# STRATEGIC ROLE OF ZAKAT IN MULTIDIMENSIONAL QUALITY OF LIFE IN SIJUNJUNG, INDONESIA

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## ABSTRACT

*Zakat* is one of the five pillars of Islam which has a function of faith, social and economic functions. Muslims who can pay *zakat* are required to give at least 2.5 per cent of their wealth. The problem of poverty prevalent in disadvantaged regions because of the difficulty of access to information and communication led to a gap that is so high in wealth and resources. The instrument of *zakat* provides a paradigm in the achievement of equitable wealth distribution and healthy circulation. *Zakat* potentially offers a better life and improves the quality of human being. There is a human quality improvement not only in economic terms but also in spiritual terms such as improving religiousity. This study aims to examine the role of *zakat* to alleviate humanitarian issues in disadvantaged regions such as Sijunjung, one of *zakat* beneficiaries and impoverished areas in Indonesia. The researcher attempted a Cibest method to capture the impact of *zakat* beneficiaries before and after becoming a member of Zakat Community Development (ZCD) Program in material and spiritual value. The overall analysis shows that *zakat* has a positive impact on disadvantaged regions development and enhance the quality of life of the community. There is an improvement in the average of *mustahik* household incomes after becoming a member of ZCD Program. Cibest model demonstrates that material, spiritual, and absolute poverty index decreased by 10, 5, and 6 per cent. Meanwhile, the welfare index is increased by 21 per cent. These findings have significant implications for developing the quality of life in disadvantaged regions in Sijunjung. Therefore, *zakat* is one of the instruments to change the status of disadvantaged areas to be equivalent to other areas.

**Keywords**: Strategic role, *zakat,* quality life.

## INTRODUCTION

Indonesia has implemented a decentralisation policy that gives autonomy to local governments to plan development in their respective regions. It is aimed to maximise the potential of quality resources in developing an area. The consequences of such applications encourage local governments to reorganise the entire organisational and management systems, as well as the ability to adapt to changes in the external environment. Regions which are not ready for regional autonomy will find it challenging to develop and enhance competitiveness. In addition, it is difficult for them to adhere to environmental changes that consequently will lead to lagging developments as compared to other regions and the difficulty of meeting the needs of the community. Those inabilities have an impact on poverty in those regions.

Poverty which is a multidimensional problem and faced by some countries, mainly developing countries, is regarded as not only material need approach but also spiritual need approach. According to Beik (2015), poverty is a situation faced by individuals who do not have enough resources to meet the needs of a comfortable life on economic, social, psychological, and spiritual dimensions. This gap is due to the distribution of resources collected in one group. Whereas, the Holy Quran teaches human being that the velocity of money in order not to centralise in one group or person. Consequently, it doesn't lead to a high gap between the rich and the poor. Poverty which means inability to meet the needs will cause the life shocks on society, economy, education and religion. This condition will create complex and interrelated issues such as the financial gap, low educational opportunities, unemployment, crime, and instability of politics. The worst case appears to be a moral hazard with the decreasing of religious obedience to the law of Allah SWT.

Islam considers that poverty is *sunnatullah* as described in Az-Zukhruf verses 32:

> *"Do they distribute the mercy of your lord? It is We who have apportioned among them their livelihood in the life of this world and have raised some of them above others in degrees (of rank) that they may make use of one another for service. But the mercy of your Lord is better than whatever they accumulate"*

The existence of the poor should not be ignored because of the difference in the ability of potential management. In poverty alleviation, Islam emphasises attention, advocacy and protection for the poor. The responsibility of the rich for the poor has been instituted in various ways. These responsibilities express themselves in the institution of *zakat*. There is other charitable activities that are encouraged in Islam so that all the basic needs of the people can be met.

*Zakat,* the mandatory Muslim practice of giving 2.5 per cent of one's accumulated wealth for charitable purposes every year, is one of the primary tools of Islamic

social finance. It is explicitly intended to reduce inequality and is widely used in Muslim countries to fund domestic development and poverty-reduction efforts. There are eight individual categories of eligible recipients of *zakat* listed in the Qur'an and people in need of humanitarian assistance. According to Beik (2009), *zakat* has three dimensions: social, economic, and spiritual aspects. The social focus is to create a harmonisation of social conditions. Forming equitable economic growth includes the economic size; whereas in the spiritual dimension, *zakat* becomes an instrument of wealth purification and encourages the work ethics of Muslims to seek *halal* treasure. Recently, more *zakat* institutions have disbursed *zakat* collected in the form of productive *zakat*. The National Board of Zakat of Republic Indonesia (BAZNAS RI) has Zakat Community Development (ZCD) to enhance the quality of lifewhich includes social, economic, educational and religious aspects-specifically *mustahik* as a person who is entitled to receive *zakat*. Meanwhile, the evaluation of the program should be recorded to measure the effective role of *zakat*, ZCD Program, and simultaneously to enhance the quality life of *mustahik* especially those who reside in the disadvantaged regions.

Therefore, this study tries to identify productive *zakat* program-Zakat Community Development- to empower *zakat* recipients' lives especially in eradicating poverty and reducing income inequality. It conducted a case study involving 150 *zakat* recipients managed by the National Zakat Board of Indonesia of Sijunjung District (abbreviated as BAZNAS Kab. Sijunjung), using questionnaire as the main data collection tool. This study uses Center of Islamic Business and Economic Studies (abbreviated as CIBEST) model as an analysis tool to assess poverty from material and spiritual perspectives. Besides, Paired t-test is employed to measure the changes of income of *mustahik* before and after becoming the member of ZCD BAZNAS Kab. Sijunjung. It is expected that this paper can help readers and policymakers to use zakat as an instrument to resolve humanitarian issues in disadvantaged regions.

## LITERATURE REVIEW

### Zakat and humanity

Literally, the word of *zakat* originated from a root-word of *zakat,* which means blessing, grow, clean, and well. *Zakat* from the jurisprudence term means 'a number of specific compulsory assets which are given to those who are entitled to receive (Qardawi, 2011). It described in At-Taubah verses 103:

> "*Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah's blessing] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing.*"

The kinds of wealth that were mentioned in the Quran shall be paid as the right of Allah, namely: (1) gold and silver, (2) plants and fruits, (3) business outcome, (4) items that are mined or produced from the bowels of the earth.

The expansion of *zakat* resources with specific criteria according to Hafidhuddin (2002) is as follows: (1) The source of *zakat* is still considered new, (2) The source of such *zakat* is the main characteristic of the modern economy, (3) The source of zakat of legal entity needs to get the discussion because *zakat* is not only seen from the point of *muzaki*, also must be seen from the angle of his property, (4) The source of *zakat* in modern sector that has a very significant value that continues to evolve over time so that the source of *zakat* expanded, which is derived from the profession, companies, securities (stocks and bonds), currency trading, livestock trading, honey and animal products, property investment, Islamic insurance, venture orchids, bird nests, swallow, fish, and similar modern sector. (5) The source of *zakat* from the household sector. As for the *zakat* recipients who are entitled to receive *zakat* is as explained in At-Tawbah verses 60.

> "*Zakah expenditures are only for the poor and for the needy and for those employed to collect [zakah] and for bringing hearts together [for islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler – an obligation [imposed by Allah. And Allah is Knowing and Wise."*

According to Beik (2016), *zakat* is practically the antithesis of the economic system of usury. This means that the fight against usury system will not work properly if the *zakat* institution cannot be optimised. While According to Firdaus (2012) their study showed that the potential for the national *zakat* to reach IDR 217 trillion or equivalent to 3.4 per cent of Indonesia's GDP in 2010. Based on this estimation, it can be concluded that Indonesia has a very considerable national household *zakat* potential; one of which affords as a tool to reduce poverty and enhance welfare society.

### Previous study

According to Ibrahim (2015) *zakat* is designed by Islam to achieve many roles in life, namely : elimination of poverty, purification of soul, sincerity of faith, obedience of law, redistribution of wealth, generosity, social justice and security, fulfilment of religious obligation, reduction of inequality, reconciliation of the heart of the poor against the rich, gratitude and thankfulness to Allah SWT, promotion of self-respect, discouragement of beggary, and softness the heart of the new converts. He suggests in his study that the *zakat* should be institutionalized and properly managed by the Islamic states and various Muslim communities. The use of charity organizations will be helpful in places where there is no Islamic state. Similarly, local zakat committees should be constituted at the lower level, all *zakat* activities are to be overseen by a Shariah committee

who are responsible for ensuring Shariah compliance and avoidance of any misapplications.

According to Billah (2016), *zakat* is an alternative to the modern humanitarian concern. *Zakat* may, with gradual effect, gains the recognition of the contemporary world as the most ideal and practical solution in helping the poor and the needy in the contemporary society. The institution of *zakat* is unique and is capable of providing practical and ideal solutions in its capacity as a worthy alternative to the modern social security by caring about least fortunate ones, regardless of one's religion, race, language, colour, status and gender with no discrimination.

According to Aryani (2016), the *zakat* program pattern has an excellent performance exceeding the model of other programs.  This finding provides adequate evidence that a well-managed *zakat* program pattern can be an effective alternative approach to reducing poverty. The *zakat* institutions have responded some sensitive factors towards the performance of poverty alleviation programs through their design and development of the program. *Zakat* institutions systematically involve the recipients of the program in program planning so that the program is customised to the needs of the recipient.

Yusoff (2011) states that *zakat* has a positive and significant relation to real economic growth, using panel data method in Malaysia. This indicates that zakat has an essential role as a potential fiscal instrument to increase economic growth.

Nurzaman (2017) has measured the impact of allocation of *zakat* which was implemented by BAZNAS using CIBEST model. The survey data obtained from 1.002 respondents from five regions in Indonesia. The finding of the study indicates that the welfare index has improved from 7 per cent to 47 per cent, while for material poverty, spiritual poverty, and absolute poverty have decreased. The evidence supported by the intensity of coaching and monitoring the program.

Ayuniyyah (2017) has analysed BAZNAS, where the comparison between consumption and production based *zakat* distribution programs used CIBEST model, Deciles method, Gini Coefficient and Atkinson Index is made. It is found that zakat disbursement can significantly alleviate poverty and reduce income inequality among zakat beneficiaries. By CIBEST index, recipients has a higher increase of the material and spiritual condition. Furthermore, Gini Coefficient decreases by 0.017 points, while Atkinson index falls by 0.042 points capturing that income inequality among *mustahik* are improved.

For conceptualising the Islamic approach of poverty, Beik & Arsyianti (2015) developed a model to measure both material and spiritual poverty. The model called Center for Islamic and Business Studies (abbreviated as CIBEST). They divided the model into four quadrants. Material needs are shown by the horizontal axis, while the vertical axis represents spiritual needs. Quadrant I shows that

condition of welfare household which can fulfil the material and spiritual needs. The second quadrant is a combination of positive spiritual needs and negative material needs. This indicates that the household is spiritually rich but materially poor. The third quadrant combines positive material needs and negative spiritual needs. The household in this area is found to be materially rich but spiritually poor. Lastly, the fourth quadrant shows that the condition of household in quadrant is spiritually and materially. This area is called absolute poverty quadrant. They are shown in **Figure 1**.
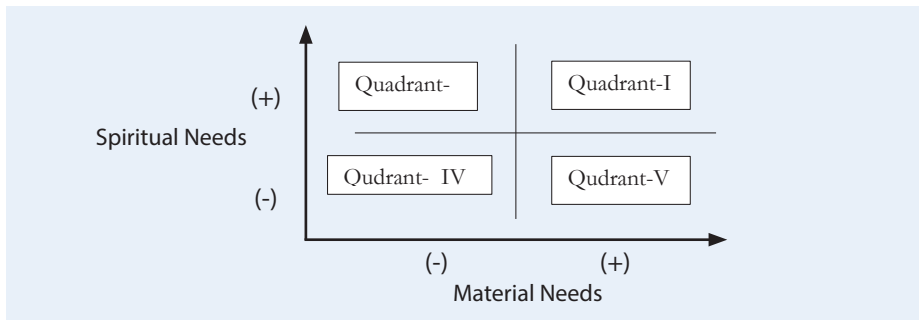


**Figure 1:** Quadrant of Cibest Model

**Source:** Beik & Arsyianti (2015)

According to a concept of CIBEST Method, material poverty can be identified from material poverty line which can be determined using three approaches: periodical surveys of basic material needs, determination of a standard poverty line from the Central Board for Statistic of Indonesia (abbreviated BPS), and zakat standard *nishab*. Also, spiritual poverty is based on five variables namely prayer, fasting, *zakat* and *infak*, household income, and government policy environment. They are outlined in **Table 1**.

The spiritual poverty line is based on an indicator of spiritual needs, formulated by Beik & Arsyianti (2015), namely prayer, *zakat,* fasting, neighbourhood, and government policy. Determining indicators of prayer, it is said to be fulfilled for a household if at least the members perform the mandatory prayer five times per day. Regarding *zakat*, the household should be paying *zakat* once a year when *idl fitr* comes, or it is known as *zakat fitrah*. While for fasting, they have to fast on *Ramadhan*. Meanwhile, neighbourhood variable and government policy are based on personal perceptions of each member of the household. Based on **Table 1**, the Likert scale used ranges from 1 to 5. The value of 1 shows the worst indicator while that of 5 indicates the best condition. Spiritual standard, which separates spiritually poor households and spiritually rich households, is determined to be equal to 3.

**Measurement of spiritual needs**

| Variable | Likert Scale | | | | | Poverty Standard |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| Prayer | Blocking others to pray | Against the concept of prayer | Performing obligatory prayer but not on regular basis | Always performing obligatory prayer but not in congregational prayer | Performing congregational prayer for obligatory one and perform recommended prayer | |
| Fasting | Blocking others from undertaking fasting | Against concept of fasting | Not fully functioning obligatory fasting | Performing only obligatory fasting | Performing obligatory fasting and recommendable fasting | Average score for spiritually poor household is equal to 3 (SV=3) |
| *Zakat* and *infak* | Blocking others to pay *zakat* and *infak* | Against concept of *zakat* and *infak* | Not paying *Infak* at least once in a year | Paying *zakat al-fitr* and *zakat al-maal* | Paying *zakat al-fitr, zakat al-maal,* and *infak* | |
| Household Environment | Forbid *ibadah* | Against implementation of *ibadah* | Consider ibaadah as private matter for household member | Support execution of *ibadah* | Creating an environment which obligates performance of *ibadah* | |
| Government Policy Environment | Forbid *ibadah* | Against implementation of *ibadah* | Consider *ibadah* as a private matter for household member | Support execution of *ibadah* | Creating an environment which obligates performance of *ibadah* | |

**Source:** Beik & Arsyianti (2015)

## METHODOLOGY

This study uses primary data of 150 households who joined beneficiaries of Zakat Community Development (ZCD) in Sijunjung through a survey from September 2016. The data from questionnaire is obtained with interviewing *mustahik* before and after becoming the member of ZCD Program. The place of this research was deliberately conducted in Sijunjung, West Sumatra because the area is included in the category of disadvantaged regions in Indonesia. This research uses descriptive analysis to explain how ZCD role in strengthening the humanitarian needs in terms of economic, social, religious and educational aspects in disadvantaged areas. Paired t-test is used to determine the differences that occurred on household income of *mustahik* on conditions before and after the existence of ZCD program. The data in the statistical t-test is paired income data between before receiving *zakat* funds and after receiving *zakat* funds. In addition, this study employs the Center of Islamic Business and Economic Studies (CIBEST) model to analyse material poverty and spiritual poverty.

In terms of income analysis, this study examines two sets of data. The first data set comprises pre-*zakat* household income and the second data set includes post-*zakat* household income. Both of them are covered using questionnaires after the household members joined ZCD Program.

Hypothesis:

> $H_1$: *Mustahik household income are significantly different before and after being a member of ZCD program (at the level of α = 5 per cent*

Test Criteria :

> The significance value > 0.05:
> not rejecting $H_0$, means that *mustahik* household incomes after being a member of ZCD Program were not significantly different at the level of α = 5 per cent of the *mustahik* household incomes before becoming a member of ZCD Program.

> The significant value < 0.05:
> rejecting $H_1$, means that *mustahik* household incomes after being a member of ZCD Program were significantly different at the level of α = 5 per cent of the *mustahik* household incomes before being a member of ZCD Program.

For the level of poverty, this study attempts Cibest Model, developed by Beik & Arsyianti (2015), which analyses the index of poverty from the Islamic view. This approach measures poverty from the Islamic perspective. The CIBEST is divided into well-being, Material Poverty Index, Spiritual Poverty Index, and Absolute Poverty Index. There are two components to determine Cibest Model, namely Material Value (MV) and Spiritual Value (SV). The calculation is based on monthly household income and the poverty line households or Material Value (MV). In the formula, the determination of MV is the total by multiplying the price of goods and services consumed with a minimal amount of goods and services required. Mathematically be written as follows:

> $$MV = \sum_{i=1}^{n} Pi\ Mi \ \text{.........................................................................................} (1)$$
> Whereby :
>
> > MV = Minimum material needs standard (in terms of Rp)
> > Pi  = Price of goods and services i (in terms of Rp)
> > Mi  = Minimum number of goods and services needed

According to Beik & Arsyianti (2016), obtaining MV of household can be employed by the calculation of multiplying the poverty line and the average of household size. ZCD program was conducted in 2013 and this study was conducted in 2016. So, the data of MV and the total household population is from the year 2013 and 2016. The poverty line for *mustahik* household before and after obtaining *zakat*

funds sequentially is IDR 1,361,831 and IDR 1,374,413. They were calculated by the size of household which was provided by the Central Board for Statistics Indonesia of Sijunjung district.

Spiritual poverty line (SV) is based on the indicators of spiritual needs and determination of spiritual scores. Beik & Arsyianti (2015) formulate the fulfilment of a spiritual line of five variables: pray (*sholat*), *zakat*, fasting (*shaum*), an environment of households and policy government. For assessing the scores on each variable used a Likert scale of 1-5. Mathematically, it can be written as follows.

$$SV = 3 \quad \text{.............................(2)}$$

Whereby :

$$SV = \text{absolute line (standard) for spiritual poverty}$$

This study can also calculate the general spiritual condition of household. The formula to compute it is as below.

$$SS = \sum_{k=1}^{n} \frac{SHk}{N} \quad \text{.............................(3)}$$

Whereby :

SS = Average score of actual spiritual condition of the observed households
SHk = Actual spiritual condition of the household *k*
N = Total number of observed household

If the value of SS > SV, the spiritual condition of the population is in good condition. Another important aspect is related to the calculation of SHk. It is obtained from the score of all variables observed in the household. Therefore, equation 4 below provides the formula to compute SHk.

$$SH = \sum_{h=1}^{n} \frac{H1+H2+\cdots+Hn}{MH} \quad \text{.............................(4)}$$

whereby:

SH = average score of actual spiritual condition of one household

Hh = actual spiritual score of household member *h*

MH = total number of household members

As for Hi, its formula is as below:

$$Hi = \frac{Vp + Vf + Vz + Vh + Vg}{5} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(5)$$

whereby:

Hi = actual spiritual score of household member *i*
Vp = prayer score
Vf = fasting score
Vz = score of *zakat* and *infak*
Vh = score of household environment
Vg = score of government policy environment

The determination of the number of households in each Cibest quadrant is based on combination between MV and SV results

**Table 2:**

**Combination of MV and SV values**

| Results | ≤ MV Value | >MV Value |
|---|---|---|
| > SV Value | Materially Poor and Spiritually Rich Household (Quadrant II) | Materially and Spiritually Rich Household (Quadrant I) |
| ≤ SV Value | Materially and Spiritually Poor Household (Quadrant IV) | Materially Rich and Spiritually Poor Household (Quadrant III) |

**Source:** Beik & Arsyianti (2015)

When the number of household in each quadrant is known, then the calculation of all indices is easy to conduct. Combining all values of welfare index, material poverty index, spiritual poverty index and absolute poverty index, we will get the total value of those indices to be equal to 1. This is called as the generalised CIBEST model.

**CIBEST Model = 1 = W + Pm + Ps + Pa** .........................................................(6)

The total summation of all indices must be equal to one. These indices could be utilised in mapping the population, in which quadrant that most of the population live. It will assist the government to design a policy strategy that can be effectively executed.

# ZAKAT COMMUNITY DEVELOPMENT

The National Board of Zakat is the institution that conducts ZIS collection and distribution from zakat payers, *muzaki*. Program Zakat Community Development (ZCD) is a community development program to integrate social aspects (education, health, religion, environment, and other social aspects) and economic

aspects comprehensively. The funding primarily sourced from charity, donation, and alms to realise a prosperous and independent society. This creative program is developed by BAZNAS, a community-based institution, for enhancing the quality life of human being. ZCD program includes community development activities in various aspects of life to realise a community that has the empowerment in education, health, economic and religious growth called "Caturdaya Society". Caturdaya ZCD Community Program is a key element and related to each other. Thus, the public can be categorised as a prosperous and independent society if it has met the four-power. It has six principles that must exist in concept and phase of the program as well ingrained in the minds of the organiser and participants. Six principles of ZCD include Community Based, Islamic Shariah, Participation, Usefulness, Sustainability, and Synergy (BAZNAS, 2017).

ZCD has conducted, in Sijunjung since 2013, a unique program in which the whole committee of a village, household, and neighbourhood participated actively in the success of the aim of this program. All committees have strived to succeed the program following the goals and principle program principles, in which all recipients were required to adhere strictly and routinely to the activities provided by the supervisor. The existence of ZCD can transform community level which was previously "disadvantaged areas". After three years running, the level is preparing to change to "equivalent" to other villages as shown in **Table 3**.

**Table 3:**

**Distribution of *zakat* allocation fund based on program**

| Program | IDR (Million) | % |
|---|---|---|
| Prosperity of Sijunjung | 5 460 000 | 0 18 |
| Zakat Community Development | 128 011 500 | 4 17 |
| Sijunjung Bright | 1 541 450 000 | 50 24 |
| Sijunjung Healthy | 71 083 750 | 2 32 |
| Sijunjung Religious | 18 396 000 | 0 60 |
| Sijunjung Care | 1 276 020 300 | 41 59 |
| Zakat Fitrah | 27 930 695 | 0 91 |

**Source:** Statistic Document of BAZNAS of Sijunjung District (2016)

**Table 3** illustrates the disbursement program to assist *mustahik* to provide the best power in terms of economy, education, social, health and religious life. Literally, for ZCD Program, the institution has the policy to allocate their fund just 4.17 per cent in 2016. However, the other sources of funds are from the local government and the central of BAZNAS RI.

Sijunjung district is located in the eastern part of West Sumatra Province. It has potential and a bright prospect in the development of economic and socio-cultural aspects especially for the growth of tourism sector because its location is on the strategic track which connects two districts (Riau district and Jambi District) at once. Sijunjung sub-district has a total area of 74,800 Ha, only 1.98 percent is employed as a residential area, which is 1478.5 Ha, while the widest area is still a forest that is equal to 52.71 per cent. The plantation and multiple orchard areas occupies 19,807 Ha and 1085 Ha of the land. There is still 245 Ha land area which are untouched (Badan Pusat Statistik, 2016). Before becoming ZCD Program, in 2013, the Indonesian government categorised Sijunjung as an disadvantaged area with other 102 regions in Indonesia. The poverty rate is below the national poverty rate which is 12.2 per cent. The rate of economic growth is still below the economic growth rate of the province namely 6.22 per cent.

According to the Presidential Regulation No. 131 of 2015, a region is stipulated as a disadvantaged region based on the following criteria: (1) community economy; (2) human resources; (3) facilities and infrastructure; (4) regional financial capacity; (5) accessibility; (6) local characteristics. This area is still classified as a disadvantaged area because it again meets all the requirements that exist in the category of disadvantaged areas.

Sijunjung district is one of the densely populated areas. In 2013, it was recorded that Sijunjung district has 214.560 citizens with 60.66 per cent workforce and 2.38 per cent unemployment. Most of the professions are dominated by the agricultural sector at 49.66 per cent. However, productivity in this sample research area is still low because they do not have an understanding about upstream and downstream agriculture yet. Furthermore, in one district, the number of schools available for elementary level is 205 units with 3199 participants. There are 51 junior high schools, 13 senior high schools, 9 vocational schools and 2 universities that focus on the field of religion and agriculture. However, in this area of study, education is considered as a luxurious item that they prefer not to attend the school because of the severe access and the high cost. Parents often encourage their children to assist them in earning income for the family.

Poor infrastructure conditions are still a significant obstacle which hampers on economic activities, education and and communication with other areas. Therefore, this area is mostly unknown to other regions even by the local government itself. In addition, in this study area, people still occupy uninhabitable homes which do not toilets in their homes. The citizen was also experiencing difficulties to access clean water. Most times, they had to go to the river to gain clean water, unfortunately, the river is dirty and unfit to meet daily needs. Moreover, the most members of the community are Muslims because the spread of Islam in this land has been deeply rooted in their history. But on the other hand, they still need to be improved in terms of morals themselves. So, the most important is how to improve morals to make life more harmonious. The number

of mosques in the area is limited and not used maximally by the community. Most community members are not aware of the roles and functions of the mosques. Often only elders fill the mosques.

All the matters possessed by Sijunjung, the presence of ZCD provides some advantages for the development of this region. The local government admitted that ZCD is enthusiasticin order to become a right partner. In 2015, Sijunjung declared to have been out of the status of disadvantaged areas. Substantial collaboration between *zakat* institutions and local government provide many benefits for humanitarian issues.

## RESULTS

### Descriptive analysis

The following **Table 4** shows demographic characteristic in becoming a member of ZCD. While Sijunjung area is represented by two villages including Jorong Tangalo and Jorong Sungai Napar. In terms of the head of a family, it appears that the male-headed household dominates the characteristics of the respondents by 89 per cent, while just 11 per cent respondents are female-headed. In terms of marital status, more than two-thirds of the household heads are married compared to widowed and single household-head.

The majority respondents are under the seniors category (46-65 years old) which are almost half of the head of households, followed by adults (26-45 years old) and elderly (more than 65 years old). The result suggests that the respondents are mostly at their economically production age. It is evident that most respondents are pursuing formal education up to elementary school level, while just 1 per cent respondent hold university certificate. Less than one fifth respondents attend junior and senior high school and 10 per cent have no education. This phenomenon might be linked to raising the number of poverty.  In terms of jobs of household-head, working as farmer dominates the occupation of household-head by nearly under half of the respondents, followed by as labour (27 per cent), housewife (6 per cent), entrepreneur (19 per cent), employee (3 pe rcent).

**Distribution of zakat allocation fund based on program**

| Demographic Characteristic | | Percentage (%) |
|---|---|---|
| Head of Family | Male | 89 |
| | Female | 11 |
| Status | Mariage | 89 |
| | Divorced | 11 |
| Age Groups | Adults (26-45 yo) | 45 |
| | Seniors (46-65 yo) | 58 |
| | Elderly (>65 yo) | 4 |
| Education | No Education | 10 |
| | Elementry School | 61 |
| | Junior High School | 15 |
| | Senior High School | 13 |
| | University | 1 |
| Jobs | Farmer | 45 |
| | Housewife | 6 |
| | Entrepreneur | 19 |
| | Employee | 3 |
| | Labor | 27 |

**Source:** Primary Data (Processed)

**Income analysis**

This study is a result of interviews with 150 respondents located in Sijunjung known as a disadvantaged region. This research employs *Minitab* analysis. The result of the analysis of the Paired t-test finds that the significance value is 0.000 which is less than alpha 5 per cent. This means reject $H_0$ whereby *mustahik* household incomes after becoming a member of ZCD Program are significantly different at alpha 5 per cent of *mustahik* household incomes before becoming a member of ZCD Program.

The average of *mustahik* household incomes before becoming a member of ZCD Program is IDR 792,617 which increased IDR 1,655,651 after becoming a member of ZCD Program. It can be concluded based on Paired t-test that ZCD Program delivers a change and significant on the level of *mustahik* household incomes.

**Figure 2** confirms that there is an increase in income. When compared with the Material Value (MV), before becoming a member of ZCD Program, the average income (IDR 792,617) is below the Material Value (MV). After becoming a member of ZCD Program, the average income (IDR 1,655,651) is above the Material Value (MV).



**Figure 2:** Income average and material value

**Source:** Primary Data, 2017 (process)

### CIBEST analysis

CIBEST Index consists of four categories of Islamic poverty. They are wealth, material, spiritual and absolute poverty. Aid and guidance which are given from the *zakat* fund are expected to enhance the *zakat* receiver that changed their status to *muzaki* (*zakat* donor). In addition, *zakat* fund is expected to reduce the number of poverty which includes the category of material poor, spiritually poor and absolute poor. Refer **Table 5**.

**Table 5:**

**Cibest index of *mustahik* (before and after ZCD Program)**

| CIBEST INDEX | Before Program | After Program | Change |
|---|---|---|---|
| Quadrant I (Welfare) | 0.27 | 0.48 | 21% |
| Quadrant II (Material Poverty) | 0.61 | 0.51 | - 10% |
| Quadrant III (Spiritual Poverty) | 0.05 | 0.00 | - 5% |
| Quadrant IV (Absolute Poverty) | 0.06 | 0.00 | - 6% |

**Source:** Primary Data (Processed)

**Quadrant I (Welfare)**. **Table 5** explains the change of each Cibest quadrant before and after becoming a member of ZCD program. Based on the table, Quadrant I which depicts welfare condition increases by 21 per cent after the assistance and guidance of ZCD. It means that the ZCD program can meet the material and spiritual needs of the *mustahik* simultaneously. Changes in welfare improvement afford to reduce material poverty, spiritual poverty, and absolute poverty.

According to Beik & Arsyianti (2016) welfare philosophy as stated in QS. Al-Quraisy: 1-4 is one of the concepts which have to be concerned with. Briefly, the indicators of the welfare concept included in that verses are:

1. Islamic value system. This means that the value of Islamic teachings became a leading factor in the life of a nation's economy.

2. The strength of economy (industry and trade). The core of economic activity in the industry and trade into the real sector which is the core of Islamic economy.

3. Basic needs fulfillment and distribution system. Islam teaches its followers to meet the necessities of life and a healthy distribution. They can protect the wheels of the economy so that prosperity is not centred on one group.

4. Social security and orderliness. Welfare can be achieved if friction and destructive conflict can be prevented and minimised.

**Quadrant II (Material Poverty Index)**. The score of Material Poverty Index, before following the aids, is 0.61 per cent and it decreases by 0.51 per cent after the program. This shows that the support and guidance of ZCD reduce material poverty level experienced by 10 per cent. *Zakat* beneficiaries find it worthwhile to develop productive economic activity provided by the supervisor.

ZCD Program conducted economic activities such as livestock cultivating, fresh water fish breeding in, and chocolate farming. The responsibility of the supervisor is educate the community on how to refine the system of upstream to downstream. It has been helpful for the *mustahik* because they had no expertise on agricultural process. Furthermore, the produce of the farming systems can be enjoyed by the whole community of *zakat* receiver, and they make some transactions to earn their own income. For social aspect, ZCD built habitable housing program and also provided groceries. The whole neighbourhood participated in assisting the ZCD Program to achieve the goals. For education, ZCD provided school uniforms. The supervisor encouraged children to attend the school that was useful for the quality of life. It was hard work to convince households, especially their parents, about the importance of education.
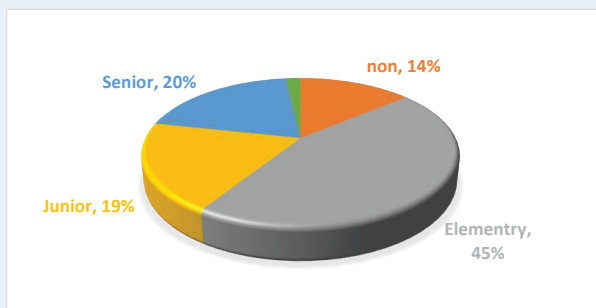
**Figure 3:** Education level of *mustahik*

**Source:** Primary Data (Processed)

**Figure 3** depicts the education level of household *zakat* receiver. The data shows that the quality of education in Sijunjung is still poor. The level of elementary education was the most dominating in the community by 45 per cent. While the least was bachelor degree in the amount of 2 per cent. *Mustahik* without an education was 4 per cent. It was assumed that the distance of schools that was far from homes and costly fees that caused the awareness for education is still low.

**Quadrant III (Spiritual Poverty Index).** Furthermore, the guidance provided to ZCD *mustahik* focuses not only on economic activity but also on religious, social and educational values. The supervisor of ZCD Program has such a duty to teach spiritual values so that *mustahik* possesses both adequate financial and good spiritual values. This guidance contributes to lower the Spiritual Poverty Index by 5 per cent. Before providing the *zakat* aid, the beneficiaries who experienced spiritual poverty by 5 per cent and after delivering the *zakat* aid, the score decreased close to zero. It means that the level of the spiritual poverty of the *mustahik* is getting lower. Refer **Table 6**.

**Table 6:**

**Spiritual indicators of mustahik households (before and after ZCD Program)**

| Variables | The Average Scores of *Mustahik* Spiritual Needs | |
|---|---|---|
| | **Before Becoming a Member of ZCD Program** | **After Becoming a Member of ZCD Program** |
| Praying (*Shalat*) | 3.23 | 3.78 |
| Fasting (*Puasa*) | 3.28 | 3.75 |
| *Zakat* and *Infak* | 3.41 | 3.71 |
| Household Environment | 3.55 | 3.79 |
| Government Policy Environment | 4.10 | 4.34 |
| Total Score of Average of Spiritual Needs of All Households | 3.51 | 3.87 |

**Source:** Primary Data (Processed)

**Table 6** explains that spiritual indicator of the *mustahik* households increases after becoming a member of ZCD Program. The average score of the indicator variable of *mustahik* spiritual needs is above the spiritual poverty line, which is more than three. This indicates that the majority of the *mustahik* households either before or after becoming a member of ZCD Program. It can be understood that spirituality has been rooted in religions because it has been inculcated by their ancestors despite the current use in daily activities -spirituality- are often not associated with any specific tradition.

On spiritual case, the program provides guidance of creed (*akidah*) inculcation, moral (*akhlak*) improvement, worship (*ibadah*) enhancement, and *dakwah*. Spiritual counselling was given once a week. These activities were carried out in the centre of the mosque which was renovated by ZCD Program. Before the ZCD Program, the mosque in the area was rarely used by the local community. The mosque was renovated to make the mosque as a centre of activities not only for worship but also for community gathering. Understanding of faith and morals improvement is a priority in the development of this community.

**Quadrant IV (Absolute Poverty).** Absolute Poverty describes *mustahik* conditions who are unable to meet both material needs and spiritual needs. The table above illustrates that there is a change of Absolute Poverty Index by 6 per cent. Furthermore, after the *mustahik* has been provided the *zakat* fund, the number of absolute poverty of *mustahik* reduced to zero. Before becoming a member of ZCD Program, *mustahik* who were included in the absolute poverty was 6 per cent. However, after becoming a member of the ZCD Program, they afford to move to higher position. In this study, there were nine households in absolute poverty. After the program, eight out of the nine *mustahik* changed to the second quadrant which means they have been able to meet the spiritual needs but have not been able to reach the material needs simultaneously. Furthermore, there is one *mustahik* that came in the first quadrant which means they can meet the needs of both material and spiritual. This means that the ZCD Program can eliminate absolute poverty conditions.

Based on data from **Table 5**, generally, *zakat* funds and guidance provided by ZCD Program are so useful that they increased the number of wealthy households and reduce the number of poverty conditions in terms of material, spiritual and absolute poverty. This is consistent with the theory that the *zakat* and guidance have an impact on household poverty. Therefore, *zakat* funds and guidance by the ZCD have a significant effect on addressing poverty.

## CONCLUSION

The consequences of decentralisation policy independently develop the region itself. Disadvantaged areas are one of the consequences if the policy is not able

to adopt a change that will affect the humanitarian issues. The development of the disadvantaged regions as a collective awareness in the handling of regional disparities should be taken seriously. However, local inequality are a sensitive issue in the world especially Indonesia which is in some phases often triggers the separatist movements. Therefore, it is crucial all stakeholders who have the similarity of views and desires to eradicate regional inequality.

In this respect, the paper studied the strategic role of *zakat* in multidimensional quality of life in Sijunjung, Indonesia. The concept of *zakat* has been outlined from the perspective of Shariah and *fiqh*. The existence of ZCD Program in the disadvantaged areas alleviates humanitarian issues on economic, social, education and religion. The overall analysis by CIBEST model shows that *zakat* has a positive impact on disadvantaged regions development and enhance the quality of life. More specifically, CIBEST model demonstrates that there is a rise in the average household income after obtaining productive *zakat* fund. Material, spiritual and absolute poverty index decreased by 10, 5, and 6 per cent. Meanwhile, the welfare index increased by 21 per cent. Afterwards, these findings confirm that *mustahik* income experiences an enhancement after becoming a member of ZCD Program. Moreover, *mustahik* average income is above the material value line after becoming a member of ZCD Program sequently IDR 1,655,651 and IDR 1,374,413.

In regard to results of the study, there are three recommendations which can be adopted to enhance the quality of life of the *mustahik*. In the beginning, it is essential for *zakat* institution that the portion disbursement for human quality life should be more developed to reduce poverty. In addition, it is important to plan and implement the program to meet the needs especially not only material need but also spiritual need. The last one is, it is essential that the cooperation between the government and the institution of *zakat* either in the form of financial support or other operational to improve the quality of life of the poor equally.

The analyses can be said that *zakat* is one instrument that contributes to resolving the humanitarian issues in disadvantaged areas. *Zakat* not only focuses on economic improvement but also on spiritual enhancement. That function is implemented on ZCD programs that improve the spiritual, economic, social and educational experiences of the *mustahik*. Even though the changes in the results of studies have not reached 100 per cent, *zakat* institution through ZCD Program has striven to change the situation into evidence. This is because the development of the equation of the area required a big push from all stakeholders especially much time and high capital. Furthermore, the implementation of ZCD Program involved many people including local government, the societies and of *amil* BAZNAS to alleviate humanitarian issues in advantaged regions. Currently, this area is running to be equivalent to other regions.

*Zakat* fund, which is not exaggerated, the best partner to solve humanitarian issues, especially in disadvantaged regions. Because of the essence, *zakat* fund not

only focuses on material but also on spiritual needs. Disadvantaged areas which these findings are expected to be considered by policymakers that *zakat* is one of the instruments to solve humanitarian issues, especially enhancing the quality of life, and change the status of disadvantaged areas be equivalent to other areas.

Although this study was carefully prepared, there were some unavoidable limitations. First, because of the time limit, this research was conducted only on a small size of the population. In addition, on determining the Material Value (MV), it was just based on data of material poverty line provided by Central Board for Statistics Indonesia of Sijunjung District per capita per month which will be converted to poverty line household per capita per month. The last, for further research, it is expected that other studies capture the role of *zakat* to enhance quality of life of disadvantaged regions in all part of Indonesia, in which still consist of many disadvantaged regions.

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