrah zakat. Firms have varying zakatability relying on their incomes. Utari et al. (2019) stated that the factor influencing the corporate zakat is a growth of return on asset. It implies that zakat paid by corporate depends on the growth of profitability. The level of profitability is correlated with the magnitude of zakat payment and its correlation has been captured by some scholars (Afandi, 2019; Firmansyah and Rusydiana, 2013; Yusnita et al., 2019). Bakar and Rashid (2010) stated that one of motivations to pay zakat is economic factor.

BAZNAS Center of Strategic Studies (2019) stated that zakatnomics in the mining and manufacturing sectors generates the economic value providing the zakat potential. If it can be explored, the distribution will be greater. The optimalization from mining and manufacturing sector is able to become a policy to overcome the poverty and to increase the quality of human being life such as in the form of the service fund to

education and health. The mining and manufacture sectors tend to gain the increasing earnings each period. The study of BAZNAS implied zakat potential was 22 trillion rupiah in the mining and 59 trillion in 2017.

The corporate zakat potential means zakat payment of corporation to community and social. It may be corporate obligation when the regulation zakat can be taxable income deduction. Zakat is part of the religious and social commitment. It represents key social instrument used to help the social welfare (Ahmed, 2007; Al-Sabban et al., 2014; Al-Malkawi and Javaid, 2018). In the corporation, it may show the amount of expenditure in the terms of social and performance. It is related to the Corporate Social Responsibility (CSR). Under its concept, companies truly undertake social activities to legitimate their business so that its value may increase. They commit to take into account social and environmental concern when they regard it as the performance value. Nowadays, the concept of CSR has been well implemented. It has been considered as corporate responsibility toward the society and put it into social performance. Related to zakat, Islam has imposed zakat as a liability toward the society not only addressed to an individual responsibility, but it can also be extended as the responsibility of all the organizations. As a result, the zakat contribution can be considered as the main instrument to increase the social performance in the business organization.

Zakat can be a *win-win* strategy to optimize returns and improve performance while taking into account public as a whole (Al-Malkawi and Javaid, 2018). This research provides a theoretical support to develop a single

hypothesis. When CSR signals positively the firm value (Bhagawan and Mukhopadhyay, 2018; Bing and Li, 2019; Chung et al., 2018; Hardiningsih et al., 2019; Nielsen, 2018; Oh and Park, 2015), zakat can be relevant with the firm value as well. CSR has been considered as a response of social pressures and relative to stakeholders' demands (Crisostomo et al., 2011). Zakat can also be a response of social and religion demand.

Firms still need to continually commit to implement the CSR and it only achieves the sustainability in the future by involving in the social performance (Jiao and Xie, 2013). Zakat should also be taken into account as a response coming from islamic compliance. It could be one of the social instruments in the corporate social responsibility as found by Lin et al. (2009) using charity expenditure as the proxy of CSR. They found that the charity expenditure increases the performance. In addition to the prior literature, Al-Malkawi and Javaid (2018) also found zakat as the proxy of CSR leading the increase into corporate financial performance using ROE and Price to Book Ratio. In their justification, zakat tends to affect positively to both accounting and market performance while considering the society as a whole.

Related to corporate zakat, the compliance to sharia principle in corporate sector enhances the firm's reputation (Nomran et al., 2018). The stakeholders tend to give high concern when the reputation of their firm increases. Zakat could be an initiative of realizing social responsibility for the sake of enhancing social welfare. Therefore, the nexus between zakat and firm value can be elaborated under the stakeholder theory. The firm is not an entity that only operates for its own

interest for the sake of profit. It should benefit the stakeholder (Freeman, 2010). Firms build the relationship with the stakeholder would generate higher returns.

The payment of zakat is regarded as voluntary like CSR. However, an argument given in this research that attention to the interest of various stakeholders may enhance firm image and reputation. Through channels of zakat, the society may lead improvement into the firm value. Zakat can act as a signal to build business image with government, public, and investor facilitating the capital resulting from the increase of the level of trust in the market. The better company signal, the more interested the investors to make investment decision. As a result, this research develops a hypothesis (H1) underlining that the corporate zakat potential has positive effect on the firm value. This indicates that firms with zakat payments leads the increase into their firm value.

RESEARCH METHODOLOGY

Sample and Data

The sample of this research was go public firms listed in Indonesia Stock Exchange over period of 2018. This research identified 682 firms in whole sectors. Mining and manufacturing industries are two contributive sectors having high economic value. Therefore, the process of sample selection was started from the number of mining and manufacturing companies listed in Indonesia Stock Exchange. Data containing the financial statements of 2018 period were collected. Those were selected based on the criteria as follows.

Table 1. Sample Selection

Criteria	Firm
Mining Sector	47
Incomplete Data & Financial Statements using Non Rupiah	(30)
Firms with Net Loss	(4)
<i>Sample</i>	13
Manufacturing Sector	180
Incomplete Data & Financial Statements using Non Rupiah	(61)
Firms with net loss	(18)
<i>Sample</i>	101
Total Final Sample	114

This research obtained unavailable data due to delisting firms so that incomplete data were eliminated. Financial statements presented using dollar were also eliminated in this research. During the period of observation, two firms were found with net loss. Thus, final sample in the mining sector was 13 firms. In the manufacturing sector, 61 firms were also eliminated due to unavailable data and the use of dollar. Firms suffering from loss were also discarded so that the final sample of manufacturing industry was 101 firms. As a result, total final sample of this research was 114 firms.

Research Variables

This research utilized the corporate zakat potential as independent variable and the firm value as dependent variable. Zakat was measured under income approach as formulated 2.5 percent from net income before tax.

Firm value was proxied using Tobin's Q measured as total market value of firm and total book value of liabilities divided by total book value of assets. Total market value refers to the market capitalization calculated by multiplying the number of outstanding shares by the current share price. The

result of Q is between overvalued and undervalued ratio. A high Q ratio points out the Q value greater than 1 indicating that the firm stock is overvalued. This implies that the market value reflects is greater the firm's recorded asset. A high Tobin's Q value encourages firms to invest more because they are assessed to be worth more than the price paid for them in the market (Abbas, 2018). Conversely, a low Q ratio shows ratio less than 1 and records the firm stock as undervalued indicating the asset value of firm records greater than the market value. If a company obtains 1.0 ratio, its stock performance will be valued the same as the asset's value.

Statistical Analysis

This research employed descriptive statistics and the test of effect through linear regression. The description of variables in this research was presented into the chart, maximum, minimum, and mean. To test the hypothesis, the regression technique was used in this research. The significance of effect would be accepted at the 0.05 level. The equation model of this research is presented as follows.

$$Q = \alpha + \beta_1 \text{Zakat} + \varepsilon$$

This research symbolizes firm value into Q implying Tobin's Q ratio and corporate zakat potential into Zakat in natural logarithm.

RESULT AND DISCUSSION

Statistical Analysis

This research has identified the mining and manufacture sector listed in Indonesia Stock Exchange providing financial statements of 2018 period. The firms are further classified into type of the variables.

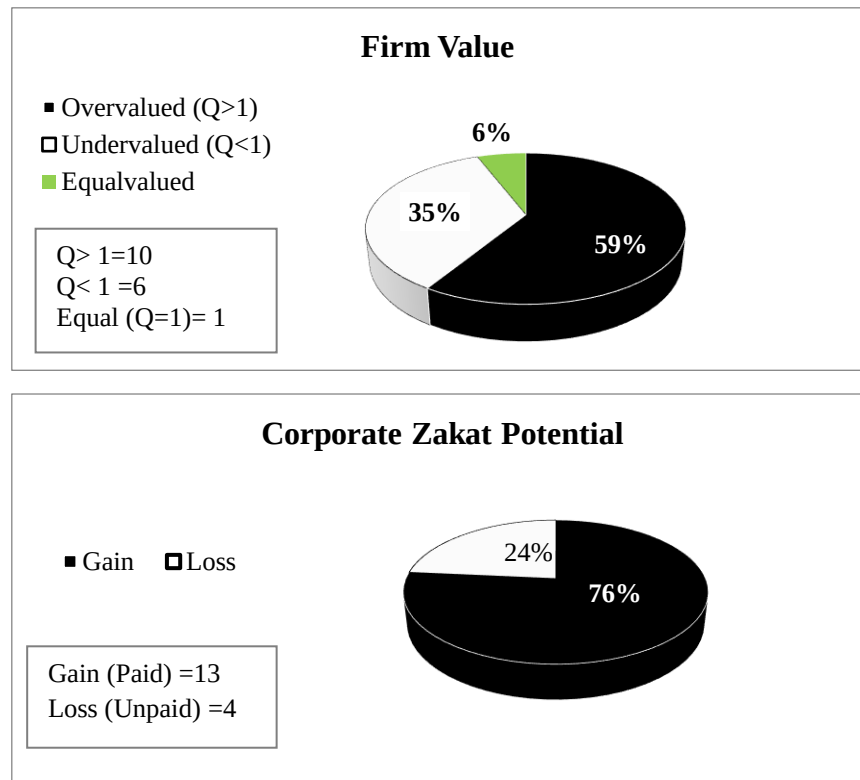
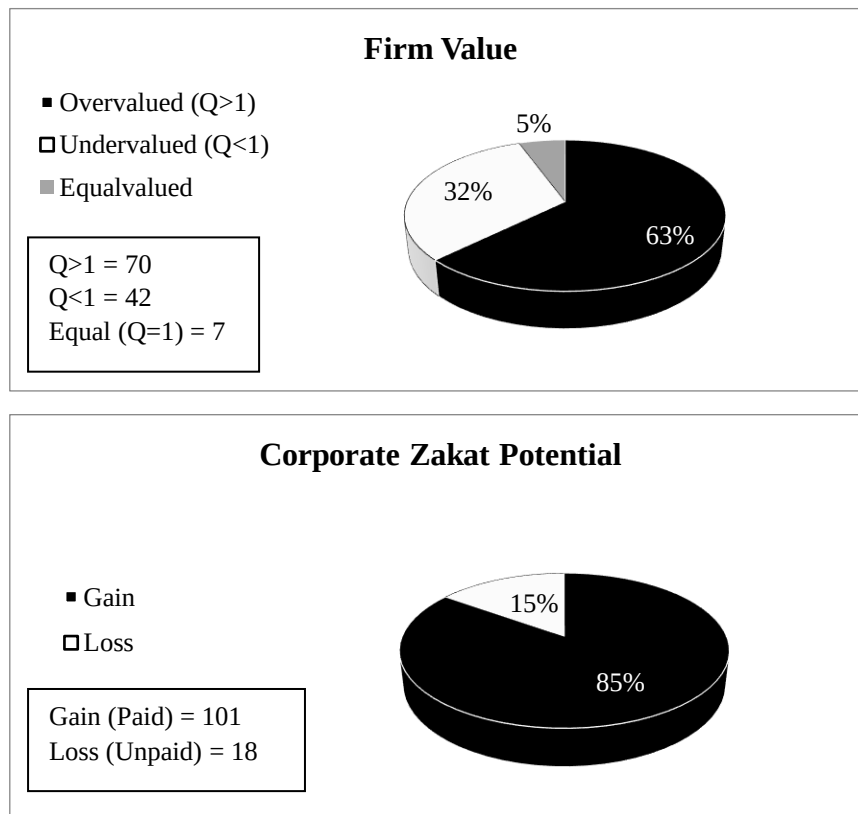


Chart 1. Mining Sector

In the mining sector presented in Chart 1, the firm value of sample has generated overvalued and undervalued stock performance. Total mining companies were 17 firms with 59 percent of overvalued firms ($Q > 1$), 35 percent of undervalued firms ($Q < 1$) and 6 percent of equal valued firm. Overvalued firms show a ratio higher than one indicating that it is earning a rate of return higher than cost of the incurred assets. Since firm obtained overvalued ratio, the market value has exceeded the replacement value and it has been a sale. An undervalued firm shows a ration less than one that it is recording the market value lower than the asset value. Furthermore, firms with 1.0 ratio show that their stock performance is valued the same as the asset's value. Chart 1 also presents the result of corporate zakat potential. Total firms with earnings before income tax

were 76 percent showing that the firm pays zakat, whereas firms with no payment due to suffer from loss were 24 percent.

Chart 2 further presents the result of variables in the manufacturing sector. Sample of this research is 104 firms. The overvalued firms were 63 percent ($Q > 1$), undervalued firms were 32 percent ($Q < 1$) and 5 percent of firms were equal in 2018. In the zakat variable, there were 85 percent of firms gaining the income and the rest of 15 percent of firms suffers from loss. Overall, when the mining value is compared to the manufacturing value, the result shows that overvalued firms in the manufacturing sector are higher than in the mining sector. On the other hand, corporate zakat potential in the manufacture estimates payment greater than in the mining companies.

**Chart 2.** Manufacturing Sector

After sample of this research is selected based on the established criteria, firms suffering from loss are also discarded in this research so that the final sample is 114 firms consisting of 13 minings and 104 manufactures. Statistic descriptive of sample firms is presented in Table 2 as follows.

Table 2. Statistic Descriptive

Panel A. Mining Sector (N=13)			
<i>Variable</i>	<i>Max</i>	<i>Min</i>	<i>Mean</i>
Firm Value	6.9	0.5	2.2
Zakat (billion)	171	0.2	21
Panel B. Manufacturing Sector (N=101)			
<i>Variable</i>	<i>Max</i>	<i>Min</i>	<i>Mean</i>
Firm Value	18.4	0.3	2.0
Zakat (billion)	874	6	31

As for mining company in Panel A (Table 1), that with a firm value, it showed 6.9 at maximum value and 0.5 at

minimum value indicating that the highest firm value recorded 6.9 as an overvalued firm and the lowest firm value recorded 0.5 as undervalued firm in 2018. The mean of the firm value in mining sector was 2.2 and so it could be said overvalued firm. Related to mining zakat potential, the highest potential value of zakat payment was 874 billion rupiah and the lowest potential value was 6 billion rupiah. The mean of zakat showed 31 billion rupiah. This result provides the amount of rupiah potential for alleviating the poverty.

Panel B (Table 2) presents manufacture companies. It recorded 18.4 at maximum value and 0.3 at minimum value. The mean of the firm value was 2.0 indicating that the mean of firm was overvalued in 2018. For manufacturing zakat potential, that with the mean, it showed 31 billion rupiah. If the

manufacture firms pay the zakat, the potential of rupiah will be 31 billion. On the other hand, the mean of firms both the mining and manufacture sectors shows an overvalued ratio and high zakat potential, but is there the effect of magnitude of corporate zakat potential on the firm value?. The further test is run to find the level of significance.

Table 3 presents the result of the effect test. It provides positive effect of zakat on the firm value at the level 0.05 significance. This test indicates the increasing drive of the firm value due to the zakat payment. The proportion of variation explained by the estimated regression line is 14.8 percent in R square and 14.0 percent in Adjusted R Square.

Table 3. The Result of the Effect Test

$Q = \alpha + \beta_1 \text{Zakat} + \varepsilon$			
Model	Coefficients	t-statistic	Sig.
Constant	-0.068	-1.728	0.087
Zakat	0.226	4.412	0.000

N= 114

R square = 0.148

Adjusted R square=0.140

F Statistic = 19.465 Sig. 0.000

Dependent Variable = Q (firm value)

Independent Variable=Zakat in natural logarithm

The formulation of H1 outlining that the corporate zakat potential has a positive effect on the firm value is accepted. Positive effect indicates that zakat leads the increase into the firm value.

Additional Test

The increasing drive to solve a debate, whether zakat payment can benefits a firm economically or not, has led the studies into inconclusive results. This research conducts the additional test to

find a consistent result. AMOS is run to test multidependent variables of this research comprising ROA and ROE.

The dependent variable of Q is also included in the model. As for independent variable, corporate zakat potential is proxied into the natural logarithm. This research figures the model of relationship in the path diagram presented in Figure 1.

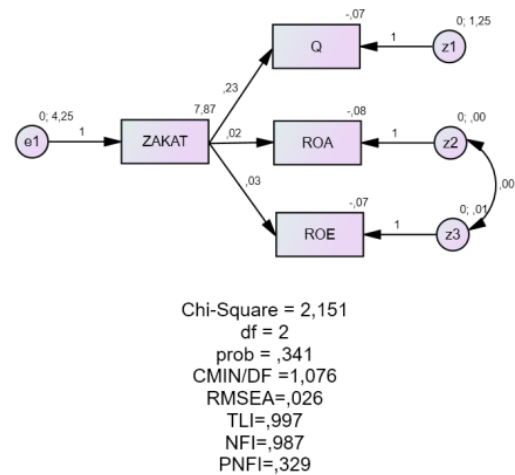


Figure 1. The Path Diagram

The starting point to assess the research model is by overcoming the assumption of a variety of fit indices. The assumptions to assess goodness of model have described good fit as presented in Table 4.

Table 4. Fit Indices

Goodness	Cut off	Result	Description
Chi-square	Prob. ≥ 0.05	0.341	Good Fit
CMIN/DF	≤ 2.0	2.0	Good Fit
RMSEA	≤ 0.08	0.026	Good Fit
TLI	≥ 0.90	0.99	Good Fit
NFI	≥ 0.90	0.98	Good Fit

Furthermore, this research runs the significance test shown in Table 5. As stated in the test, all dependent variables including Q, ROA and ROE have been affected positively by zakat as independent variable at the 0.01 level. The models of this research has obtained

three proportions of variation explained by the estimated regression line of 14,8 percent, 31.6 percent and 28.3 percent as shown in Square Multiple Correlation. As a result, the effect test provides

consistent effects between variables. The three models provide similar results indicating that zakat potential has positive effect on the firm value and profitability of ROA and ROE.

Table 5. Significance Test

Regression Weight				
Model	Estimate	S.E	C.R	P
Zakat → Q	0.226	0.051	4.432	***
Zakat → ROA	0.021	0.003	7.228	***
Zakat → ROE	0.026	0.004	6.685	***
Chi-square = 2.151				
Degrees of freedom = 2				
Probability level = 2.341				
Standardized Regression Weights		Squared Multiple Correlation		
Zakat → Q	0.385	Q	0.148	
Zakat → ROA	0.562	ROA	0.316	
Zakat → ROE	0.532	ROE	0.283	

Corporate Zakat Potential and Firm Value

The mining and manufacturing zakat potential generated the billion rupiah during 2018. The average corporate zakat potential gained 21 billion rupiah in mining sector with the average firm value about 2.2 indicating overvalued market performance and gained 31 billion rupiah in manufacturing sector with the average value firm about 2.0 indicating overvalued market performance.

Corporate zakat potential in the manufacture has been higher one billion rupiah than in the mining. This research has also tested the significance level on the nexus between zakat and firm value. The positive effect has been found in the equation model (Table 3). It means that the zakat potential positively affects the firm value. Corporate zakat potential paid by firms enhances the value. In addition to the test, this research has included the profitability of ROA and

ROE. It provides same effect like Q ratio. It means that the three dimensions of firm performance have been found positive effect through the zakat payment.

Firms may have to be evaluated not only through accounting performance indicators but they are also assessed in the market performance. They obtain the assessment coming from the investor and public by understanding the market performance through Tobin's Q. The relationship between market valuation and intrinsic value has been described by Q ratio. If it is more than one, the stock market is overvalued. In this case, the market has seen firms to try to maximize their value. In the addition model specification, it has found the positive nexus between zakat payment and profitability performance. The determinant of firm value and profitability has held the effect through zakat. Firms have gained the economic value through zakat contribution. This

finding is in line with Al-Malkawai and Javaid (2018) reporting positive association between zakat and financial performance. They state that zakat can be a win-win strategy to optimize the performance and society as whole. Firms engage in zakat with the goal of enhancing shareholder wealth and social welfare. It can be addressed to provide the gain for public welfare and increase the firm value as well as profitability.

The finding of this research underpins the stakeholder theory. Stakeholders are people having an interest in the activities of firm and tend to concern more with zakat. They realize the sharia compliance benefiting the society and may be regarded as islamic social responsibility. We know that Indonesia is the largest muslim population. It enables that they are embracing the sharia compliance and zakat is regarded as the social responsibility so that when firms put the zakat, the market tends to assess more their performances.

Islam has imposed that zakat is an obligation toward the society because it is not only addressed to benefit the society but muzakki (payer) can also be gained. Zakat payment helps muzakki meet their responsibility toward God and society. This research underlines the nexus between zakat and firm value that when a company involves in social responsibility by paying zakat, it can affect the value not only deriving from the society, but it is also from stakeholders.

Awareness of building of the happiness, equal life and ultimate glory in the humanity encouraging business sustainability is truly responsibility. Therefore, the zakat contribution can be considered as the reputation strategy to increase social performance in the corporation. Zakat provides a signal to

build a business image with stakeholders so that the increase of performance appears at the level of great trust in the market. When the market has put highly positive trust to the firm, the stakeholders tend to enhance more their investment.

CONCLUSION

The starting point of this research demonstrates that the average corporate zakat potential for 2018 gained approximately 21 billion rupiah in the mining sector and gained approximately 31 billion rupiah in the manufacturing sector. Related to the firm value, the average firm obtained overvalued ratio in both sectors.

This research is empirically successful to reach the main objective through the effect test. Its result has pointed out that firms earn the positive value through zakat payment. In addition to the test, the profitability using ROA and ROE obtains positive effect in the equation model. The three models developed in this research empirically provide similar results indicating that the mining and manufacturing zakat potential does signal the financial and market performance.

This research documents that zakatability signals the firm value in profitability and marketability. The implication of this research overall is twofold. First, this research becomes additional inference on the concept of zakatnomics in the mining and manufacturing sector. The finding of this research discloses the corporate zakat with huge potential in the mining and manufacturing sector affecting the firm value. It empirically supports the policy of the National Board of Zakat in Indonesia leading the optimization of zakatnomics into the mining and

manufacturing sector. Second, the finding of this research encourages all firms to engage zakatnomics initiatives because they taking part of zakat contribution indeed enhance stakeholder's value. For future study, other sectors should be explored to draw wider inferences.

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Does the Mustahik Demographic and Socio-Cultural Affect to the Successful of Poverty Alleviation? Logistic Regression Approach

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ABSTRACT

Zakat institutions have a very important role in alleviating poverty in a country through various programs that they make. One of the poverty alleviation programs carried out by zakat institutions is mustahik empowerment in the economic field. In socio-cultural and demographic terms, surely every mustahik who participates in the program has differences. By involving 105 respondents from four zakat organizations in Pekanbaru, this study aims to find out whether mustahik demography and socio-cultural have influenced the success of the mustahik empowerment program in alleviating poverty by using a logistic regression approach. In the demographic variables, the finding shows only two from six variables that affect the success in eradicating mustahik poverty, namely the household members and employment status with the odds ratio of each variable of 1,540 and 2,385. The other variables that did not significantly influence were gender, education level, age and location of residence. Meanwhile, for the three socio-cultural variables, the finding is only one variable that affects the success of the empowerment program, namely family culture with an odds ratio of 2,861. Variable society habits and religiosity do not significantly influence. The results of this study have implications for the empowerment program that in carrying out the mustahik empowerment program, zakat institutions must pay attention to socio-cultural and mustahik demographics in order to get maximum results.

Keyword : Zakat, Mustahik Empowerment, Poverty Alleviation, Demographic, Socio-Cultural and Logistic Regression.

INTRODUCTION

Poverty is still a significant problem for developing countries like Indonesia. One of the efforts to overcome poverty is to utilize zakat funds through mustahik empowerment programs conducted by the Zakat Institution. Mustahik empowerment program is one of the main programs of zakat institutions in Indonesia, including in Pekanbaru. Besides, other major programs are educational, social assistance, preaching to the program of guidance for converts. One of the goals of the mustahik

empowerment program is to provide the power and ability of mustahik to earn their own income through the business they run. Businesses run by mustahik are generally informal businesses that are identical to microenterprise. Microenterprise is defined as a marginal trading institution of the unorganized poor (Choudhury and Harahap, 2009). Microenterprises, which is run by Mustahik, is engaged in food and beverage businesses such as meatballs, rice cake, cendol, cassava chips, talam cakes to sugar cane water, and also non-

food and beverage businesses such as crafts, sewing, animal husbandry, agriculture, plantations to graphic design. This business group characterizes developing countries such as Indonesia.

In developing countries, including Indonesia, micro-business is the most dominant business cultivated by people who do not have access to formal employment and finance. Because of the low education level, they have a lack of access to formal and decent work. Therefore, the most rational choice for them is to become a freelance worker or open a micro business to fulfill their daily needs. Lack of access to finance also reduces their opportunities to open large-scale businesses. Then opening a micro business is a real thing they can do. Nonetheless, the contribution of microenterprises that they do to a country's economy is not small because it can add economic value through job creation, increase income, increase people's purchasing power, reduce costs to comfort in doing business (Paramanandam and Packirisamy, 2014). Thus, the mustahik empowerment program also tends to move in the micro business sector.

In Pekanbaru, the mustahik empowerment program is generally carried out individually, although there are some are done in groups. The main target of the mustahik empowerment program in Pekanbaru is housewives who do not have a job in the hope of being able to provide additional income for their families. There are also those who get the empowerment program are men, because they do not have a permanent job. In running a business, women and men as mustahik tend to be different. Female mustahik tend to open the business in the field of food and drink and sewing, while male mustahik open

the business in agriculture, animal husbandry, handicraft to graphic design.

The choice of the type of business undertaken by mustahik is not solely determined by mustahik himself but also on the consideration of the zakat institution. Some mustahik can determine their own type of business based on the experience before and the tendency of the community around their residence or socio-cultural that they profess. Mustahik who live in urban areas, socio-culturally tends to open businesses in the field of food and drink, while mustahik who live in suburban areas, they are more likely to do businesses in agriculture and animal husbandry. The problems of female mustahik and male mustahik tend to be different. It is caused by the characteristics of the business they run.

The food and beverage businesses run by female mustahik tend to have problems in terms of final sales. They sometimes find the difficulties in selling the goods or products because the high level competition in this business. This micro scale business is not only run by the mustahik. However, it is also carried out by other people who are indeed dependent on this business. Meanwhile, businesses run by male mustahik often face problems related to pests and diseases due to their business in agriculture and animal husbandry. Nevertheless, there is also a problem faced by other male mustahik that is related to the final sale. They have difficulty making sales because the goods produced are not the primary needs of the community.

To find out whether the program succeeded in alleviating poverty of mustahik, an evaluation through research is needed. Evaluation of empowerment programs through research has indeed been carried out by many researchers

including those conducted by Furqani et.al (2018, (2018), Muhammat et.al (2013), Beik (2013), Puskas Baznas (2018), Akram and Afzal (2014), Trianto (2019), Ali et.al (2019), Putriani et.al (2019) and Abdelbaki (2014). There are still very few studies using logistic regression approaches, in research conducted by Furqani et.al (2018), in Banda Aceh put more emphasis on a qualitative descriptive approach, while research conducted by Beik (2013) in DKI Jakarta, Puskas Baznas (2018) in Indonesia, Ali et.al (2019) in Borneo and Putriani (2019) in Indonesia emphasizes the approach to evaluation related to the welfare index, the National Zakat Index and the Agent-Based Computational Model (ABM). Then, the research conducted by Muhammat et al (2013) conducted in Malaysia uses a multiple regression analysis approach, whereas research conducted in conducted by Trianto et.al (2019) using the SEM-GeSCA approach. Meanwhile, research conducted by Akram and Afzal (2014) in Pakistan uses the ARDL approach and Abdelhaki (2014) conducts research in Egypt using a descriptive mathematical approach through the consumption function.

One of the researchers using the Logistic Regression approach was conducted by Azam et.al (2014) and Arsyianti et.al (2017). Research conducted by Azam et.al (2014) places more emphasis on the general impact of giving alms on household expenditure mustahik. While the research conducted by Arsyianti et.al (2017) is more specific than the previous but not yet focused on evaluating empowerment programs. This research was conducted to fill gaps that have not been touched by other studies. Therefore, this research is important to do in order to provide input to zakat institutions related to the empowerment program they are doing.

This study aims to determine whether demography and socio-cultural mustahik who participated in the empowerment program in Pekanbaru influence success in alleviating poverty.

LITERATURE REVIEW

Poverty is still the main topic discussed by countries in the world. Therefore the United Nations Security Council (UN) has launched a program called the Sustainable Development Goals (SDGs). In the Sustainable Development Goals (SDGs), one of the critical elements discussed is reducing poverty on earth. This program aims to help developing countries solve poverty problems. The UN recognizes that poverty alleviation must be carried out systematically and together with the same platform. Nevertheless, poverty alleviation in each country could be different. This is caused by factors that affect poverty itself and the definition of poverty itself.

Poverty can be interpreted as a lack of food, shelter, land and other assets (World Bank, 2004). There are also those who define absolute poverty and relative poverty. Absolute poverty is defined as the ability of a person to earn a minimum income to obtain the necessities of life. While relative poverty is a comparison between low income groups and high income groups (Desk BI, 2016; Raimi et.al, 2010 and Wraten, 1995). In the Islamic perspective, the notion of poverty can be seen from two aspects namely the material aspect and the spiritual aspect (Madjid, 2011). Meanwhile Hasan (1997) says that poverty in Islam is divided into two, namely high poverty incident and low poverty incident.

There are many factors that cause poverty, both macro and micro. Macro-poverty can be caused by unequal

distribution of income and political control, economic and social resources and institutional discrimination. Whereas on a micro level, it can come from low income, limited access to health and education (UNDP, 2017). According to the OECD, economic growth can also affect poverty in a country. Besides economic growth, the inflation rate also influences the poverty of people in a country (Chani et.al, 2011). At the same time, Bartle (2007) says that five factors cause a person to be poor, namely Disease, Apathy, dependency, dishonesty and ignorance. Conceptually, poverty can be caused by four factors, namely individual factors, social factors, cultural factors and structural factors (Suharto, 2009; Spicker, 2002 and Chambers, 1995).

The World Bank uses the concept to measure poverty by setting standards based on \$ 1 and \$ 2 Purchasing Power Parity (PPP). Both are used for different analytical purposes (Kuncoro, 2016). Whereas BPS measures poverty using the Basic Need Approach, which is the inability from the economic side to meet basic food needs as measured by expenditure (Bappenas, 2010). According to Islamic jurists, poverty indicators can be divided into two, namely material inability indicators and indicators of inability to fulfill basic needs (DESK BI, 2010). While Al-Syatibi (1997) classifies basic human needs into three major groups, namely daruriyyat, hajiyyat and tahsiniyyat. Then, Hasan (1997), says there are three dimensions of poverty measurement in Islam, namely the positive measurement dimension, the preventive measurement dimension and the corrective measurement dimension. BAZNAS set poverty indicators with a Had Al-kifayah measure of Rp. 20,000/day/person. It means that if someone is not able to get an income of Rp. 20,000/ day then he

belongs to people who live below the poverty line (Beik and Ayyuniyah, 2018). Meanwhile, Pekanbaru city government set a poverty line figure of Rp.416,479/month/ person.

In social life, especially in poor and developing countries, many problems faced by the community such as the low level of literacy in various aspects, low levels of education, low levels of food nutrition which results in poor health, high unemployment, much crime, and a high gap between rich people with poor people. Therefore, people who live in poor and developing countries will face more difficulties to get out of these conditions.

In Islam, these problems are shared responsibility between the government and the community. The role of the government is to improve the situation with a variety of supported policies and programs, meanwhile, the role of the community is to succeed the government program through both active and non-active participation. One of the active participation of the community in overcoming these social problems is by participating in supporting the zakat program launched by the government through the National Board of Zakat (BAZ) and other philanthropic institutions such as the Amil Zakat Institute (LAZ). Zakat is one of the instruments to overcome social problems that often occur in developing countries, especially the problem of poverty and income inequality.

In general, zakat has three main functions, namely moral, social and economic functions. The moral function is visualized through zakat money, and socially visualized through redistribution of money for asnaf and the economy is visualized through hoarding and moving cash flow to support and lend loans. The points above prove that zakat can reduce

poverty through various economic programs and zakat can increase income inequality through income redistribution (Abdelbaki, 2013). Abdullah and Suhaib (2011) explained that there are at least two impacts arising from zakat, namely individual impacts and collective impacts.

One of the poverty alleviation programs using zakat funds is the mustahik empowerment program in the economic field. Mustahik empowerment program in the economic field is a program where zakat institutions provide business capital assistance to mustahik, both in the form of cash and business equipment. Provision of cash can come from zakat funds or from qardul hasan funds. For example, it carried out by Baitul Maal Aceh, where qardul hasan funds are intended for mustahik businesses engaged in five business sectors namely MSMEs, agriculture, home industry, animal husbandry and transportation (Furqani, et.al, 2018). However, there are also zakat institutions in empowering mustahik by providing provisions in the form of expertise such as that done by LAZ IZI, the Alfalah Social Fund Foundation (YDSF) and Bangun Sejahtera Bina Ummat (BSMU) (Ernawati, 2016). Meanwhile, BAZNAS focuses on the Zakat Community Development (ZCD) program, namely community development by integrating social and economic aspects (BAZNAS, 2019).

To get maximum results in the mustahik empowerment program, BAZNAS created a productive zakat management model through three stages. The stages are, creating groups and preparing programs, strengthening the group by increasing the ability to run a business, and utilizing the resources they have to make the independence of the group in doing business and can access

the parties needed such as banking, government or private (Furqani et.al, 2018). Meanwhile Trianto, et.al (2018) offers a mustahik operational model that includes five stages, namely mental and spiritual coaching, business coaching, business assistance, business evaluation and business development. In this model, the mustahik business activities in the final stages are connected to Islamic micro finance institutions, in this case BMT. Hence, it is hoped that financial inclusion can be created in the mustahik empowerment program.

The poverty alleviation model through the mustahik empowerment program is also carried out in several countries in the world, one of them is implemented in Europe. According to Mollah and Udin (2013), poverty alleviation in Europe by developing micro mustahik businesses through three stages, namely (a) conducting training for msutahik, this training is funded from zakat funds, (b) providing assistance to mustahik through qardul hasan financing schemes, (c) providing financing with mudharabah schemes for mustahik. In Malaysia, poverty alleviation for mustahik is carried out by Amanah Ihktiar Malaysia (AIM). In carrying out the empowerment of mustahik, AIM is using funds from the State. They focus on funding micro-businesses of mustahik with an interest-free scheme (Choudhury et.al, 2008). Then Bangladesh has the empowerment program of the poor is known as the Women Sewing Project (WSP) which focuses on rural areas. This program is financed from zakat funds. The main program is to provide skills management training for the poor in groups in order to develop the micro businesses they are engaged in (Choudhury et.al, 2008).

There have been many studies related to poverty alleviation, both in the

national and international context, rural and urban areas, demography and socio-cultural or socio-economics to the mustahik empowerment context. In the research conducted by Fields et.al (2003) and Kediri and McKey (2005) showed that the poor in urban areas have a greater chance of escaping poverty. It is because urban areas have more types of work that can be done by someone, so someone can get out of greater poverty (Adam and Jane, 1995). For people who have a better level of education, it allows them to get out of poverty because they are able to access greater employment opportunities when compared to those with lower levels of education (Widyanti et.al, 2009, Awan et.al, 2011 and Bigsten et.al, 2003).

In addition, rural areas which have more populated by farmers also show that higher levels of education tend to be more productive when compared to people with low levels of education so that they tend not to fall into the poverty gap (Adhiana et.al, 2017). Besides the level of education, the number of family members is also vulnerable to poverty. In a study conducted by Dartanto and Nurkholis (2013) shows that when the amount of fixed income while the number of family members increases, it will increase one's chances of entering into the abyss of poverty. From the other demography side, it shows that a person's age is also vulnerable to poverty. However, other studies show the opposite that age is not a significant factor affecting someone poor or not poor (Adhiana et.al, 2017).

RESEARCH METHODOLOGY

Data

The research was conducted in Pekanbaru with a total of 267 who participated in the empowerment program. In this study, the samples were 105 samples. The large number of samples involved was taken based on the opinion of Hair et.al, (2006). Hair *et.al* (2006) suggested that the total sample can be take from the total indicator variable multiple by 5-10. Our indicator variable is 21 and take value of 5 multiple with total indicator variabel⁴.

Method

This research uses a quantitative descriptive approach. Descriptively, this study will analyze the success of the mustahik empowerment program in alleviating poverty based on mustahik demography and socio-cultural. Demographic and socio-cultured mustahik that will be analyzed are the household members, sex, age, employment status, education level, society habbit in business, location of mustahik, religiosity, family work culture and success rate in alleviating poverty. The standard of success in poverty alleviation mustahik is using the poverty line approach. The poverty line is based on Pekanbaru City Government poverty line of Rp. 416,479 / month / person.

While the quantitative analysis uses logistic regression analysis. Logistic Regression is a mathematical modeling approach that can be used to describe the relations of several X's to

⁴ This paper is developed based on author's previous work entitled " Factor Affecting The Successfull Mustahik Empowerment Program : Evidence From Pekanbaru, Indonesia" with the SEM approach. The paper is one of the nine best paper selected in the event of 4th Annual Islamic Finance

Conference (4th AIFC), held by Ministry of Finance in JW Marriot Hotel Surabaya, July 24-25 2019. Previous paper has been published in an edited book entitled "Blending Islamic Finance and Impact Investing for SDGs".

dichotomous dependent variables (Kleinbaum and Klein, 2002). The purpose of this model is to see how much opportunity an event is and in this case the opportunity to reduce poverty through an empowerment program. The mathematical equation that will be used as follows:

$$\text{Log}(p_i) = \log_e \left[\frac{p_i}{1 - p_i} \right] \dots\dots\dots(1)$$

Where :

p_i = Opportunities for emergence of events
 Log_e = Logarithms based on numbers e

Therefore, the logistic regression equation that will be generated is as follows:

$$\text{Log Pi}(Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 \dots\dots\dots(2)$$

Table 1 describes dependent and independent variable.

Table 1. Dependent and Independent Variable

No	Variables	Remarks
1	Success to alleviate poverty (Y)	0 = No 1 = Yes
2	Household Member (X1)	Total of mustahik household member
3	Sex (X2)	0 = Female 1 = Male
4	Education (X3)	0 = Low level of education (SD and SMP) 1 = High level of education (SMA and University)
5	Job Status (X4)	0 = Side Job 1 = Main Job
6	Location (X5)	0 = Sub-urban 1 = Urban
7	Age (X6)	0 = Above 50 years old 1 = 40 – 50 years old 2 = 20 – 39 years old
8	Society Habbit in Business (X7)	0 = Un-follow 1 = Follow
9	Household Cultur in Work (X8)	0 = Employee 1 = Self Employee
10	Religiousity (X9)	0 = Less-Religious 1 = Religious

To see how much the mustahik opportunity can be alleviated by looking at the Odds Ratio value generated from the logistic regression equation. The Odds Ratio formula is as follows:

$$\text{Odds} = \frac{\pi}{1 - \pi} \dots\dots\dots(3)$$

RESULT & DISCUSSION

Demographic and Socio-Cultural Analysis

The results of this study show that the small number of family members gives a greater success rate out of the poverty line compared to the mustahik who have large family members. In table 2, it can be seen that the success rate of mustahik

with the number of family members 1-4 reached 78.57 percent when compared with the number of family members who have above 4 person who only managed to alleviate poverty by 60 percent. Meanwhile the gender variable does not give much different result in alleviating poverty through mustahik empowerment programs, where male mustahik has a success rate of 71.02 percent, while female mustahik manage to get out of the poverty line by 72.22 percent.

The educational level of mustahik has an impact on poverty alleviation paradoxical mustahik, where mustahik who has a high level of education have a smaller percentage of success when compared to mustahik with low educational level. Meanwhile, mustahik who made this empowerment program as a side job, had a greater percentage of success rate compared to mustahik who made this empowerment program their main job. The success rate of mustahik which has side job reached 75 percent compared to 67.21 percent.

The location of the mustahik residence does not give any significant results between mustahik who live in urban areas and mustahik who live in suburban areas. Mustahik who lived in urban areas managed to get out of the poverty line as much as 73.75 percent while mustahik who lived in the suburbs managed to alleviate poverty by 72 percent. The results of this study also present that the age of mustahik who participated in this empowerment program was mostly very productive, in range 20 to 50 years old by 79.05 percent. In contrast, the less productive age was 20.95 percent. Hence, the results of this empowerment program show the

opposite where mustahik with age above 50 years have a greater success rate when compared to mustahik who are under 50 years old. Many factors can influence this, included life experience, business experience and the number of family members. There are as many as 68.18 percent of mustahik who are aged over 50 years with many family members under four people, with an average family income of Rp. 1,596,667. However, the difference is not too large, only 2 percent.

Then, in choosing the type of business, mustahik tends to the habit which is following the local community. It also does not give any significant results, which amounted to 71.21 percent and 71.79 percent. It means, when mustahik makes a different business from most of the communities where they live, the success rate is relatively the same. Meanwhile the socio-cultural variable, the families who accustomed to hard work in building a business, provide a greater success rate than families who have work culture as employees. The results of this study indicate that families who have culture as self-employees have a success rate of 74.63 percent, while mustahik who have culture in families as employees, the success rate is only 65.79 percent. The last socio-cultural variable is religiosity. Religiosity is a very striking culture for most Indonesian citizens, especially Pekanbaru citizens. In this study, mustahik who has a good level of religiosity, is able to alleviate families up to 71.21 percent, while mustahik whose level of religiosity is not good, only able to alleviate poverty by 69.23 percent.

Table 2. Mustahik Demographic and Socio-Cultural In Poverty Alleviation

No	Mustahik Demographic and Socio-Cultural	Succeed To Alleviate Poverty					
		Yes		No			
		Total	%	Total	%	Total	%
1	Number of Family Member						
	a. 1 – 4 member	70	66.66	55	78.57	15	21.43
	b. Above 4	35	33.33	21	60.00	14	40.00
2	Sex						
	a. Female	69	65.71	49	71.01	20	28.99
	b. Male	36	34.29	26	72.22	10	27.78
3	Education						
	a. Low Education	50	47.62	36	72.00	14	28.00
	b. High Education	55	52.38	37	67.27	18	32.73
4	Job Status						
	a. Main Job	61	58.10	41	67.21	20	32.79
	b. Side Job	44	41.90	33	75.00	11	25.00
5	Location						
	a. Urban	80	76.19	59	73.75	21	26.25
	b. Sub-urban	25	23.81	18	72.00	7	28.00
6	Age						
	a. 20 – 39 years old	41	39.05	15	36.59	26	63.41
	b. 40 – 50 years old	42	40.00	16	38.10	26	61.90
	c. Above 50 years old	22	20.95	9	40.91	13	59.09
7	Society Habbit in Business						
	a. Follow	66	62.86	47	71.21	19	28.79
	b. Un-Follow	39	37.14	28	71.79	11	28.21
8	Household Cultur in Work						
	a. Employee	38	31.19	25	65.79	13	34.21
	b. Self Employee	67	63.81	50	74.63	17	25.37
9	Religiosity						
	a. Less-Religious	39	37.14	27	69.23	12	30.77
	b. Religious	66	62.86	47	71.21	19	28.79

Source : Author's Calculation, 2020

Logistic Regression Analysis

The results of the logistic regression model analysis are to estimate which factors of the demography and socio-cultural mustahik determine the success rate of the mustahik empowerment program in alleviating poverty. Omnibus test of model coefficients shows the value of X^2 statistics for all estimates of 9.456, with a degree of freedom of 8 and

a value of p is 0.032. It indicates that the logistic regression is significant in seeing the relationship between the dependent and the independent variable. Meanwhile the Goodness of Fit model is shown by the Chi-Square value of Hosmer and Lameshow of 9,632 with a p-value of 0.210, meaning that the model built in this study is very feasible with a coefficient of determination of 0.123 (see table.3).

Table 3. Regression Logistic Outputs

Independent Variabel	B	SE	Wald	Sig.	Exp (B)
Demographics					
Family Member (X1)	0.432	0.210	4.247	0.039	1.540
Sex (X2)	-0.184	0.596	0.095	0.758	0.832
Education (X3)	-0.192	0.465	0.171	0.679	0.825
Job Status (X4)	0.869	0.513	2.870	0.049	2.385
Location (X5)	0.749	0.647	1.342	0.247	2.116
Age (X6)	-0.186	0.323	0.332	0.564	0.830
Socio-Culturals					
Society Habbits in Business (X7)	-0.400	0.589	0.460	0.498	0.671
Family Culture in Work (X8)	1.051	0.591	3.161	0.041	2.861
Religiosity (X9)	0.687	0.462	2.215	0.137	1.989
Constant	-2.586	1.256	4.244	0.039	0.075
N (Sample)	105	Log-Likelihood		116.181	
Hosmer and Lameshow X^2	9.632	Cox and Snell R^2		0.086	
Significant	0.210	Nagelkerke R^2		0.123	

Source : Author's Calculation, 2020.

The logistic regression results present that the household members (X1) has a positive and significant relationship with poverty alleviation, where the coefficient value of the relationship is 0.432 and the p-value is 0.039. This means that mustahik who have family members between 1-4 person, it will further opportunities to increase to get out of the poverty line as much as 1,540 times when compared with mustahik who have family members above 4 person. This is in line with research conducted by Dartanto and Nurkholis (2003) and Adhiana et.al (2017). The gender variable (X2) has a negative relationship with the success of the empowerment program in alleviating poverty. The discussion in the first section shows that male mustahik has a greater success rate than female mustahik. It indicates that male has a greater chance of succeeding in getting out of the poverty line than female with an opportunity to get out of the poverty line of 0.832. However, the relationship is not significant, where the p-value is 0.758, the value is greater than 0.05. This is in accordance with the

research by Awan et.al (2011), but different from the findings of Paramanandam and Packirisamy (2014).

Meanwhile, the level of education (X3) has a negative relationship with the level of success in alleviating poverty, with a coefficient of 0.192 and the relationship is not significant. This means that even though mustahik has a high level of education, it does not guarantee that they can succeed in this empowerment program. Likewise, a low level of education does not rule out opportunities to succeed in this empowerment program. These results differ from studies conducted by Widianti et.al, (2009), Awan et.al, (2011), Bigsten et.al, (2003), Adhiana et.al, (2017) and Peters and Brijlal, (2011)), which says that high levels of education provide more significant opportunities to get out of the poverty line. However, this finding is in accordance with research conducted by Jimenez et.al (2015), that the level of education does not have a positive relationship to the success of informal micro-scale business ventures, such as

the mustahik empowerment program. This is understandable because running a business is not easy for everyone, especially since there is no passion in business.

In another side, the employment status (X4) has a positive relationship with the poverty alleviation with a coefficient value of 0.869. It means that mustahik who makes the empowerment program as a side job, has a greater opportunity than mustahik who makes this program as the primary job. The mustahik opportunity that made the empowerment program as a side job was 2,385 times compared to the mustahik which made this program as his main job in generating income and statistically the relationship was significant. Meanwhile, the location of mustahik residence (X5) has the same opportunity in alleviating poverty with the magnitude of the opportunity level of 2,116 times. It implies that mustahik who live in urban areas and mustahik who live on the edge of the city have the same opportunity to succeed in doing the business. This is in line with the research conducted by Adhiani et.al (2017) and Dartanto and Nurkholis (2003). Then, the mustahik age variable (X6), has a negative relationship with the level of poverty alleviation, where the coefficient value is 0.186 and the chance to succeed out of the poverty line is 0.830. These results indicate that the older mustahik has the greater chances to get out of poverty line. This illustrates that the level of age reflects the maturity and experience in running a business, thus providing more opportunities to succeed, but the relationship between them are not significant. The results of this study are in line with research conducted by Adhiana et.al (2017).

Then, the community habit variable in doing business (X7) has a

positive relationship with poverty alleviation, with a coefficient value of 0.400 with an opportunity to get out of the poverty line of 0.671 times. Although the relationship between these two variables are also not significant, it is positive. It indicates that mustahik who follows the custom of the local community in choosing their business style has a greater chance of success than mustahik who chooses to open a business with a different path. Family culture variable in work (X8), has a positive and significant relationship with the success of poverty alleviation. This implies that mustahik who has a habit of making a living for his family by trading or trying, has a greater chance of succeeding out of the poverty line when compared to mustahik who has a habit of making a living by working or being an employee. The size of the opportunity is 2,861 times. Meanwhile the religiosity variable (X9) has a positive relationship with poverty alleviation but the relationship is not significant.

CONCLUSION

The results of this study show that a high level of education does not guarantee the success in running a micro business. Likewise, age and gender do not influence the success of mustahik in running a business. The factor that provides the greatest impact in alleviating mustahik poverty through this empowerment program is the family culture in making a living for mustahik families. This indicates that mustahik who are accustomed to making a family living by doing informal business have a greater chance of success compared to mustahik families. The latter is accustomed to being workers in making their living. The second factor that gives the biggest impact is the status of the

work done by mustahik. Mustahik which makes the empowerment program as a side job has the greater opportunity to increase family income rather than mustahik who makes the empowerment program as his main job.

This empirical fact presents that this empowerment program has a very important role in boosting the mustahik economy. Therefore, the researchers provide recommendations to zakat institutions in empowering mustahik. First, considering that the mustahik who participate in the mustahik empowerment program come from different backgrounds. The most important thing that must be done by zakat institutions is to see the background of mustahik, especially those who have a culture in trading or business in their family. For mustahik who have a background in informal business in their families, they should be prioritized because they have proven successful in joining this program. Second, for mustahik who do not have a background in running a business, they should find a suitable model for them. Researchers recommend that they are prepared to be just workers in a business project created by the zakat institution. This is to anticipate the readiness of mustahik in running an informal business that is run by mustahik himself.

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