



## The Influence of Distribution of Zakat, Infaq and Sadaqah (ZIS) Funds and Economic Generation on the Social Welfare of the City/Regency Level in East Java in 2021-2023

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**Abstract.** Economic development is an important strategy in achieving social prosperity, and many development theories emphasize the importance of economic growth as the key to reducing poverty and increasing the level of welfare. One approach that is widely known is the theory of economic growth which places economic growth as the main priority in efforts to overcome the problem of poverty and achieve a higher level of prosperity. This research uses quantitative research with quantitative descriptive analysis and path analysis techniques with the help of the Eviews 12 program. Research results: Distribution of Zakat, Infaq and Alms Funds (ZIS) and economic growth have a partial and simultaneous effect on the welfare of the City/Regency community in East Java 2021-2023.

**Keywords:** ZIS distribution, economic growth, social welfare of the community

### INTRODUCTION

The potential for better economic development is indeed very large. With abundant natural resources, a large population, and a passion for development, Indonesia has a great opportunity to achieve significant economic growth. However, to realize this potential, the challenges faced such as economic disparities between regions, poverty, income inequality and environmental problems need to be addressed seriously. (Halimy Widya Falah, 2023). To increase the effectiveness of zakat management and utilize this potential in economic development, the establishment of professional and quality institutions to manage zakat, as well as cooperation between the government, sharia financial institutions and civil society organizations to improve zakat infrastructure and increase fair and efficient distribution. By making good use of the potential of zakat, Indonesia can mobilize significant economic resources to achieve more inclusive and sustainable economic growth and improve the welfare of society as a whole (Dwi Yuniyanto. 2020).

The finding that the involvement of zakat, infaq, and shadaqah has a positive and significant impact on economic growth is very interesting. Zakat, infaq and shadaqah have great potential to become sources of funds that can be used to support economic development and

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community welfare. Zakat itself has the principle of redistributing wealth from those who can afford it to those who need it, which in turn can increase the purchasing power and consumption of lower levels of society. Using zakat funds for productive investment can also create new jobs, increase productivity and encourage economic growth. Apart from that, the organized use of infaq and shadaqah funds can also have a positive impact on economic growth through a multiplier effect.

Wider economic growth through improving workforce skills, increasing productivity and increasing market accessibility (Sari Wulandari, 2022). By making good use of the potential of zakat, infaq and shadaqah, Indonesia can strengthen its economic development and improve the welfare of society as a whole. Data from the Central Statistics Agency (2023) released that in December 2023, the number of poor people (people with per capita expenditure per month below the Poverty Line) in Indonesia Influence of Distribution. If you look at the development of ZIS development in the country, then since the 1990s there have been various types of zakat management institutions that try to prioritize modern management principles, in practice this has decreased by 1.19 million people compared to the condition in March 2023 which was 27.77 million people ( 10.64 percent).

One of the ZIS management institutions officially established by the government is the National Zakat Amil Agency (BAZNAS). BAZNAS is the official and only body formed by the government based on Presidential Decree No. 8 of 2001 which has the task and function of collecting and distributing zakat, infaq and alms (ZIS) at the national level. The enactment of Law Number 23 of 2011 concerning Zakat Management further strengthens the role of BAZNAS as an institution that has the authority to manage zakat nationally (Pentury, MA 2023).

Indonesia has the potential for large philanthropic collections. This is not without reason, Indonesian society is dominated by followers of the Islamic religion with 241.7 million people compared to the total population of 277.75 million people. Apart from that, the Indonesian population has a highly generous spirit, and is even categorized as the most generous country in the world. In 2023, it is projected that ZIS fund collection will reach IDR 33.8 trillion (Willya Achmad, 2023). Meanwhile, cash waqf in Indonesia, based on data (Amin, 2023), the total value of cash waqf collections in 2022 will reach IDR 135.80 billion. ZIS has not been able to be a solution in alleviating poverty but can increase the income of poor people.

Unstable and sustainable economic growth in East Java at the City/Regency level is an important indicator for the welfare of a country. When a country or region experiences continued increasing economic growth, this shows progress in economic sectors which has an impact on improving the welfare of society as a whole (Muhammad Syahfarudin Emperor, 2023). Economic growth alone is not enough to automatically reduce poverty. It is also important to ensure that the benefits of economic growth are distributed fairly to all levels of society, especially those below the poverty line.

Policies that support economic inclusion, increasing access to education and health, and equitable infrastructure development are some of the steps that can be taken to ensure that the benefits of economic growth can be felt by everyone. By combining sustainable economic growth with policies that support human development and social inclusion, it is hoped that Indonesia can reduce poverty levels and improve the overall welfare of society (Sahkholid Nasution, 2023).

Conventional approaches to measuring poverty often focus on the economic dimension, especially in terms of the ability of individuals or households to meet basic physical needs such as food, clothing and shelter. This approach usually uses a measure of expenditure or income as the main indicator to determine whether a person or family lives below the poverty line. However, from an Islamic perspective, poverty is understood more comprehensively. Apart from aspects of physical needs, poverty also includes physical and spiritual dimensions. In the Islamic view, a person can be considered poor not only because of material deficiencies, but also because of spiritual and social deficiencies. Overcoming poverty and improving the welfare of society as a whole (Dini Yunila Tanjung, 2023).

The increase in poverty in Indonesia from 2021-2023 was 14.48%. This shows that there is an indication that the development program being implemented is not successful. This increase in poverty levels is thought to occur in line with the increase in income per capita that is seen. In 2021-2023 there was an increase of 14.48% from the growth rate in 2020, 2021 experienced a decrease from a growth rate of 5.34% and in 2023 it experienced growth decline of 4.69%. This is a big PR by Baznas Indonesia to stabilize the economy through ZIS (Zakat, Infaq and Sadaqah) assistance.

**Table 1. Regency/City Growth Data in East Java 2020-2023**

<b>Year</b>	<b>Growth at the City/Regency Level</b>
2021	3.57%
2022	5.53%
2023	4.95%

In accordance with the data aboveCommunity economic growth in the City/Regency of East Java in 2020-2023 may experience fluctuations or ups and downs due to various factors such as changes in global or regional economic conditions which can affect community economic growth, economic policies taken by the government, such as fiscal policy (for example changes in taxes or government spending) and monetary policy (for example changes in interest rates or the amount of money in circulation), can influence society's economic growth. The level of investment and infrastructure development in an area can influence a community's economic growth. High investment in sectors that employ many people or infrastructure that supports local economic growth can encourage community economic growth. Natural disasters such as floods, earthquakes, or droughts can damage infrastructure, disrupt production, and reduce people's income, which can lead to a decline in economic growth.

The approach through the Zakat, Infaq and Sadaqah (ZIS) instruments does have a very important role in alleviating poverty according to Islamic principles. Zakat is an obligation for Muslims who have certain wealth to help those in need. Infaq is a voluntary contribution made by individuals or groups for the public interest and social welfare. Infaq can be used for various purposes, including assistance to poor people, education and health development, infrastructure development, and other social programs. Sadaqah is a voluntary contribution given as a form of kindness and concern for others. Sadaqah can be given in various forms, whether in the form of money, goods, time or skills.

**Table 2. Distribution of ZIS (Zaakat, Infaq and Sadaqah) funds at City/Regency level in East Java**

<b>Year</b>	<b>Distribution of ZIS Funds at City/Regency level in East Java</b>
2021	74,453,035,849.00
2022	61,389,133,574.00
2023	35.139.121.018

The level of distribution of Zakat, Infaq and Sadaqah (ZIS) funds at the City/Regency level in East Java can fluctuate or fluctuate due to various factors, such as the level of ZIS distribution which can be influenced by the level of community awareness and involvement in these activities. Changes in community awareness and involvement can cause fluctuations in the amount of funds collected and distributed. The economic conditions of the community in an area can also influence the level of ZIS distribution. When economic conditions improve, people may be more able to pay zakat and make donations. On the other hand, in difficult economic conditions, ZIS distribution may experience a decline. Social and humanitarian events or conditions in an area, such as natural disasters or humanitarian crises, can influence the level of ZIS distribution. For example, in an emergency situation, people may be more inclined to make ZIS donations to help those in need. From 2020-2023 there was an increase and decrease of 23.87%.

The data presented highlights the important role of Zakat, Infaq and Sadaqah (ZIS) in alleviating poverty and increasing economic growth in Indonesia according to an Islamic perspective. Even though there is great potential in zakat collection in Indonesia, there is a gap between the potential and the collection of ZIS funds. The National Zakat Amil Agency (BAZNAS) has an important role in collecting, distributing and utilizing ZIS in accordance with religious provisions, with a focus on providing assistance to the poor and other groups in need.

**Table 3. City/Regency Community Income in East Java 2020-2023**

<b>Year</b>	<b>Community Income for 2020-2023</b>
2021	11.40
2022	10.38
2023	10.35

Source: East Java Central Statistics Agency (BPS), data processed 2020-2023

If an economy cannot develop well, it will cause social and economic problems. The two macroeconomic factors as explained above are very important for society and the government. All of these factors can influence the socio-economic conditions of society and influence the government in making appropriate policies to overcome the problem of poverty in Indonesia (Mohammad Lutfi, 2023). Research by Muhammad Syafa'at Yaasin, et al., states that zakat, infaq and shadaqah have a positive and significant effect on economic growth. ZIS has a very positive and significant influence on economic growth. Zakat, Infaq and Sadaqah have been proven to have a positive effect on economic growth. Giving zakat both consumptive and productive, if done in an organized manner, will be able to provide a multiplier effect in economic growth.

Income plays an important role in societal well-being, although the relationship between the two is complex and can be influenced by various other factors. Sufficient income allows individuals and families to meet basic needs such as food, clothing, shelter, and health care. This directly improves physical and psychological well-being. Stable income can enable better access to quality education. A good education opens the door to greater economic opportunity, improves skills, and helps create a more inclusive and cultural environment.

**Table 4. Regency/City GRDP data in East Java for 2021-2023**

Pacitan Regency	16 381.2	17 986.5	19 490.5
Ponorogo Regency	21 350.0	23 028.3	25 247.8
Trenggalek Regency	19 198.3	20 882.3	22 740.1
Tulungagung Regency	40 166.7	44 133.5	47 964.4
Blitar Regency	37 819.7	41 379.3	44 891.7
Kediri Regency	42 692.7	46 650.0	50 638.2
Malang Regency	107 036.4	117 422.0	128 373.2
Lumajang Regency	33 678.6	36 663.7	40 072.8
Jember Regency	81 068.8	88 030.5	95 289.8
Banyuwangi Regency	85 918.6	93 279.0	101 296.6
Bondowoso Regency	21 052.2	22 901.9	24 773.4
Situbondo Regency	21 200.9	23 128.6	25 225.0
Probolinggo Regency	35 605.5	38 932.8	42 376.9
Pasuruan Regency	157 150.7	172 654.2	186 946.2
Sidoarjo Regency	210 650.2	245 227.5	273 698.1
Mojokerto Regency	87 145.0	95 798.1	104 364.2
Jombang Regency	41 747.2	45 935.7	49 984.5
Nganjuk Regency	28 053.3	30 819.8	33 647.0

Madiun Regency	20 024.4	21 859.4	23 833.0
Magetan Regency	19 587.9	21 194.7	22 922.3
Ngawi Regency	20 814.5	22 455.0	24 324.7
Bojonegoro Regency	84 200.9	100 492.9	97 522.2
Tuban Regency	65 911.7	75 187.7	81 860.1
Lamongan Regency	41 042.9	45 441.1	48 927.3
Gresik Regency	144 656.1	163 907.9	176 071.1
Bangkalan Regency	24 756.7	27 164.2	27 740.0
Sampang Regency	20 638.9	23 009.3	24 086.7
Pamekasan Regency	17 659.2	19 263.4	20 881.3
Sumenep Regency	35 300.2	40 255.3	42 848.0
Kediri City	141 467.1	152 778.3	159 749.9
Blitar City	7 113.6	7 833.9	8 515.2
Malang city	76 617.3	84 807.4	93 053.4
Probolinggo City	11 699.9	12 931.4	14 296.5
Pasuruan City	8 491.1	9 452.8	10 399.9
Mojokerto City	6 935.6	7 637.0	8 038.7
Madiun City	14 435.4	15 818.6	17 256.2
City of Surabaya	590 227.1	655 616.2	715 294.7
Stone City	16 841.1	18 587.6	20 524.3

Source: BPS, data processing.

It is important to remember that income is only one of many factors that influence people's well-being. Other factors such as equality, justice, access to public services, social environment, and economic structure also play an important role in determining the overall level of welfare of society. Based on previous research, there are differences in research results regarding the relationship between the influence of ZIS fund distribution variables and community welfare variables on economic growth. The difference that the author will examine from previous research is adding variables to BAZNAS. Therefore, the author is interested in choosing the title of the paper *The Influence of Distribution of Zakat, Infaq and Sadaqah (ZIS) Funds and Economic Growth on the Social Welfare of Communities at City/Regency Level in East Java*.

## **THEORITICAL REVIEW**

### **Zakat, Infaq and Sadaqah (ZIS)**

Zakat is one of the five pillars of Islam and is the obligation of Muslims to donate part of their wealth to the poor, needy and certain groups in society. Zakat is considered an obligation that one person gives to another person as a form of obedience to Allah. This shows how important sacrifice and compassion for others are in Islamic teachings (Effendi, 2019).

Infaq has the root word from the Arabic "anfaqa" which means spending something, especially property, for purposes ordered by religion. In Islamic legal terminology, infaq refers to the act of spending part of one's assets or income for purposes ordered by Islam. Infaq is often associated with the act of providing donations or assistance to those in need, such as the poor, orphans, or for the benefit of development and general welfare. Infaq is a form of charity recommended in Islam as a form of social concern and sacrifice in achieving goodness (Julianto, 2019).

Almsgiving linguistically comes from the words sadaqa, yashduk, and shadakatan which means justification. Specifically, it means spending wealth in the name of God to justify His teachings. Sadaqah comes from the word sidqun which means correct in relation to words, beliefs and actions.(Finamore et al., 2021). In the process of distributing zakat, institutions must prioritize the immediate environment rather than other areas(Ubay Haki & Devi Fajriati, 2020)

### **Economic growth**

Economic growth is an increase in the value of all goods and services produced in a country or region over a certain period of time, usually measured as gross domestic product (GDP) or gross national income (GNP). Economic growth shows the economic progress or development of a country or region, thereby creating wealth and prosperity for its population. Economic growth is usually considered an important indicator in evaluating the economic performance of a country or region. Strong economic growth usually has a positive impact on various aspects of people's lives, such as increasing employment opportunities, per capita income, living standards, and investment in infrastructure and public services.

### **Public welfare**

Community welfare refers to the overall condition of good and prosperous life of a community or population. It covers various aspects of life, from economics and education to health, environment, security and social justice. Economic well-being includes the level of income,



employment, and economic opportunities available to society. This involves fair access to decent jobs, adequate wages, and social protection for those in need. Community welfare also includes the physical and mental health of its residents. This includes access to quality health services, disease prevention, and support for mental health and psychological well-being. Community welfare includes equitable and quality access to education. This involves formal education which includes access to schools and universities, as well as non-formal education and lifelong learning opportunities. Community welfare includes physical security and social justice. This includes protection from crime, violence, and conflict, as well as fair access to justice, human rights, and fair treatment under the law.

## **RESEARCH METHODS**

This research is quantitative research. This research consists of three variables, namely distribution of ZIS funds as variable institutions, data from cities/regencies that do not have BAZNAS institutions are 6 institutions. So, the total sample used in this research was 10 City/Regency BAZNAS institutions. The data source in this research is secondary data. The data analysis method in this research uses quantitative descriptive analysis (Riyanto, Slamet and Aglis Andhita Hatmawan, 2020). This research will use path analysis techniques with the help of a program E-views. with Chow Test and Hausman test.

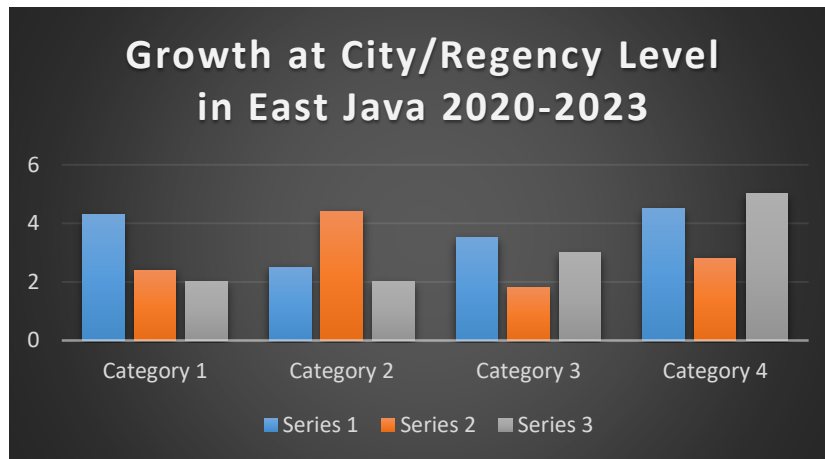
## **RESULTS AND DISCUSSION**

### **Research Overview**

#### **1. Development of Economic Growth in East Java**

According to the Central Statistics Agency (BPS), Gross Regional Domestic Product (GRDP) is the gross added value of all goods and services produced in the domestic region of a country obtained from various economic activities in a certain period. The preparation of GRDP can be done using three approaches, namely the production approach, expenditure approach and income approach which is presented on the basis of current prices and constant prices.

**Figure 1. Development of East Java Regency/City PBRB 2021-2023**



Source: <https://jatim.bps.go.id> data processed.

The diagram above shows economic growth in East Java in 2021-2023. Based on this diagram, it can be seen that economic growth in East Java always increases every year. The GRDP of districts and cities in East Java has different amounts. The differences here in each region increase every year. Apart from matters related to the problem of economic growth, East Java Province is very concerned with growth, equity and a sustainable system of regional balance in the current Regency/City.

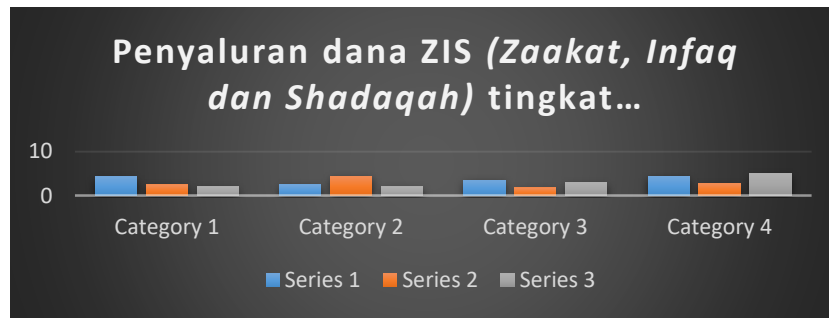
**Table 5. Regency/City ZIS (Zakat, Infaq and Sadaqah) income in East Java**

No	District/District	Year	Zakat Income (Million)	Infaq Income (Million)	Sadaqah Income (Million)
1	City of Surabaya	2019	167	25	23
		2020	398	34	30
		2021	587	56	44
		2022	623	78	49
		2023	856	108	68
2	Pamekasan Regency	2019	17.	5	2
		2020	20	7	3
		2021	26	9	4
		2022	60	16	5
		2023	68	18	7
3	Sumenep Regency	2019	12	5	1
		2020	16	6	1
		2021	19	8	3
		2022	23	9	4

No	District/District	Year	Zakat Income (Million)	Infaq Income (Million)	Sadaqah Income (Million)
		2023	27	11	5
4	Sampang Regency	2019	9	3	1
		2020	14	5	1
		2021	17	7	3
		2022	20	7	4
		2023	23	7	4
5	RegencyBangkalan	2019	11	1	1
		2020	16	2	2
		2021	17	2	3
		2022	19	4	4
		2023	22	6	5
6	Stone City	2019	23	6	2
		2020	45	7	3
		2021	66	8	3
		2022	85	11	4
		2023	97	12	5
7	Malang Regency	2019	26	2	3
		2020	45	3	4
		2021	65	6	4
		2022	78	7	6
		2023	80	8	7
8	Malang city	2019	14	1	2
		2020	34	4	3
		2021	56	6	5
		2022	60	8	8
		2023	78	10	8
9	Sidoarjo Regency	2019	34	7	2
		2020	54	9	5
		2021	67	10	6
		2022	76	13	6
		2023	89	15	6
10	Pasuruan Regency	2019	22	1	2
		2020	26	3	2
		2021	34	5	4
		2022	45	7	6
		2023	55	8	8

Source: Regency/City BAZNAS in East Java, data processed.

**Figure 2. Development of Zakat Funds, Infaq, Alms, at BAZNAS East Java**



Source: BAZNAS East Java, data processed.

Zakat plays an important role in the Islamic economy, not only as a religious obligation but also as an economic instrument that can have a positive impact on a country's economy. Through zakat, the assets owned by muzakki are purified and distributed to mustahik, whose partners can help meet their basic needs. Apart from being a source of assistance for mustahik, zakat also plays a role in driving the economy by distributing income more evenly to society. By providing assistance to those in need, zakat can help reduce social and economic disparities and strengthen bonds of social solidarity in society.

As an institution that has the authority to manage zakat nationally, BAZNAS plays an important role in ensuring that zakat is managed and distributed properly in accordance with the principles of Islamic law. With principles such as trust, usefulness, justice, legal certainty, integrity and accountability, BAZNAS together with the government can initiate zakat management to ensure that zakat truly provides maximum benefits to people in need and contributes to strengthening the economy as a whole.

The development of the distribution of Zakat, Infaq and Alms funds always increases every year, and can be seen in the picture above depicting the amount of ZIS fund distribution from 2019-2023. Based on this picture, it can be seen that the distribution of ZIS funds always increases every year.

## 2. East Java Community Welfare

The welfare of the people of East Java can cover various aspects, including demographic, economic, social, cultural and environmental. Java, one of the largest islands in Indonesia, is home to a variety of ethnic and cultural groups that form a rich and diverse society. Among the provinces on the island of Java, East Java plays an important role as

one of the economic and cultural centers in Indonesia. With a population of more than 40 million people, East Java is one of the most populous provinces in Indonesia.

**Figure 3. City/Regency Community Income for 2020-2023**



City/district community income refers to the total income received by residents of the city or district from various sources, such as salaries, dividends, or income from business. This is an important indicator in assessing the level of economic prosperity of a region. High levels of community income tend to have a positive impact on the quality of life of the population, including access to better health and education services as well as greater economic opportunities. It also reflects economic growth and sustainable development within a city or district.

Ethnic, cultural and religious diversity characterizes its society, creating a social landscape that is unique and interesting to analyze. Apart from that, East Java has a long history as one of the centers of trade and industry in Indonesia. Cities such as Surabaya, Malang and Probolinggo have become important economic centers, contributing significantly to territorial and national economic growth. However, amidst this economic progress, challenges in terms of community welfare also continue to emerge.

Economic inequality, access to education and health, and vulnerability to natural disasters are several issues that need serious attention. In this context, an in-depth analysis of the welfare of the people of East Java is important to understand the existing social, economic and cultural dynamics, as well as to formulate policies that can improve the welfare of all levels of society. Poverty in East Java is one of the serious challenges faced by this province, even though it has great economic potential. Even though it has decreased in recent years, the poverty rate in East Java is still quite significant.

This territorial inequality also contributes to the high level of poverty in this province. East Java is an area that is vulnerable to natural disasters such as earthquakes, floods and landslides. These disasters often worsen conditions of poverty by destroying infrastructure, destroying resources, and disrupting people's livelihoods. To overcome the problem of poverty in East Java, comprehensive cross-sector efforts are needed, including economic development programs, increasing access to education and health, strengthening infrastructure, and mitigating disaster risks.

### Data analysis

The information board approach does provide advantages in data analysis because it combines cross-section and time-series information. In this way we can utilize more complete and varied information from various observation units and time. Apart from that, information boards can also increase degrees of freedom (degree of opportunity) and reduce the level of collinearity between variables, so that the resulting estimates are more efficient and credible. This shows that all observation units have the same influence on the dependent variable. The advantage is that it is statistically efficient if the homoscedasticity and independence assumptions are met.

**Table 6. Chow Test Results**

Dependent Variable: SHADAQOH				
Method: Panel Least Squares				
Date: 06/14/24 Time: 08:28				
Sample: 2019 2023				
Periods included: 5				
Cross-sections included: 10				
Total panel (balanced) observations: 50				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.448639	0.237837	6.090886	0.0000
ZAKAT	0.022264	0.006291	3.538847	0.0011
INFAQ	0.356647	0.047595	7.493350	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.994858	Mean dependent var	7.820000	
Adjusted R-squared	0.993369	S.D. dependent var	12.93735	
S.E. of regression	1.053508	Akaike info criterion	3.147690	
Sum squared resid	42.17537	Schwarz criterion	3.606576	
Log likelihood	-66.69226	Hannan-Quinn criter.	3.322437	
F-statistic	668.3129	Durbin-Watson stat	1.883031	
Prob(F-statistic)	0.000000			

Source: outputEviews 12 program

The Chow test aims to choose the right model to use between the Common Effect Model and the Fixed Effect Model. From the table above, it can be seen that the results of the Chow test have a probability value of  $0.994 > 0.05$ , which means  $H_1$  is accepted. Therefore, the model chosen is the Random Effect Model (REM).

**Table 7. Hausman Test Results**

Dependent Variable: SHADAQOH  
 Method: Panel Least Squares  
 Date: 06/14/24 Time: 08:28  
 Sample: 2019 2023  
 Periods included: 5  
 Cross-sections included: 10  
 Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.448639	0.237837	6.090886	0.0000
ZAKAT	0.022264	0.006291	3.538847	0.0011
INFAQ	0.356647	0.047595	7.493350	0.0000

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.994858	Mean dependent var	7.820000
Adjusted R-squared	0.993369	S.D. dependent var	12.93735
S.E. of regression	1.053508	Akaike info criterion	3.147690
Sum squared resid	42.17537	Schwarz criterion	3.606576
Log likelihood	-66.69226	Hannan-Quinn criter.	3.322437
F-statistic	668.3129	Durbin-Watson stat	1.883031
Prob(F-statistic)	0.000000		

Source: OutputEviews 12 program

The Hausman test is a test aimed at choosing the right model to use between the Random Effect Model and the Fixed Effect Model. From the table above, it can be seen that the results of the Hausman test have a probability value of  $0.00 < 0.05$ , which means  $H_1$  is accepted. Therefore, the model chosen is the Fixed Effect Model (FEM). So, in the results of this research the models chosen are the Fixed Effect Model (FEM) and the Random Effect Model (REM).

### Discussion of Research Results

Regression analysis was carried out to determine the relationship between the variable distribution of ZIS funds and economic growth on the social welfare of society in East Java for the 2019-2023 period. The following is a table of calculation results between the independent variable and the dependent variable.

## 1. Relationship between Dependent Variable and Independent Variable

**Table 8.**

<b>Variable</b>	<b>Connection</b>	<b>Significance</b>
Distribution of ZIS Funds	Influential	<b>Significance</b>
Community Welfare	Influential	<b>Significance</b>

Source: SPSS output, 25

## 2. ZIS Fund Distribution Variables on Economic Growth

From the research results, it can be seen that there is an influence between distribution variables and ZIS on community welfare. This is in line with research conducted by (Ahmad, 2023) and (Daud, 2024) which states that the ZIS fund distribution variable has an influence on the social welfare of the community. The higher the distribution of ZIS funds, the higher the level of social welfare of the community. Apart from being channeled for consumption purposes, ZIS funds can also be channeled for more effective long-term effects, which will then have an impact on increasing the income of mustahik which will then change the position of mustahik into muzakki. Likewise with research conducted by (Lestari, 2023), which states that the distribution of ZIS funds has an effect on the social welfare of the community.

Zakat can play a role in preventing the accumulation of wealth in only a few people, and requires rich people to redistribute their wealth to groups who are entitled to receive it. These results are also in line with research conducted by those who stated that the sharia social financial sector, such as zakat, infaq and alms, has great potential in helping to realize the distribution of income and wealth and overcome inequality in society (Mas Amah, 2023).

## 3. Economic Growth Variables on Community Social Welfare

According to (Ocuptra, 2023), the relationship between community welfare variables and economic growth is very complex and influences each other. Household income is one of the main indicators of community welfare. High economic growth can increase household income through job creation and increased salaries. Conversely, high income can also encourage economic growth through higher consumption. Community welfare can be improved through access to quality education. Good education can increase



the capabilities and productivity of the workforce, which in turn can encourage economic growth through innovation and increased productivity.

Community welfare is also influenced by access to income. Healthy communities tend to be more economically productive, thereby increasing overall welfare (Pentury, MA (2023). Good infrastructure, according to (Pohan, 2023) such as efficient transportation networks and access to clean water, electricity, and sanitation, can improve community welfare by facilitating access to markets, jobs, and basic services.

## CONCLUSIONS

Based on the research results, conclusions can be drawn in this research, namely:

1. Distribution of Zakat, Infaq and Alms Funds (ZIS) and economic growth have a partial effect on community welfare City/Regency level in East Java 2021-2023.
2. Distribution of Zakat, Infaq and Alms Funds (ZIS) and economic growth simultaneously influence the welfare of society City/Regency level in East Java 2021-2023.
3. Based on the results and conclusions above, in this study there are suggestions from researchers for further research as follows:
4. To optimize the amount of zakat, infaq and alms (ZIS) funds, the government is expected to continue to encourage zakat management organizations to improve their performance and increase economic empowerment which will directly increase economic growth. Apart from that, zakat institutions continue to strive to socialize muzakki to entrust the management of zakat, infaq and alms (ZIS) to official institutions appointed by the government, especially at the Regency/City level in East Java.
5. High population growth will have an unfavorable impact on economic growth, therefore the increase in population must be accompanied by adequate facilities and technology with the aim of one of the social welfare of the Regency/City level community in East Java.
6. Further research is needed to obtain better and more varied findings in explaining the variables of ZIS distribution and economic growth on community social welfare with different research methods.

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