# Estimating The Knowledge of Zakat Payment Among Muslims Using The Elasticity Between Income and Zakat Expenses

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**Abstract** : This study aims to determine how the Muslims in Indonesia understanding and practicing the payment of professional zakat according to the rule. This study uses a quantitative approach with logistic regression analysis techniques to analyze whether the increase in income among the Muslims is followed by an increase in the amount of professional zakat paid by them. Therefore, logistic regression was used to analyze the two variables (income and amount of professional zakat paid) in the form of elasticity. In addition, this study also uses other supporting variables such as age, education level, type of work, job level, and religiosity so that the research model can explain the issue even better. Since the professional zakat is zakat paid by Muslims who are already working and meet the nisab, this study uses primary data of 126 Muslim respondents who were an employee and have a nisab-required salary the salary that met the nisab of professional zakat. The results of this study indicate that the income have a significant effect on the payment of professional zakat.

**Keywords:** *Knowledge, Income, Employees, Zakat*

**Abstrak** : *Penelitian ini bertujuan untuk mengetahui bagaimana umat Islam di Indonesia memahami dan mengamalkan pembayaran zakat profesi sesuai aturan. Penelitian ini menggunakan pendekatan kuantitatif dengan teknik analisis regresi logistik untuk menganalisis apakah peningkatan pendapatan di kalangan umat Islam diikuti dengan peningkatan jumlah zakat profesi yang dibayarkan oleh mereka. Oleh karena itu, regresi logistik digunakan untuk menganalisis dua variabel (pendapatan dan jumlah zakat profesi yang dibayarkan) dalam bentuk elastisitas. Selain itu, penelitian ini juga menggunakan variabel pendukung lainnya seperti usia, tingkat pendidikan, jenis pekerjaan, tingkat pekerjaan, dan religiusitas sehingga model penelitian dapat menjelaskan masalah dengan lebih baik. Karena zakat profesi adalah zakat yang dibayarkan oleh umat Islam yang sudah bekerja dan memenuhi nisab, maka penelitian ini menggunakan data primer dari 126 responden Muslim yang bekerja dan memiliki gaji yang diwajibkan nisab gaji yang memenuhi nisab zakat profesi. Hasil penelitian ini menunjukkan bahwa pendapatan berpengaruh signifikan terhadap pembayaran zakat profesi.*

*Kata Kunci: Pengetahuan, Penghasilan, Karyawan, Zakat*

## Introduction

Islam is the largest religion in Indonesia. According to statistical data, the growth of Indonesian Muslims was initially quite large, namely in 2021 the number of Muslims reached 86.9%. (Al Farisi, 2020) The results of research reported by the World Research Institute, namely the Research Center, which are generally disclosed, state that the number of Muslims in Indonesia is 87.2% and it is predicted that Muslims will always experience an increase in the number of adherents. (Muchlis, 2020)

Zakat is a potential source of funding available for general welfare throughout society. Zakat can also be used to eradicate poverty and eliminate social inequality. For maximum results, zakat needs to be managed professionally and responsibly. This must be done simultaneously between the community and the government. The government is authorized to provide protection, provide guidance and services to muzakki, mustahiq and zakat managers. The aim is to make people aware of their obligation to pay zakat through the Amil Zakat Agency. (Nurhasanah & Suryani, 2018)

Professional Zakat was only developed in Indonesia in 2002 by the Indonesian Ulema Council (MUI). However, until now there are still many people who do not know about professional zakat, so that people pay more zakat once a year. Based on these facts, the realization of professional zakat activities does not have the potential of zakat instruments in general, especially for the Muslim community who work in the service sector and agriculture. Therefore, more in-depth research needs to be done to be able to determine the factors that influence the willingness of muzakki to pay zakat, especially professional zakat. (Canggih & Indrarini, 2021)

Literacy is a person's knowledge, understanding, and ability to something that can change that person's behavior and decisions about it. The level of literacy correlates to changes in behavior and the socio-economic life of the community and it can be concluded that the level of literacy has an impact on a person's socio-economic life. (Maulana, 2020) Zakat literacy is a person's ability

to read, understand, calculate, and obtain information about zakat which can increase awareness in paying zakat. (Yusfiarto et al., 2020)

Several previous studies have been conducted regarding the factors that influence muzakki to pay zakat. The theory used in previous research is about the habits of consumers. Previous studies have shown that the activity of collecting zakat funds is influenced by several specific factors. The level of income can affect the obedience of a muzakki to pay zakat, if the income obtained is more and more income, then a Muslim has a tendency to be more obedient in paying zakat. (Amilahaq & Ghoniyah, 2019)

One of Islam's greatest important teachings is zakat. Zakat is a word derived from the Arabic language. Zakat is a masdar of "zaka," which means "clean, increase, grow or develop, blessing, and praise. In this clean conception, zakat is practised with the goal of purifying oneself of stinginess. Miserliness is considered impure because it tarnishes the Muslim brotherhood. As a result, stinginess will stifle the growth and development of the Islamic sense of community. The zakat will also clean up the property that Allah SWT has entrusted to the wealthy from other people's parts or rights. (Al-Fatih, 2020)

Zakat is done with the objective of purging oneself of stinginess in this clean notion. Because it tarnishes the Muslim brotherhood, miserliness is regarded as unclean. As a result, stinginess will strangle the Islamic community's growth and development. The zakat will also cleanse the property that Allah SWT has committed to the affluent from the parts or rights of other people. The wealth of a Muslim who has reached his nisab and haul from the results of trading, farming, livestock, gold and silver, the results of work, profession, investment, and so on is obligated to pay zakat if he has reached his nisab and haul from the results of work, profession, investment, and so on. (Husain et al., 2019)

Income obtained by their expertise, whether carried out individually or collectively, is one of the most essential factors attracting Muslims' attention today. Doctors, architects, lawyers, tailors, painters, and other professionals are

examples of things they do themselves. Employees (government or private) who use a wage or salary system are an example of things that are done collectively.

Meanwhile, the Ulama's fatwa, issued during the First International Conference on Zakat in Kuwait on 29 Rajab 1404 H or 30 April 1984 AD, stated that one of the activities that generate strength for humans today is a professional activity that produces useful charity, whether done alone, such as the activities of doctors, architects, and others, or jointly, such as employees or employees. (Khotimah et al., 2021)

When all of the income from these professional activities reaches the nisab, zakat must be paid. In their wealth, it is mentioned in Q.S. al-Dzariyat verse 19 that there is a right for the needy who ask and the poor who do not receive a part. Professional zakat was explained by Yusuf al-Qaradhawi in the perspective of fiqh academics. First, zakat on income assets is issued when it reaches the owner for a full year, unless the owner has similar assets for which zakat must be granted, in which case zakat on income/professional assets is issued at the beginning of the year on the condition that it has reached the nisab. As a result, whether he earns a small or large amount of money, even if it arrives one hour before the end of the year from similar assets, he is required to pay zakat on his income as well as the principal of similar assets. (Azhar et al., 2021)

Zakat knowledge is important. Knowledge is referred to in Islam as al-science, which has two meanings: first, knowledge that comes through Allah's revelation to know Him, and second, knowledge gained by mankind by practice (empirical), rational, and intuitive means. Changes in behavior that occur as a result of experience can be considered learning. The majority of a person's behavior is determined by the learning process, in which learning becomes knowledge, which affects a person's conduct, including the muzakki's behavior. (Putra & Lestari, 2021)

Literacy refers to a person's ability to obtain knowledge through reading, counting, speaking, and writing in a way that improves skills and quality of life. Although no definition for zakat literacy has been identified, when compared to the general meaning of literacy, zakat literacy can be defined as a person's ability to read, understand, calculate, and access information concerning zakat, resulting in a better degree of awareness in paying zakat. One of the reasons why zakat has not been collected optimally in amil zakat institutions is that knowledge of the assets that must be provided zakat is still limited to traditional sources such as the Qur'an and hadith with specific declarations. (Abidin et al., 2021)

Qardhawi defines income as "extra assets gained from recognized and fixed sources." Income can come from tangible sources such as land, non-material sources such as work, or a combination of both. The income obtained by the owner of the factors of production in exchange for their work in the production process is referred to as reciprocity. Each factor of production, such as land, will be compensated in the form of land rent, employees will be compensated in the form of salary/wages, and experts with specialized knowledge would be compensated in the form of profit. Individual income is the amount of money earned by each member of the community before transfer payments are deducted. A transfer payment is income that is not dependent on remuneration in the relevant year's production process. (Brennan & Magness, 2018)

Religiosity is the most important factor because someone with a higher understanding of religiosity is expected to have an awareness that spurs zakat on compared to other Muslims who do not have a good religious understanding. In addition, demographic factors such as gender and education have also been found to influence a Muslim's understanding and perception of paying zakat. (Ratnasari et al., 2022)

Based on the review of the research results that have been described above, it can be concluded that there are still differences from the various

research results. Furthermore, the studies that explain the knowledge of zakat using quantitative approach remains scant. This study aims to determine the behavior of people in Indonesia in paying professional zakat. Based on this phenomenon, the title of this research is Estimating The Knowledge of Zakat Payment Among Muslims Using The Elasticity Between Income and Zakat Expenses.

**Research Method**

This study aims to estimates the knowledge of zakat among muslims. To do that, we use quantitative method with regression. The data in this study collected from survey. The sample of this study is muslims that has an income that exceed the professional zakat nisab. Through the process of distributing the questionaire, we obtained 126 respondents.

The variables used in this study is mainly zakat expenses and income from job (wage). However, to increase the robustness of the model, we use other controlling variables such as gender (male or female), age, education level (SMP, SMA, College, etc), type of work (private sector, public sector, or entrepreneur), and their religiousity. A recent study defined religiousity by the frequency of one's obligatory prayer and Ramadhan fast. (Suhartanto et al., 2018) However, we argue that obligatory prayer and fast could not reflect one's religiousity since it is the basic attitude of a muslims. Therefore, in this study, we use sunnah (optional) prayer and sunnah fast along with the frequency of Al-Qur'an recitation.

To sum up, this study uses one dependent variable (zakat expenses) and eight independen variables including income and the rest of controlling variables. The research model therefore is as follows:

$$\ln y_i = a_0 + a_1 \ln x_{1i} + \sum_{j=2}^{8} a_j x_{ji} + e_i$$

Where $y$ is the dependent variable of zakat expenses, $a_0$ is the constant or intercept or the value of zakat expenses when other variables is zero, $x_1$ is the main independent variable of income, $x_2$ to $x_8$ is the controlling variables, $e$ is error term, while $a_1$ to $a_8$ is the regression coefficient of respective variables.

We transform the main variables of zakat expenses and income into logaritmic form to enable us to read them in a percentage rather than unit. Therefore, the model indicating the elasticity between income and zakat expenses. The Islamic rule required the muzzaki to pay 2.5% of their income as a professional zakat. Therefore, when their income increases by one percent, their zakat expenses should at least increase by one percent also to maintain the 2.5% professional zakat treshold. Or on the other word called unitary elastic. The hypothesis testing is as follows:

$H_0$: $\frac{\partial \ln y}{\partial \ln x_1} < 1$, increase in zakat payment less than an increase in income (inelastic)

$H_1$: $\frac{\partial \ln y}{\partial \ln x_1} \geq 1$, increase in zakat payment more than or equal to an increase in income (elastic or at least unitary elastic)

**Discussion and Findings**

Our dataset consists of 126 responendents. It shown that at least there is ten respondents that are not currently paying professional zakat eventhough their income is high relatively to the total of all respondents. They're distributed among the income range of Rp. 8.000.000 – Rp. 8.700.000. Therefore, their zakat expenses are zero (0). To prevent them from being excluded in the process of transforming the variables into the logaritmic form, we add one (+1) to the value of zakat expenses to all respondents. The estimation result is as follows:

| Variable | Coefficient | Std. Error | Prob. |
|---|---|---|---|
| ln_income | 0.730 | 0.818 | 0.037 |
| Obs. | 126 | | |

| | |
|---|---|
| R-squared | 99.26 |

Including all controlling variables, the result above indicated that an increase in income by one percent increases zakat expenses by only 0.730 per cent. It means that H0 is not rejected $\left( \frac{\partial \ln y}{\partial \ln x} < 1 \right)$ or inelastic.

According to the result, it can be said that the muslims in the dataset did not abide the islamic law regarding the threshold of the professional zakat (2.5%) since they're not trying to match their zakat expenses as increment of their income with one-to-one ratio. To put that in a simple term, the respondents does not increase their professional zakat payment when their income is increased.

It can be happened when the zakat literacy is low among muslims in Indonesia. Several recent studies argue that zakat literacy is the main factor that prevent one from paying zakat (Pertiwi, 2020); (Hasanah et al., 2021); (Afiyana et al., 2019).

Since we argue in introduction that zakat payment is a potential source of funding to increase welfare in the society, and further, eradicate poverty, therefore the zakat literacy among muslims is important aspect to make sure that the effort of using zakat as a financial instrument could be ended up in a realization.

**Conclussion**

Islam is the largest religion in Indonesia. One of the rules in islamic law is paying professional zakat which as much as 2.5% from the wages. This study aims to estimate the knowledge of professional zakat payment among muslims. To achive that goal, we use elasticity analysis which been done by using a logaritmic regression between income and zakat expenses along with other controlling variables. The results shown that the relationship between income and zakat expenses are inelastic, which means that the muslims whose became our respondent in the dataset does not have enough knowledge about professional zakat.

Zakat is profitable for increase welfare and eradicating the poverty among society. Therefore, government through Baznas should employ the policy or program to increase people's knowledge and awarness of how to pay zakat properly. Baznas should widen the socialization and zakat calculation for the muslims that became a muzakki (whom which the income exceeds zakat nisab).

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