

THE EFFECT OF ZAKAT, HUMAN DEVELOPMENT INDEX, AND GROSS REGIONAL DOMESTIC PRODUCT ON POVERTY RATE IN CENTRAL LOMBOK REGENCY

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Abstract

Poverty is a common problem faced by developing countries worldwide. Indonesia, as one of these countries, countries to strive to solve the issue of poverty for its citizens. One of the provinces in Indonesia with the highest poverty rate is West Nusa Tenggara Province. The province consists of 2 cities and 8 districts, spanning two islands: Lombok and Sumbawa. Among these districts, Central Lombok Regency stands out with the highest poverty rate. Poverty has become an urgent issue that demands immediate attention. Therefore, a method or instrument is needed to address the problem of poverty in Central Lombok Regency. The type and research approach used in this study is a quantitative approach utilizing secondary data. The data employed in this research are secondary data sourced from the National Amil Zakat Agency (BAZNAS) of Central Lombok Regency and the Central Lombok Statistics Agency (BPS). The results of this study indicate that zakat has no significant effect on poverty, with a t-value of -1.276901 and a probability value of 0.211, which is greater than 0.05. HDI has a positive and significant effect on poverty, with a t-value of 5.143890 and probability value of 0.0001, which is smaller than 0.05, while GDRP has a negative and significant effect on poverty, with a t-value of -9.360041 and a probability value of 0.0000, also smaller than 0.05. furthermore, the results of the simultaneous that (F-test) show that zakat, human development index, and gross regional domestic product have a significant combined affect on poverty in Central Lombok Regency, with a probability F value of 0.000002, which is smaller than 0.05.

Keywords: *Zakat, Human Development Index, Gross Regional Domestic Product and Poverty Rate*

1. INTRODUCTION

Poverty is a common problem faced by developing countries worldwide. Indonesia, as one of these developing countries, countries to strive to solve the issue of poverty for its citizens. Poverty itself has become an important issue that requires immediate attention. Overcoming poverty is a vital strategy for realizing community welfare in a region or city. The difficulty in addressing this problem arises from its complexity, as issues involving the poor are multifaceted. The approach to solving it must not only be economic but also consider social perspectives (Candra, 2019). It requires methods or instruments that empower and facilitate access to capital for the poor in businesses. One such instrument is zakat, an Islamic mechanism used for income and wealth distribution (Atbik, 2015).

Table 1. Total Zakat Revenue at BAZNAS Central Lombok Regency

| Years | Total Zakat Revenue |
|-------|---------------------|
| 2020 | Rp. 11.582.105.160 |
| 2021 | Rp. 11.993.408.649 |

Source: BAZNAS Central Lombok Regency

The presence of zakat is expected to decrease wealth inequality levels in Central Lombok Regency. Additionally, zakat can serve as a reliable mechanism in addressing the issue of poverty prevalent in the region.

Table 2 Number of Poor People in The Regency Central Lombok

| Years | Number of Poor People |
|-------|-----------------------|
| 2021 | 131,940 people |
| 2022 | 128,890 people |

Source: BPS Central Lombok Regency

The Human Development Index (HDI) serves as one of the indicators for achieving economic development with aim of fostering a prosperous society and minimizing poverty. Human development encompasses a process aimed at expanding people's choices. These choices include crucial aspects such as living a long and healthy life, accessing high-quality education, and obtaining resources necessary for a decent standard of living (Novita,2017).

A low Human Development Index (HDI) leads to lower labor productivity among the population. This low productivity results in reduced income generation, which is closely tied to the Gross Regional Domestic Product (GRDP). GRDP represents the total value of goods and services produced through various economic activities within a specific area over a defined period, typically annually (Tety,2016). According to data from the Central Lombok Regency Statistics Agency, the human development index in Central Lombok Regency has shown continuous improvement from 2017 to 2021. The lowest HDI was recorded in 2017 at 64.36%, while the highest was observed in 2021 at 66.72% (BPS,2023).

Based on data from the Central Lombok Regency Statistics Agency, the Gross Regional Domestic Product (GRDP) of Central Lombok Regency experienced significant growth. Business and industry are growing rapidly, thus encouraging stable economic growth. However, in 2020 the GRDP of Central Lombok Regency experienced a sharp decline of Rp.11,571,001.40 this was due to the Covid-19 pandemic. This pandemic disrupted various economic sectors including tourism, trade and manufacturing. Nevertheless, in 2021 there was an increase in GRDP of IDR 12,037,483.85. This increase led to a strong economic recovery, with pandemic control and government stimulus programs, various economic sectors began to select so GRDP also increased again (BPS, 2023).

Given this background, researchers aim to examine the relationships between zakat and poverty, the Human Development Index (HDI) and poverty, Gross Domestic Product (GDP) and poverty, as well as the combined effects of zakat, the Human Development Index (HDI), and Gross Domestic Product (GDP) on poverty.

2. METHODOLOGY

The type of research approach employed in this study is a quantitative approach utilizing secondary data. A quantitative approach involves analyzing numerical data to provide clarity or comparisons through sentences or descriptions (Subayo,2006). The population for this study comprises all data related to zakat, the Human Development Index (HDI), Gross Regional Domestic Product (GRDP), and the poverty rate in Central Lombok Regency. The research sample consists of publication data from BAZNAS Central Lombok Regency concerning zakat, as well as publication data from the Central Statistics Agency pertaining to the HDI, GRDP, and poverty rate in Central Lombok Regency for the period from 2017 to 2021.

The analysis employed in this study is multiple linear regression. Multiple linear regression is utilized when there is more than one independent variable (Subagyo, 2006). In this research, multiple linear regression is applied to examine the relationship between zakat and the Human Development Index (HDI) on the poverty rate. The regression equation used is as follows:

$$\text{Poverty Rate} = \beta_0 + \text{Zakat} \beta_1 + \text{HDI} \beta_2 + \text{GDRP} \beta_3 + \varepsilon$$

The coefficient of determination (R^2) essentially measures the extent to which the model can explain variations in the dependent variable. It ranges between zero and one. A small value indicates that the independent variable's ability to explain the variation in the dependent variable is limited. Conversely, a value close to one suggests that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

3. RESULT AND DISCUSSION

The partial effect is the effect of independent variables individually on the dependent variable. Specifically, it aims to observe the effect of the Zakat variable, Human Development Index, and Gross Regional Domestic Product on the poverty rate in Central Lombok Regency from 2017 to 2021.

The t-test results for the effect of zakat on poverty levels in Central Lombok Regency from 2017 to 2021 indicate that zakat does not have a significant effect on poverty, as evidenced by the probability value of 0.2211. This probability value exceeds 0.05, leading to the conclusion that zakat has no substantial impact on the poverty rate in Central Lombok Regency during the specified period. The impact of zakat on poverty has been a subject of interest for many researchers. Some studies demonstrate the significance and effectiveness of zakat funds in reducing poverty levels. Conversely, empirical research suggests that zakat's contribution to poverty reduction is relatively limited. Several studies have found that zakat funds fail to improve the welfare of the poor. The poverty index among the community remains unchanged before and after receiving zakat, and the distribution of zakat funds to the poor does not lead to a significant decrease in the overall number of impoverished individuals. The findings of various researchers indicate that the impact of zakat on poverty alleviation remains a topic of debate. While distributing zakat funds to impoverished groups may increase their income and enhance their consumption, the utilization of zakat funds has yet to fully address the broader issue of poverty.

The t-test results for the effect of the Human Development Index (HDI) on the poverty rate in Central Lombok Regency from 2017 to 2021 demonstrate a significant and positive impact on poverty, as evidenced by a probability value of 0.0001. This probability value is less than 0.05, indicating statistical significance. Additionally, the regression coefficient value of 268.2532 indicates that HDI has a positive and significant effect on poverty. Specifically, a one-unit increase in the HDI factor results in a 268.2532% increase in poverty. These findings contradict the theory proposed by Feriyanto (2014) in Safuridar and Natasya Ika Putri's study (2019), which suggests that HDI, as a measure of human development achievements based on various quality-of-life components, would reduce the poverty rate. The discrepancy arises from the fact that if the per capita income of the population does not align with the actual per capita consumption expenditure, individuals may struggle to meet their daily needs. However, these results align with prior research conducted by Siti Hartinah (2020) in her study titled "The Effect

of the Human Development Index (HDI), Inflation, and Unemployment on Poverty in Regencies/Cities in Jambi Province." The study's conclusion affirms that there exists a positive relationship between the Human Development Index (HDI) and the poverty rate. Specifically, it suggests that a 1 percent increase in HDI corresponds to a 0.004% increase in the number of impoverished individuals. This positive association between HDI and poverty rate arises from the fact that a high HDI value for an individual does not necessarily guarantee immunity from poverty.

The scarcity of employment opportunities contributes to a rise in unemployment rates, subsequently diminishing people's income and their capacity to meet their basic needs. These factors collectively contribute to the observed positive effect of HDI on the poverty rate. Moreover, these study findings are consistent with previous research conducted by Siti Hartinah (2020) in her study titled "The Effect of the Human Development Index (HDI), Inflation, and Unemployment on Poverty in Regencies/Cities in Jambi Province," which similarly concludes that HDI exhibits a positive correlation with the poverty rate. Specifically, the study found that a 1 percent increase in HDI corresponds to a 0.004% increase in the poverty rate. The t-test results for the effect of Gross Regional Domestic Product (GRDP) on the poverty rate in Central Lombok Regency from 2017 to 2021 demonstrate a significant and negative impact on poverty, as evidenced by a probability value of 0.0000, which is less than 0.05. Additionally, the regression coefficient value of -84.39584 indicates that GRDP has a significant negative effect on poverty. Specifically, a one-unit increase in the GRDP factor results in a reduction of poverty by 84.39584 individuals. These findings align with the theory proposed by Kuznet, as mentioned in Tulus Tambunan's work (2001), which suggests a strong correlation between economic growth and poverty. According to this theory, during the initial stages of the development process, poverty tends to increase. However, as the development progresses and approaches its final stages, the number of impoverished individuals gradually decreases. Therefore, the results of this study provide empirical support for the idea that economic growth, as reflected by GRDP, plays a crucial role in reducing poverty levels over time.

From the results of the research conducted using a multiple linear regression model, the simultaneous significant test (F test) yielded a Prob. (F-statistic) result of 0.000002, which is smaller than the significance level of 0.05. Therefore, it can be concluded that the variables Zakat (X1), Human Development Index (X2), and Gross Regional Domestic Product (X3) collectively have a significant effect on the variable Y (Poverty) in Central Lombok Regency from 2017 to 2021.

Furthermore, the determination test reveals an Adjusted R-Square result of 0.855395. This outcome indicates that all independent variables, namely the Zakat variable (X1), the Human Development Index (X2), and the Gross Regional Domestic Product (X3), maintain a strong relationship with the Poverty variable (Y) and collectively contribute approximately 85.53% to its variation. The remaining portion of the variance is likely influenced by other variables not included in the study.

4. CONCLUSION

The partial test results for the effect of zakat on poverty levels in Central Lombok Regency from 2017 to 2021 indicate no significant impact on poverty, as evidenced by the probability value of 0.2211, which exceeds the threshold of 0.05. Consequently, it can be inferred that zakat has no discernible effect on the poverty rate in Central Lombok Regency

during the specified period. Research on the impact of zakat on poverty has garnered significant attention from numerous scholars. While some studies demonstrate the significance and effectiveness of zakat funds in reducing poverty levels, the findings of this particular study suggest otherwise.

The effect of the Human Development Index (HDI) on the poverty rate in Central Lombok Regency from 2017 to 2021 exhibits a positive and significant impact on poverty, as indicated by the probability value of 0.0001, which is less than 0.05. Additionally, the regression coefficient value of 268.2532 underscores that HDI has a positive and statistically significant effect on poverty. This implies that a one-unit increase in the HDI factor leads to a 268.2532% increase in poverty. These findings align with previous research conducted by Siti Hartinah (2020) in her study titled "The Effect of the Human Development Index (HDI), Inflation, and Unemployment on Poverty in Regencies/Cities in Jambi Province." The study concludes that HDI exhibits a positive relationship with the poverty rate, indicating that a 1 percent increase in HDI corresponds to a 0.004% increase in the number of impoverished individuals. Therefore, both the current study and previous research support the notion that higher levels of human development, as measured by the HDI, are associated with higher poverty rates.

The partial test results for the effect of Gross Regional Domestic Product (GRDP) on the poverty rate in Central Lombok Regency from 2017 to 2021 reveal a significant and negative impact on poverty, supported by a probability value of 0.0000, which is less than 0.05. Furthermore, the regression coefficient value of -84.39584 indicates that GRDP has a significant negative effect on poverty. In other words, a one-unit increase in the GRDP factor leads to a reduction in poverty by 84.39584 people. These findings suggest that higher levels of Gross Regional Domestic Product are associated with decreased poverty rates in Central Lombok Regency during the specified period. From the results of the research conducted using multiple linear regression models, the simultaneous significant test (F test) yielded a Prob. (F-statistic) result of 0.000002, which is smaller than the significance level of 0.05. This indicates that all independent variables, namely the Zakat variable (X1), the Human Development Index (X2), and the Gross Regional Domestic Product (X3), collectively have a significant relationship with the Poverty variable (Y). Additionally, from the determination test, an Adjusted R-Square result of 0.855395 was obtained. This signifies that approximately 85.53% of the variance in the Poverty variable (Y) is explained by the independent variables included in the model, namely Zakat, Human Development Index, and Gross Regional Domestic Product. The remaining variance is likely influenced by other variables not accounted for in the study. These findings highlight the importance of Zakat, Human Development Index, and Gross Regional Domestic Product in understanding and predicting poverty levels in Central Lombok Regency during the specified period.

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