

# How Is Contribution Of Zakat And Government Expenditure To Economic Growth In Aceh?

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**ABSTRACT :** *This study aims to examine the role of zakat and government spending in driving economic growth in Aceh Province during the 2019–2023 period, by incorporating the Human Development Index (HDI) and the Open Unemployment Rate (TPT) as additional variables. Economic growth is seen as a key indicator of development success and public welfare. Aceh's uniqueness as a special autonomous region that implements Islamic law makes socio-economic instruments such as zakat and government spending important to understand from the perspective of Maqashid Syariah. This study uses a quantitative method through panel data regression that combines data across time and across regions. Secondary data were collected from the Central Statistics Agency (BPS) and Baitul Mal Aceh. The analysis was conducted using multiple linear regression using EViews 12 software to test partial and simultaneous effects. The results show that collectively, the HDI, TPT, zakat, and government spending contribute significantly to Aceh's economic growth. These findings provide policy input for local governments in developing development strategies that are oriented towards social welfare while also aligning with the principles of Maqashid Syariah*

**Keywords:** *Human Development Index, Open Unemployment Rate, Zakat, Government Expenditure, Economic Growth, Aceh*

**ABSTRAK :** *Penelitian ini bertujuan untuk mengkaji peran zakat dan belanja pemerintah dalam mendorong pertumbuhan ekonomi di Provinsi Aceh selama periode 2019–2023, dengan memasukkan Indeks Pembangunan Manusia (IPM) dan Tingkat Pengangguran Terbuka (TPT) sebagai variabel tambahan. Pertumbuhan ekonomi dianggap sebagai indikator utama keberhasilan pembangunan dan kesejahteraan masyarakat. Keunikan Aceh sebagai daerah otonomi khusus yang menerapkan hukum Islam menjadikan instrumen sosial-ekonomi seperti zakat dan belanja pemerintah penting untuk dipahami dari perspektif Maqashid Syariah. Penelitian ini menggunakan metode kuantitatif melalui regresi data panel yang menggabungkan data lintas waktu dan lintas wilayah. Data sekunder dikumpulkan dari Badan Pusat Statistik (BPS) dan Baitul Mal Aceh. Analisis dilakukan menggunakan regresi linier berganda dengan perangkat lunak EViews 12 untuk menguji efek parsial dan simultan. Hasil menunjukkan bahwa secara kolektif, HDI, TPT, zakat, dan pengeluaran pemerintah berkontribusi secara signifikan terhadap pertumbuhan ekonomi Aceh. Temuan ini memberikan masukan kebijakan bagi pemerintah daerah dalam mengembangkan strategi pembangunan yang berorientasi pada kesejahteraan sosial sekaligus sejalan dengan prinsip-prinsip Maqashid Syariah.*

**Kata Kunci:** *Indeks Pembangunan Manusia, Tingkat Pengangguran Terbuka, Zakat, Pengeluaran Pemerintah, Pertumbuhan Ekonomi, Aceh*

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## INTRODUCTION

Economic growth is an important indicator in assessing the success of regional development. An increase in the output of goods and services, as reflected in the Gross Regional Domestic Product (GRDP), shows the extent to which economic activity can improve the welfare of the community.

The province of Aceh, despite its special autonomy status, the implementation of Islamic law, and abundant natural resources, still faces challenges in economic development. Data from Statistics Indonesia (BPS) in 2023 shows that Aceh's GRDP per capita is Rp41,424 thousand, placing it sixth from the bottom nationally, while in Sumatra, Aceh's GRDP growth is 4.23%, only slightly above Riau (4.21%). This condition indicates the need to evaluate the effectiveness of the development instruments used.

Several factors that are thought to influence Aceh's economic growth include the Human Development Index (HDI), the open unemployment rate (TPT), zakat, and government spending. The HDI describes the quality of life, while the high TPT has the potential to suppress people's purchasing power. On the other hand, zakat through Qanun Number 10 of 2018 and special autonomy funds are important instruments that are expected to promote equitable welfare.

Based on these conditions, this study was conducted to analyze the relationship between HDI, OUR, zakat, and government spending on Aceh's economic growth in the 2019-2023 period. The results of this study are expected to provide an empirical picture of inclusive and sustainable economic development strategies in accordance with sharia principles.

## LITERATURE REVIEW

### Economic Growth

Ali Ibrahim defines economic growth as the process of consistently transforming a country's economy for the better over a certain period of time. Meanwhile, according to Irfan Syauqi, the term "menanam" (to plant) has its roots in the word 'tumbuh' (to grow). According to the Big Indonesian Dictionary (KBBI), "tumbuh" means to arise, to grow, or to become perfect. Meanwhile, development (progress, etc.) means that objects (countries) are growing. A country's gross national product may increase as a result of economic expansion. GDP growth, gross national product (GNP), GDP per capita, and per capita income are often used to describe economic growth. (Moch. Zainuddin, 2017)

Economic growth in the perspective of Islamic economics has different characteristics compared to the conventional economic perspective. Islamic economics emphasizes a balance between material and spiritual growth, fair distribution of wealth, and avoidance of harmful economic practices such as riba (interest), gharar (uncertainty), and maysir (gambling). According to Chapra in his book entitled "The Future of Economics: An Islamic Perspective, The Islamic Foundation," economic growth in Islam must lead to *falah* (worldly and spiritual prosperity), not merely an increase in material wealth. There are several indicators that are highly regarded in economic growth from a sharia economic perspective, namely: distributive justice, economic empowerment of the disadvantaged, balance between the worldly and the hereafter, and adherence to sharia principles.

### Human Development Index

The Human Development Index is a composite index that takes into account three fundamental factors to determine a country's average level of achievement: 1) life expectancy at birth, which measures how long people live; Two indicators of quality of life are 2) education, which is determined by the average literacy rate of the population aged 15 and over, and 3) per capita consumption. The human

development index ranges from 0 to 100. The human development index offers a composite measure of three aspects of human development: having a decent standard of living, being educated (determined by the literacy rate of adults and participation in primary, secondary, and higher education), and being long-lived and healthy (measured by life expectancy).

Human development cannot be separated from the fulfillment of needs. The purpose of maqasid syariah is to uphold the law. To improve legal thinking in Islam in general and solve modern legal challenges where this does not occur and is not explicitly regulated in the Qur'an and hadith, mujtahids must be aware of the purpose of the law. Since all of Allah's instructions and prohibitions contained in the Qur'an and hadith are expressed in the form of fiqh, it becomes clear that everything has a profound meaning, namely as a mercy to the universe, and nothing exists in vain. The benefit of the ummah is the mercy that is intended.(Inayah and Tamimah, 2011).

## Unemployment Rate

Sukirno defines unemployment as a situation where someone who has worked is looking for work but has not been able to find a job. Those who are not actively looking for work but are unemployed are not considered unemployed. The absence of aggregate expenditure is one of the main causes of unemployment. Employers create products and services with the aim of making money, but they can only make money if they are able to market the goods and services they produce. The number of products and services offered increases in line with demand. Labor will be used more often as a result of increased production.

Islam has warned its followers not to allow anyone to become unemployed or fall into poverty because they fear that in such circumstances, a person will do anything, including harming others, to meet their own needs. A hadith states that being poor will make you more likely to reject religion. (Amsah Hendri Doni, 2023)

## Zakat

Zakat serves to purify and improve wealth, while also making it more fertile and productive. In a more essential sense, zakat implies increase, fertility, and improvement, which essentially refers to the addition of goodness.(Pranata et al., 2022; Pranata & Maulana, 2024) Meanwhile, Hasbullah Bakry explains that the word "zakat" comes from the root word zakka–yuzakki–zakat, which linguistically means purification or cleansing. In this context, zakat is understood as a mechanism of self-purification for individuals who have excess wealth from the rights of others that must be fulfilled.(Imam Agung Prakoso, 2018) Hal ini sesuai dengan firman Allah Swt dalam Al-Qur'an surat At-Taubah ayat [103] :

خُذْ مِنْ أَمْوَالِهِمْ صَنَقَةً طَهَّرْهُمْ بِهَا وَصَلِّ عَلَيْهِمْ

"Take alms from their wealth, that you may purify and sanctify them, and pray for them. Verily, your prayer brings them peace of mind. And Allah is All-Hearing, All-Knowing. (QS. At-Taubah: 103)

The meaning of zakat in sharia covers two important aspects. First, zakat is given because of the process of growth in terms of rewards that flourish and multiply as a result of giving zakat. Or because zakat is related to the concept of growth, such as in the case of zakat on trade (tijarah) and agriculture (zira'ah). Second, zakat serves as a means of purification, both from greed and stinginess, as well as from various other impurities of the soul, and as a means of purification from sins.( Imam Agung Prakoso, 2018)

Zakat is broadly divided into two types:

- Zakat māl (wealth): gold, silver, animals, plants (fruits and grains) and trade goods.



b. Zakat nafs, often referred to as Zakatul Fitrah.

According to Sayyid Sabiq, there are several main things that every Muslim is obliged to pay zakat on, including gold, silver, agriculture, fruits and trade goods, sawaim, mining assets, and treasure.( Syamsuri, 2020)

Indeed, there are several types of wealth mentioned and warned about in the Qur'an that zakat

- a. Gold and silver
- b. Plants and fruits
- c. Business
- d. Mining products extracted from the earth

In addition to the provisions that have been explicitly mentioned, the Qur'an formulates the objects of zakat in general terms, namely using the word "wealth." According to Ibn Asyur, the term wealth originally referred to gold and silver, but in its subsequent development, its meaning expanded to include all forms of property owned and stored by individuals.( Syamsuri, 2020)

The recipients of zakat, or asnaf zakat, are clearly mentioned in the Qur'an, specifically in Surah At-Taubah verse 60.( Muhammad Arief Ichwan, 2020) There are eight categories of people who are entitled to receive zakat, namely:

- a. The poor: People who do not have sufficient wealth or income to meet their basic daily needs.
- b. The needy: People who have income, but not enough to adequately meet their needs.
- c. Zakat collectors: People who are tasked with collecting and managing zakat.
- d. Muallaf: People who have recently converted to Islam or people who are expected to become close to Islam, including those who have an important influence in their community.
- e. Riqab: Slaves or people who are bound by an agreement to free themselves, so that zakat can be used to free them.
- f. Gharim: A person who is in debt for lawful purposes and is unable to pay it off.
- g. Fi sabilillah: A person who fights in the way of Allah, including activities aimed at upholding Islam.
- h. Ibnu sabil: A traveler or person who runs out of supplies during a journey, even though he is wealthy in his place of origin, but encounters difficulties during the journey.

## METHODOLOGY

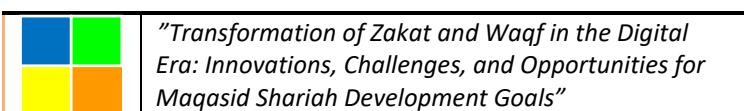
This study uses a quantitative approach with secondary data sources obtained from the Aceh Provincial Statistics Agency (BPS) for the period 2019–2023. The independent variables analyzed include the Human Development Index (X1), Unemployment Rate (X2), Zakat (X3), and Government Expenditure (X4), while the dependent variable is Economic Growth (Y). The research location was focused on Aceh Province with an observation period from 2019 to 2023.

The analysis method used is panel data regression, which is a combination of time series and cross-section data so that it can produce more comprehensive information and increase the degree of freedom. Data processing was carried out using Eviews version 12 software with three estimation models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

## RESULT AND DISCUSSION

### The effect of HDI (X1) on economic growth (Y)

The t-value is -3.097172 and the probability value (p-value) is 0.0026. Because  $|t\text{-value}| > t\text{-table}$  ( $3.097 > 1.65882$ ) and  $p\text{-value} < 0.05$ , H1 is rejected. However, the direction of the effect is negative,



which means that an increase in HDI tends to reduce economic growth in this model. This is because economic growth has not been felt evenly by the community, causing income inequality and the community's inability to fulfill a decent life. The community also finds it difficult to obtain better education and health, which ultimately causes the human development index to decline.(Siti Khadijah, 2022)

This is also caused by uneven economic growth. Uneven economic growth can lead to income inequality and make it difficult for people to meet basic needs such as education and health, The effect of TPT on economic growth

The t-value is -2.397075 and the p-value is 0.0186. Because  $|t\text{-value}| > t\text{-table}$  ( $2.397 > 1.65882$ ) and  $p\text{-value} < 0.05$ , TPT has a significant partial effect on economic growth. The direction of the effect is negative, meaning that an increase in the open unemployment rate has an impact on a decline in economic growth. This means that the more unemployment in a region, the more economic growth in that region will decline. A high open unemployment rate (TPT) reflects the low capacity of the labor market to absorb the workforce, indicating inefficiency in the utilization of human resource potential. This situation leads to a decline in total productivity, which ultimately slows down the pace of economic growth. In the context of Aceh Province, the relatively high TPT figures during the research period indicate limited job creation in both the formal and informal sectors. This condition is in line with Keynes' view that the existence of unemployment, whether structural or frictional, can suppress national output, because the greater the number of unabsorbed labor, the smaller its contribution to the Gross Regional Domestic Product (GRDP). Furthermore, the increase in the TPT also has implications for the weakening of people's purchasing power due to reduced household income. This decline in consumption directly reduces aggregate demand, thereby hampering the economic cycle.

### **The effect of zakat on economic growth**

The t-value is -0.787955 and the p-value is 0.4328. Because  $|t\text{-value}| < t\text{-table}$  ( $0.787 < 1.65882$ ) and  $p\text{-value} > 0.05$ , zakat does not have a significant effect on economic growth. This indicates that in the observed period and region, the distribution of zakat has not had a noticeable effect on economic growth. This is due to several influencing factors, such as: reducing investment, where zakat funds can reduce the amount of funds available for investment because part of the income is allocated to zakat, which has the potential to reduce investment in productive sectors that drive economic growth. It could also be caused by inefficient zakat management, such as high administrative costs or misdirected distribution, which can reduce the effectiveness of zakat in reducing poverty and improving welfare. As a result, the potential positive impact of zakat on economic growth is not realized. Furthermore, continuous dependence on zakat assistance without empowering recipients can create dependency. This can reduce the motivation to work and strive to improve their own economic conditions, thereby hampering economic growth.

### **The effect of government spending on economic growth**

The t-value is -6.298882 and the p-value is 0.0000. Because  $|t\text{-value}| > t\text{-table}$  ( $6.298 > 1.65882$ ) and  $p\text{-value} < 0.05$ , government spending has a significant negative effect on economic growth. This means that an increase in government spending is associated with a decline in economic growth, which may be due to suboptimal allocation or efficiency of spending. This can be caused by inefficiency and bureaucracy. Large government spending can lead to inefficiency if not managed properly. Complex bureaucracy, corruption, and poor planning can reduce the effectiveness of government spending in promoting economic growth, and can also be caused by budget deficits and



public debt. If the government continuously spends more than it earns through taxes and other revenues, it can lead to budget deficits and an increase in public debt.

## CONCLUSIONS

1. Based on the results of the study, it can be concluded that the variables of HDI, TPT, and government spending have a significant effect on economic growth, but with a negative direction of influence. This indicates that an increase in these three variables tends to suppress economic growth in the study area. This condition indicates problems of uneven development, labor market inefficiency, and weaknesses in the effectiveness of government spending. Meanwhile, the zakat variable does not have a significant effect on economic growth, which is likely due to suboptimal management and the potential for dependency among recipients. Thus, economic growth in Aceh Province still faces structural and institutional challenges that need to be addressed immediately in order to achieve more inclusive and sustainable growth.
2. Based on these findings, the following policy implications can be considered:
  - a. Improving the quality and equity of the Human Development Index (HDI) by expanding people's access to education, health, and decent living standards evenly across all regions.
  - b. Reducing the unemployment rate (TPT) through the creation of productive jobs, especially in the modern agriculture sector, MSMEs, and creative industries with high absorption capacity.
  - c. Optimizing the management of zakat (alms) to be more productive, for example through economic empowerment programs, skills training, and support for small businesses.

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