

## CHAPTER I

### INTRODUCTION

#### A. Research Background

Economic growth is one of the most critical indicators for evaluating economic performance and is often a focal point when examining the outcomes of economic development in a specific region or country.<sup>1</sup> An economy is considered to grow and develop if its economic level is higher than before. For any country or region, economic development occurs when the economy improves. Conversely, a decline in economic performance leads to economic and social problems.<sup>2</sup> Economic growth can drive the development or progress of a nation, as evidenced by statistical indicators. This growth process typically spans a long period, and its benefits are eventually experienced by the lower classes of society. Additionally, the potential of a region's resources must be enhanced to achieve favorable growth rates.<sup>3</sup> According to Weliswa Matekenya and Clement Moyo, while economic growth is a necessary condition for socio-economic development, it is not sufficient on its own. When poverty and unemployment rise, economic growth tends to decline.<sup>4</sup> Rizal Muttaqin emphasizes that the development of human resources should be a priority in Islamic economic development, as true success lies not only in meeting material needs but also in preparing for the afterlife.<sup>5</sup>

The ultimate goal of all efforts, according to Islamic economics, is to achieve "falah" (prosperity) both in this world and the hereafter. From an Islamic economic perspective, wealth distribution is considered the most effective way to achieve justice and welfare. Zakat, Infak, and Sadaqah (ZIS) can serve as tools to reduce economic

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<sup>1</sup> Kartira Dorcas, Erfit dan Adi Bhakti, "Analisis Pertumbuhan Ekonomi dan Ketimpangan Pembangunan di Wilayah Sumatera," *E-Jurnal Perspektif Ekonomi Dan Pembangunan Daerah* 7, No. 1, 2018. P. 27

<sup>2</sup> Ryanda Al Fathan and Tika Arundian, "Finance Growth Nexus: Islamic Finance Development in Indonesia," *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 12, No. 5, 2019. P. 700

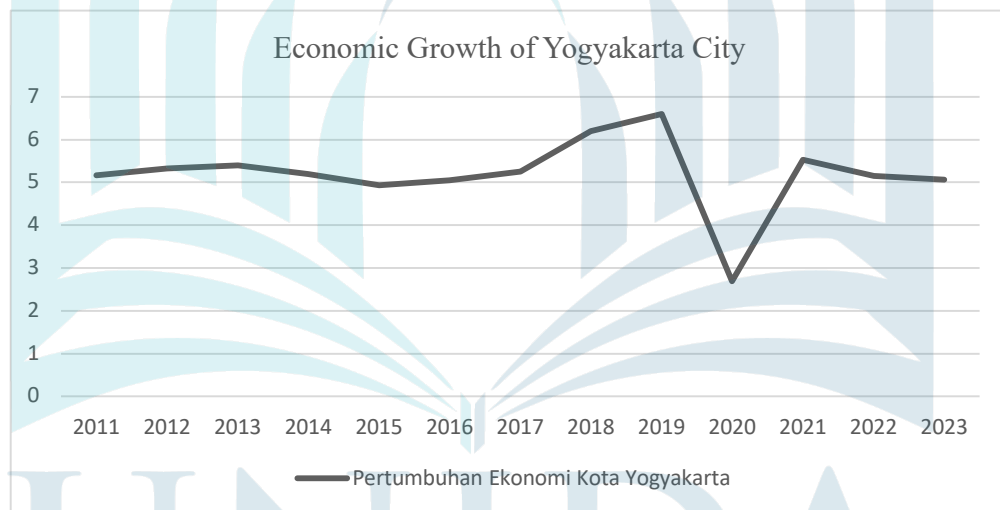
<sup>3</sup> Sitti Hapsa dan Rifki Khoirudin, "Analisis Pertumbuhan Ekonomi D.I. Yogyakarta Tahun 2008-2016," *JIEP*, Vol. 18, No. 2, Desember 2018. P. 142

<sup>4</sup> Weliswa Matekenya dan Clement Moyo, "Foreign Divestment, Economic Growth and Development in South Africa: an Empirical Analysis," *Journal of Chinese Economics and Foreign Trade Studies*, Vol. 16, No. 1, 2023. P. 8

<sup>5</sup> Rizal Muttaqin, "Pertumbuhan Ekonomi Dalam Prespektif Islam," *Maro: Jurnal Ekonomi Syariah dan Bisnis*, Vol. 1, No. 2, November. 2018. P. 118

disparities within countries, particularly in Yogyakarta.<sup>6</sup> According to M. Rif'an Syadali et al., zakat has a positive impact on inclusive and sustainable economic growth.<sup>7</sup> Similarly, Rachmasari Anggraini et al. suggest that zakat can positively affect economic growth, as higher distribution of funds leads to higher economic growth in Indonesian society.<sup>8</sup> Numerous perspectives support the notion that Zakat, Infak, and Sadaqah can positively impact economic growth, particularly in Indonesia, and especially in Yogyakarta. As a vibrant city filled with tourists and non-local residents, Yogyakarta benefits from its dynamic tourist attractions, which consistently and effectively contribute to economic growth. However, Yogyakarta has also faced challenges, with declining economic growth in recent years, as shown in the graph below:

Graph 1. 1 Economic Growth of Yogyakarta City



Source: Central Bureau of Statistics of Yogyakarta City, data processed

Yogyakarta's economic growth peaked at 6.60% in 2019 before drastically dropping to 2.69% in 2020 post-COVID-19. Economic fluctuations from 2011 to 2020

<sup>6</sup> Khairina Tambunan, Isnaini Harahap dan Marliyah, "Analisis Kointegrasi Zakat dan Pertumbuhan Ekonomi Indonesia Periode Tahun 2015-2018," *AKTSAR: Jurnal Akutansi Syariah*, Vol. 2, No. 2, 2019. P. 294

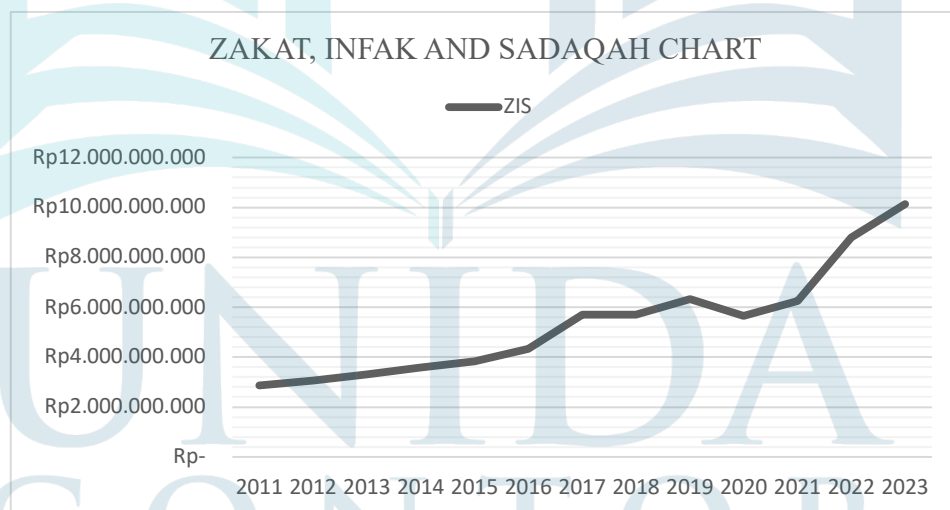
<sup>7</sup> M. Rif'an Syadali et.al., "Zakat, Belanja Pemerintah, Utang Pemerintah dan Pertumbuhan Ekonomi Indonesia: Analisis Kritis Melalui Literatur Review," *JIEI: Jurnal Ilmiah Ekonomi Islam*, Vol. 9, No. 3, 2023. P. 3419

<sup>8</sup> Rachmasari Anggraini et.al., "Pengaruh Penyaluran Dana ZIS dan Tingkat Inflasi Terhadap Pertumbuhan Ekonomi Indonesia Periode 2011-2015," *FALAH Jurnal Ekonomi Syariah*, Vol. 3, No. 2, Agustus 2018. P. 10

showed a recovery, with an increase to 5.53%, followed by a gradual decline between 2021 and 2023.

Islamic principles can contribute to addressing these challenges by encouraging individuals to fulfill their obligations, such as Zakat, Infaq, and Sadaqah (ZIS), which improve quality of life and foster economic development. From an economic perspective, several factors affect growth, including Zakat, Infaq, and Sadaqah (ZIS). Zakat differs from other forms of giving in that it is a legal obligation. Zakat maal, for example, becomes obligatory once wealth reaches a certain threshold (nishab) and is payable before the end of Ramadan. The distribution of zakat can help individuals in need by providing essentials such as clothing, food, and shelter. Infaq and Sadaqah, on the other hand, are voluntary (sunnah) but still serve to help others, as humans are social beings who cannot live alone. This system of distribution contributes to economic growth. As Zakat, Infaq, and Sadaqah (ZIS) increase, they can help improve economic growth in Yogyakarta, providing a positive impact on the city's development.<sup>9</sup>

Graph 1. 2 Zakat, Infak and Shadaqah Chart



Source: The National Amil Zakat Agency, data processed

The development of Zakat, Infaq, and Sadaqah (ZIS) in Yogyakarta has shown promising progress, with annual increases in the value of ZIS, indicating a positive trend

<sup>9</sup> Rachmasari Anggraini et.al., "Pengaruh Penyaluran Dana ZIS dan Tingkat Inflasi Terhadap Pertumbuhan Ekonomi Indonesia Periode 2011-2015," *FALAH Jurnal Ekonomi Syariah*, Vol. 3, No. 2, Agustus 2018. P. 4

for the future. This steady improvement reflects an effective and well-managed process. The growth in ZIS distribution is also linked to the Economic Growth.

The increase in Economic Growth undoubtedly affects various activities and aspects in Indonesia. However, when considering more developed countries and their social dynamics, including Indonesia, the issue of unemployment continues to rise each year, affecting the entire world. In this context, unemployment contributes to a decline in regional economic growth. Unemployment is a problematic phenomenon because it disrupts social stability and undermines individuals' self-esteem.<sup>10</sup>

The Open Unemployment Rate (OUR) measures the percentage of unemployed people relative to the labor force, including those starting a business, those who have lost their jobs, and those actively seeking employment but struggling to find work. The issue of unemployment can be linked to the prevalence of poverty. One way to assess the social and economic conditions of a country is by examining poverty levels. Economic growth and poverty are correlated: as a country's economy grows, poverty tends to decrease, whereas in less developed regions, poverty is likely to increase. Poverty is a complex and multifaceted issue, encompassing social, cultural, and other dimensions. If poverty can be reduced, economic growth can be considered positive.<sup>11</sup>

The economic potential of the Muslim population is sufficient to address the problems of poverty and unemployment. Zakat, infaq, and shodaqah institutions are also commonly referred to as organizations aimed at improving community welfare, providing solutions to poverty issues, and promoting greater social justice, such as the National Amil Zakat Agency (BAZNAS), the The Indonesian Muslim Scholars' Zakat, Infaq, and Sadaqah Management Institution, and others. If the collection and distribution of ZIS continue to improve year by year, it is expected that the issues of unemployment and poverty can be effectively addressed.<sup>12</sup>

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<sup>10</sup> Anisa Fajarini, Muhammad Rozali and Jooner Rambe, "Open Unemployment Rate and Its Implications on Poverty in DKI Jakarta Province," *Berajah Journal*, Vol. 4, No. 5, 2024. P. 1057

<sup>11</sup> Youssra Ben, Souhaila Kammoun and Sahar Loukil, "The Impact Of Fintech On Inflation And Unemployment: The Case Of Asia," *Arab Gulf Journal of Scientific*, Vol. 42, No.1, 2024. P. 165

<sup>12</sup> Ikhsanul Amal dan Mufti Afif, "Peran Filantropi Islam Zakat, Infaq, Shodaqoh dan Waqaf Dalam Pemberdayaan Ekonomi Masyarakat," *Jurnal Pengabdian dan Pemberdayaan Masyarakat*, Oktober, 2022. P. 3

Although many studies have been conducted on this topic, there are still several research gaps and inconsistencies between the theoretical expectations and the findings regarding the relationship between zakat, infaq, sadaqah (ZIS), the Open Unemployment Rate (OUR), poverty, and economic growth. This makes it a subject of ongoing interest and worthy of further discussion. The available data on economic growth, ZIS, OUR, and poverty is crucial for improving social dynamics in Indonesia, particularly in Yogyakarta.

This research aims to contribute to the resolution of economic growth challenges in Yogyakarta by examining the development of various aspects. Specifically, it explores the relationships between economic growth, ZIS, OUR, and poverty. Through this study, we aim to determine whether there is a significant relationship between the dependent and independent variables. As a result, this thesis is titled: “Analysis of The Impact of Open Unemployment Rate (OUR), Poverty, And Economic Growth on The Distribution of Zakat, Infaq, and Sadaqah (ZIS) in Yogyakarta City From 2011 to 2023.”

**B. Research Questions**

1. How does the distribution of Zakat Infak Sedekah (ZIS) impact economic growth in Yogyakarta City in 2011-2023?
2. How does the Open Unemployment Rate (OUR) influence economic growth in Yogyakarta City in 2011-2023?
3. How does poverty influence economic growth in Yogyakarta City in 2011-2023?

**C. Research Objectives**

1. To determine the effect of Zakat Infaq Sedekah (ZIS) distribution on economic growth in Yogyakarta City in 2011-2023.
2. To determine the effect of the Open Unemployment Rate (OUR) on economic growth in the city of Yogyakarta in 2011-2023.
3. To determine the effect of poverty on economic growth in the city of Yogyakarta in 2011-2023.

**D. Research Benefits**

**1. Academic Benefits**

This research is beneficial for both researchers and universities by expanding knowledge on Zakat, Infaq, and Sadaqah (ZIS), particularly in relation

to statistical developments in Yogyakarta City. It also enhances understanding of the application of Eviews12 software.

## 2. Practical Benefits

This study can enhance public confidence in the National Zakat Agency (BAZNAS) among the people of Yogyakarta by encouraging greater contributions to Zakat, Infaq, and Sadaqah. This, in turn, fosters a spirit of mutual assistance and enriches understanding of ZIS. The growth of ZIS can help address issues such as poverty and unemployment, ultimately contributing to the overall welfare of society and aiding economic growth. Additionally, the development of the Central Bureau of Statistics (BPS) in Yogyakarta will be instrumental in providing updated data, helping the Indonesian public especially Yogyakarta residents become more vigilant and engaged in the socio-economic progress of their city and nation.

