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Does Zakat Significantly Impact on Economic Growth in Selangor, Malaysia?

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Abstract

Zakat is an instrumented fund that is so dynamic that it is recognized as an economic instrument that can reduce the incidence of poverty is also the heart of the Islamic economy. The main objective of this research is to comparative relationship contribution of the collection of zakat and gross domestic product to the unemployment rate and poverty in Selangor. To conduct the research, the data from the year 2012 to 2016 were collected, consisting of 2 dependents variable which is poverty and unemployment rate and 2 independents variable is a collection of zakat and gross domestic product. Based on the results, there are significant relations between zakat, gross domestic product to poverty in Selangor which is measured using ordinary least square. While the decision is otherwise for the unemployment rate there is a negative significant relationship to the collection of zakat and gross domestic product. Meanwhile, the correlation analysis is a statistically significant relationship between gross domestic product and zakat perfect negative relationship exists. This indicates that a higher collection of zakat and gross domestic product induces alleviating poverty. In the meantime, the correlation analysis is not a statistically significant relationship between gross domestic product and zakat to the unemployment rate and perfect positive relationship exists. This shown dependent variable does not give effect to decrease the unemployment rate in Selangor. Furthermore, this study is achieving the objectives are given and it can implement along with other research and policymakers.

Keywords: Zakat, Poverty, Gross Domestic Product, Unemployment Rate, Head Count Index, Economic Growth

Introduction

Zakat is the amount which is imposed on the Muslims that which is the third pillar of Islam. The main reason is to help our brothers and sisters in need. Engaged in Selangor, recognized as The Lembaga Zakat Selangor (LZS) is a trust-based organization ensure that implemented to distribution and collection be able to follow with legislation requirement. *Asnaf Fakir* is a Muslim with no properties,