

Analysis of the Effect of Zakat, Investment and Salary Wages on Community Welfare in Central Java Province in 2017-2021 with Economic Growth as a Moderating Variable

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Abstract. This study aims to determine the effect of zakat, investment, and salary wages on people's welfare with economic growth as a moderating variable with the type of data used is secondary data in the form of panel data. This research is a quantitative study where the data is obtained from government websites and processed with eviews 10. The results of the study concluded that zakat did not have a significant effect on the level of community welfare. Investment and Wages Salary has a significant positive effect on the level of community welfare. Economic growth is able to moderate the effect of zakat on the level of public welfare. Economic growth is unable to moderate the effect of investment on the level of public welfare. Economic growth is able to moderate the effect of salary on the level of public welfare.

Keywords: zakat, investment, wages, salaries, welfare, economic growth

1. Introduction

Welfare is a life in which life includes social, material and spiritual life systems followed by safety, decency and self-peace, and so on. Where is a person who is said to be prosperous if the person has met the indicators of welfare both clothing, shelter, and food. In Central Java itself, the level of people's welfare develops over time and the comparison between districts / cities and areas where they live, judging from this understanding, it can be said that welfare in Central Java can increase because of several indicators of these indicators.

The phenomenon that supports welfare in Central Java can be seen from news sources (jatengprov.go.id) in this case HDI or community development index can increase every year because it is influenced by program innovation which is about carrying out a number of programs that are directly right on purpose, where in the program improve community welfare by encouraging economic turnover from the smallest scope.

That in 2017 the HDI of Central Java Province was 70.52% and in 2021 it was 72.16%. This says that from year to year HDI will continue to rise from 2017-2021. The phenomenon that can be seen from the table above can give a review that in Central Java HDI is rising, in the presence of certain indicator factors. That means the welfare of people in Central Java

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will increase from year to year, thus economic growth in Central Java will also increase as seen from the Human Development Index (HDI). Reporting from (jateng.kemenag.go.id) that one of the keys to community welfare is zakat, where the management of zakat institutions will be better if it can increase human resources as well as strengthen safe and reliable management.

Zakat is an instrument that can play an important role in the welfare of a community such as government investment. Zakat can have a broad and comprehensive impact on an aspect of life, if in distributing it zakat is directed to more productive things. Zakat received by Baznas from the State Civil Apparatus (ASN) of Central Java Province in one month can reach the highest number compared to the achievement of the previous year which is around Rp.4.7 billion from this year, whereas in 2018 Baznas Central Java only received Rp.56.4 billion. With this, the governor of Central Java also participates in achieving economic growth, namely by enacting it by issuing a circular of salary cuts of 2.5%. In this way, it can provide a significant increase in zakat receipts due to salary cuts for Central Java civil servants. Thus, the poverty rate in Central Java decreased with the distribution of zakat funds.

Investment also affects the welfare of the people of Central Java Province, where investment expenditures are shown to increase or maintain capital stock. Investment or investment made by the government and private sector can be one of the factors causing income inequality, be it in the form of domestic investment (PMDN) or foreign investment (PMA). Central Java's investment realization in the first quarter of 2020 amounted to Rp 19.25 Trillion or reached 71% compared to the investment target in 2020 of 26.99 Trillion. But when compared to 2019 with the same period, there was a decrease of Rp 2.1 Trillion or around 10.12%.

An economy will be said to experience growth if the level of economic activity is higher at that time than the previous time, thus new developments will occur if the amount of physical goods and services to be completed in the economy increases in the following years. (Jumilah et al., 2021).

Based on this and several previous studies that have proven that Zakat can affect welfare, research conducted by Gian Tornando, Aliman Syahuri Zein (2019) in the study "*Analysis of the Effect of Zakat on Improving Mustahiq's Welfare*" in this study can be concluded that zakat is very influential on welfare has a significant effect on variables. However, in research conducted by Muhammad Miftahussalam, Mohammad Rofiuddin (2021) in a study on "*The Effect of GRDP Human Development Index and Zakat on Poverty in Central Java Province*". In this study, it can be concluded that zakat cannot affect economic growth, so there is a significant negative influence.

Meanwhile, for investment variables, it has a significant positive effect on labor absorption, this is associated with changes in welfare, such as Abdul Aziz Romdhoni's research (2017) entitled "*The Effect of Investment on Employment in Central Java in 2019-2013*". However, there is a study conducted by Rini Sulistiawati (2012), entitled "*The Effect of Investment on Economic Growth and Employment and Community Welfare in Provinces in Indonesia*". The result is that investment cannot have a significant negative effect on well-being.

Salary variables can have a significant positive effect on well-being. This was proven by Eny Suheny, Retno Riyani Kusumawati, Ira Handayani (2020) in a study entitled "*The Effect of Salary Burden, Wages and Employee Welfare on the Altman Z-Scores Model*". On the other hand, research conducted by Wachid Hasyim (2020), a study entitled "*The Effect of Workload and Compensation on Job Satisfaction of PY Employees. Yaskawa Electric Indonesia*". Producing different research results, namely compensation or salary wages do not have a significant positive effect on welfare.

Based on research conducted by Surya Asih, Irwan (2018) that economic growth is able to moderate with a significant positive relationship direction to community welfare.

2. Literature Review

2.1 Neo-Classical Economic Growth Theory

Neo-Classical growth theory put forward or developed by T. W. Swan and Solow. According to this theory, output growth is influenced by one or more of three factors: the quality of labor (as a result of increased education and population growth), the increase in quantity, and the increase in technology and investment. While one of the tools to measure the development of the quantity and quality of labor is the human development index (Chalid, 2015).

Neo-classical theory is a continuation of this classical theory that measures economic conditions so that they are always guided by an ideal market, namely the economy can grow optimally. Neo-classical economics is more optimistic than other economies, because they believe in the potential of humanity to overcome the challenges of limitations that arise with development. Advances in the quality of labor and technology have the ability to overcome the limitations and challenges faced (Efdiono, 2011).

The relationship between neo-classical theory and variables taken from researchers is that in the explanation above, economic growth comes from one or three factors, namely: first, the quality of labor. This first factor is related to the variables of labor absorption and employee salary wages, or it can be said that it will increase the HDI human development index. With a good workforce, it will provide welfare to employees by providing wages that are in accordance with their portion or in terms of education, so that this will have an impact on increasing the human development index in quality and obtaining high results, and can increase economic growth. The second factor is the investment factor, this factor is related to investment. The faster investment will increase the rate of economic growth due to high investment. The third factor is the increase in quantity related to the zakat variable. The distribution of zakat funds will have an impact on the rate of economic growth.

2.2 Economic Growth

Economic growth is the basis for sustainable development. The government can improve people's welfare by increasing economic growth, by prioritizing infrastructure improvement, education improvement, health improvement, building facilities that can make or encourage both foreign and local investment and others (Saad, 2009) in Rizmi, et al, (2011).

2.3 Zakat

Zakat according to comes from Arabic. The word zakat is a *masdhar form* of the word *zaka* which means clean (*al thur*), growing (*az-ziyaddah*), blessings and praise (*al-madh*) (Anjelina et al., 2020). According to scholars of the Hambali school, zakat is an obligation that must be carried out on certain property for a certain group at a certain time as well. Whereas according to scholars of the maliki school zakat is to issue a certain part of a person a certain property that has reached nisab to those who are entitled to receive it when it has completed its ownership, has a birthday in addition to mines and agricultural tools. So it can be concluded that the definition of zakat is a certain part of certain assets issued or distributed in certain ways and conditions to certain people or institutions as well.

2.4 Investment

According to Jogiyanto (2010: 5) investment is the delay of consumption now to be used in efficient production for a certain period of time. Investment is an investment in an asset or more assets owned by investors or a company and usually has a long period of time in the hope of getting a profit in the future.

a. Salary Wages

Salary is a form of recompense or appreciation given regularly to an employee for his services and work. Salary is often also referred to as wages where both are a form of

compensation, namely compensation for services given regularly for their appreciation as an employee, (Setiawansyah et al., 2021). Salary according to Wursanto (2010: 53) is a form of compensation, namely the benefits of services provided regularly for work performance given to an employee. The difference between wages and salaries lies only in the strength of the work bond and the period of receipt for which a person receives a salary if the work bond is strong. While the definition of salary according to Islam, namely in an Islamic perspective, is the reward (compensation) received by a worker for the benefits of work he has done well and correctly in the form of material rewards in the world (fair and decent) and a form of reward in the hereafter.

2.5 Welfare

According to Sunarti (2012), welfare is a system of social, material, and spiritual life and livelihood covered with a sense of safety, decency and inner and outer peace that allows every citizen to make efforts to meet physical, spiritual, and social needs as well as possible. According to the Central Bureau of Statistics (BPS) in the publication of poverty data and information (2009), welfare covers a very wide range of areas of life and all aspects of it cannot be measured. In the Islamic view, the concept of welfare and happiness (*falah*) refers to the purpose of Islamic sharia with the preservation of several principles in *the maqashid of sharia*, namely the awakening of religion (*ad-ddin*), the awakening of the soul (an-nafs), the awakening of reason (*al-aql*), *the preservation of offspring* (an-nasl), and *the preservation of property* (al-mal). In the view of Islam, prosperity is not seen from its richness but seen from the ideal, namely by a condition where there is a balance between material and spiritual conditions obtained from existing resources. Thus, all things pursued by humans must aim to fulfill two needs centrally so that there is order in personal life to wider interests in the form of statehood.

3. Research methods

In this study the author uses a quantitative approach, which is research that brings closer to testing theories through estimating each variable using numbers and investigating information with statistical procedures (Muis, 2010). In this study, what will be studied is from various agencies, namely BPS (Central Statistics Agency, BAZNAZ (National Amil Zakat Agency). The population data in this review are all information from investment, zakat, regional income (PAD), welfare (HDI), and economic growth in districts and cities of Central Java Province in 2017-2021 as many as 35 data.

Saturated sampling *techniques* are used to collect samples. It is a sampling method by which all members of the population are used. The samples used in this study are zakat, investment, regional income (PAD), welfare and economic growth in Central Java Province 2016-2021. In this study, data in the form of quantitative data was used. For the data, secondary data in the form of a time series with a period of 6 years is used starting from 2016 to 2021.

4. Result and Discussion

4.1 Stacionecity Test

In explaining the results of this analysis, the data is said to be stationary if the probability value is < 0.05 . The study used *Unit Root Test* through *Augemented Dickey-Fuller*. Here are the results of the stationary test.

Table 1. Stationarity Test Results

No.	Variables	Prob	Phase	Note
1	Welfare (Y)	0.0000	1st	Stationary Data
2	Zakat (X1)	0.0000	Level	Stationary Data
3	Investments (X2)	0.0000	Level	Stationary Data
4	Salary Wages (X3)	0.0038	Level	Stationary Data
5	Economic Growth (Z)	0.0007	Level	Stationary Data

The results in table 4.3 show the probability value of the variables used to get a value below 0.05. Then the test data is said to be stationary.

4.2 Model Selection Test

Selection Estimation Method

Table 2. CEM Estimasi Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	57.40371	2.602299	22.05884	0.0000
X1	-3.01E-10	8.55E-11	-3.515547	0.0006
X2	3.48E-07	1.54E-06	0.225927	0.8215
X3	8.25E-06	1.35E-06	6.098744	0.0000
Z	0.219597	0.110913	1.979910	0.0493
R-squared	0.201278			
F-statistic	10.70998			
Prob(F-statistic)	0.000000			

Table 3. FEM Estimation Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	65.28916	0.237499	274.9027	0.0000
X1	-1.47E-11	1.01E-11	-1.457461	0.1473
X2	1.34E-07	1.40E-07	0.953412	0.3421
X3	3.66E-06	1.35E-07	27.05487	0.0000
Z	0.043221	0.006354	6.801802	0.0000
R-squared	0.998660			
Adjusted R-squared	0.998286			
F-statistic	2667.795			
Prob(F-statistic)	0.000000			

Table 4. REM Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	65.26845	0.743587	87.77517	0.0000
X1	-1.57E-11	1.01E-11	-1.554028	0.1220
X2	1.36E-07	1.40E-07	0.972404	0.3322
X3	3.68E-06	1.35E-07	27.17796	0.0000
Z	0.043565	0.006352	6.858369	0.0000
R-squared	0.912426			
Adjusted R-squared	0.910365			
F-statistic	442.8026			
Prob(F-statistic)	0.000000			

Model Selection Estimation

In choosing the best regression model, a model selection estimate must be made. Here are the test estimates:

Test Chow

The chow test is intended to see which model is the right one between FEM and CEM. How to conclude, if the probability value of *the chi-square cross-section* with a value of > 0.05 then CEM is selected. However, if the value is < 0.05 then FEM is selected (Basuki, 2019).

Table 5. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2380.708473	(34,136)	0.0000
Cross-section Chi-square	1118.344115	34	0.0000

The results of the chow test show a prob value of 0.0000 < 0.05 which indicates the selected *Fixed Effect* model.

Hausman Test

Table 6. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.443482	4	0.3493

The next test is the hausman test to estimate between FEM and REM models. Based on the test results, a *cross-section* probability value of 0.3493 > 0.05 was obtained which means *the selected Random Effect* model, so another test with the LM test is needed.

Uji Lagrange Multiplier

Table 7. Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	334.9094 (0.0000)	1.631939 (0.2014)	336.5413 (0.0000)

The last test is the *lagrange multiplier* test to estimate between REM and CEM models. Based on the test results, a *breusch-pagan* value of 0.0000 < 0.05 was obtained which indicates that *the Random Effect* model is the best and selected model.

Panel Data Regression

Table 8. Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	65.49866	0.804194	81.44633	0.0000
X1	-1.28E-11	1.07E-11	-1.197394	0.2328
X2	1.45E-07	2.76E-07	0.524648	0.6005
X3	3.56E-06	1.88E-07	18.91553	0.0000
Z	-0.001972	0.045455	-0.043374	0.9655
X1Z	-6.37E-13	1.35E-12	-0.472396	0.6373
X2Z	-2.84E-09	3.86E-08	-0.073470	0.9415
X3Z	2.45E-08	2.30E-08	1.063546	0.2891

Referring to Table 8, the panel data regression equation in this study is mathematically :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 Z + \beta_5 X_2 Z + \beta_6 X_3 Z$$

$$Y = 65.49866 - 1.28E-11 X_1 + 1.45E-07 X_2 + 3.56E-06 X_3 + 6.37E-13 X_1 Z - 2.84E-09 X_2 Z + 2.45E-08 X_3 Z$$

- a) a constant of 65.49866 with a positive coefficient means that the independent variable if it is at 0 or constant, indicates well-being is valued at 65.49866.
- b) The zakat variable with a coefficient value of -1.28E-11, can be interpreted when zakat rises by 1% describing the decrease welfare 1.28E-11.
- c) Investment has a coefficient of 1.45E-07 indicating that investment has increased by 1% representing an increase in welfare of 1.45E-07.
- d) Next, salary wages with a value of 3.56E-06 illustrate an increase of 1% in salary wages followed by an increase in welfare of 3.56E-06.

- e) The interaction of zakat variables with economic growth with a result of $6.37E-13$ shows that if the value of zakat and economic growth increases by 1%, it will have an influence on the increase in welfare by the result of $6.37E-13$.
- f) Investment interacted with economic growth obtained a result of $-2.84E-09$ showing that when the interaction of investment with economic growth rose by 1%, the impact on welfare decreased by $2.84E-09$.
- g) The variable salary wage with economic growth obtained a result of $2.45E-08$ shows when the interaction of salary wages with economic growth increases by 1%, having an impact on increasing welfare by $2.45E-08$.

4.3 Classical assumptions of linear regression

Normalitas Test

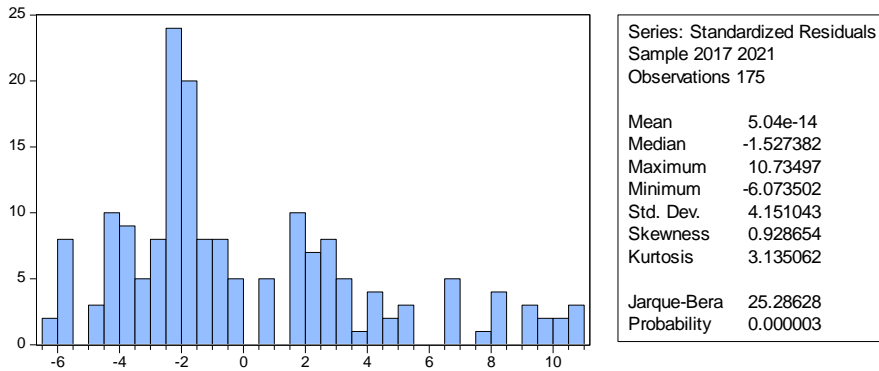


Figure 1. Normality Test Results 1

The normality test in this research can be observed with the *jarque-fallow test*, the way of conclusion is that when the probability is above 0.05 then the data is said to be normal. Looking at the test results of figure 4.1, the probability value is $0.000003 < 0.05$ which indicates that the data is not normally distributed. So it is necessary healing with logarithms. Here are the healing results from the normality test:

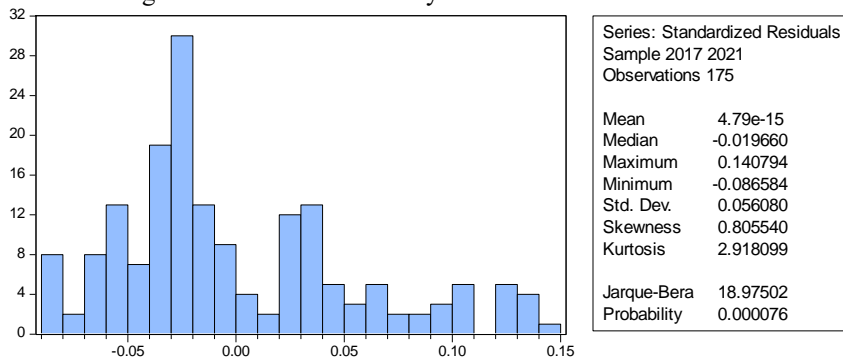


Figure 2. Normality Test Results 2

After healing with logarithms, it seems that the probability value is still below 0.05 which is 0.000076 so that the data has an abnormal distribution. Based on the opinion of the *Central Limit Theorem* which states, that data with a sample number of more than 30 is still considered normally distributed. Because, the normality test is basically only used for data that has a small sample size. Thus, data that have a large sample number are still considered normal (Gujarati & Porter, 2009).

Heteroskedastisitas Test

Table 9. Heteroscedasticity Test Results 1

F-statistic	8.472571 Prob. F(4,170)	0.0000
Obs*R-squared	29.08819 Prob. Chi-Square(4)	0.0000
Scaled explained SS	23.18280 Prob. Chi-Square(4)	0.0001

The heteroscedasticity test aims to see whether or not there are variance similarities for everything observed in the regression method. In this study using *breusch pagan godfrey* as a detection tool (Janie, 2012). The regression equation is free from heteroscedatic *probability Obs*R Squared* > 0.05 (Basuki, 2019). Judging from the results of the analysis, the probability value of *Obs*R Squared* 0.0000 < 0.05 which indicates symptoms of heteroscedasticity are detected. So it is necessary to do healing by transforming the logarithm.

Table 10. Heteroscedasticity Test Results 2

F-statistic	8.204589 Prob. F(4,170)	0.0000
Obs*R-squared	28.31702 Prob. Chi-Square(4)	0.0000
Scaled explained SS	20.73552 Prob. Chi-Square(4)	0.0004

After healing, it seems that the probability value of *Obs*R Squared* 0.0000 is still below 0.05 which means symptoms of heteroscedasticity are detected. According to Gujarati & Porter (2015), panel data models are not required to test classical assumptions, because these data can minimize bias that has a high probability of testing, detecting and measuring impacts better which is not able to be done by *cross section* and *time series data*, so that the results of this heteroscedastic test can be ignored.

Multicollinearity Test

For the multicollinearity test, it can be seen with the value of *Variance Inflation Factors* (VIF). The criteria in this test are if the VIF value < 10 indicates that multicollinearity does not occur, and vice versa (Basuki & Prawoto, 2016). Here are the test results:

Table 11. Multicollinearity Test Results

	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	6.771960	74.60825	NA
X1	7.31E-21	2.242405	1.089860
X2	2.37E-12	1.137260	1.030058
X3	1.83E-12	67.77332	1.343340
Z	0.012302	3.009231	1.262670

Observing the test results above, the VIF value of the entire variable is less than 10. This indicates that the regression model avoids the symptoms of multicollinearity.

Autocorrelation Test

Correcting the correlation between faulty errors in period t with faulty faults in period t-1 (previous) can be seen with autocorrelation tests (Ghozali, 2016).

Table 12. Autocorrelation Test Results 1

R-squared	0.912426 Mean dependent var	1.410215
Adjusted R-squared	0.910365 S.D. dependent var	0.610348
S.E. of regression	0.182733 Sum squared resid	5.676500
F-statistic	442.8026 Durbin-Watson stat	1.146784
Prob(F-statistic)	0.000000	

This test uses the Durbin Watson model which has dU criteria $< dw < 4 - dU$. Based on the estimates that have been done, the dw value is 1.146784 with a dL value of 1.7180, dU 1.7877, $4 - dL$ 2.282 and $4 - dU$ 2.2123. So $0 < dw 1.146784 < dL 1.7877$, so that the research model detected positive correlation autocorrelation. Healing with the first difference is

required. Where the value of the p-value correlation coefficient is at 0 and ± 1 (Bawono & Shina, 2018). Here are the healing results:

Table 13. Autocorrelation Test Results 2

R-squared	0.454662	Mean dependent var	0.414714
Adjusted R-squared	0.438504	S.D. dependent var	0.247594
S.E. of regression	0.185530	Sum squared resid	4.646870
F-statistic	28.13827	Durbin-Watson stat	1.830130
Prob(F-statistic)	0.000000		

Based on the healing that has been done, the dw value is 1.830130 with a dL value of 1.7180, dU 1.7877, 4 – dL 2.282 and 4 – dU 2.2123. So $dU 1.7877 < dw 1.830130 < 4 - dU 2.2123$. Thus it can be concluded that the research model does not contain autocorrelation.

4.4 Statistics Test

Coefficient of Determination (R^2)

Table 14. Coefficient of Determination Test Results

R-squared	0.912426	Mean dependent var	1.410215
Adjusted R-squared	0.910365	S.D. dependent var	0.610348
S.E. of regression	0.182733	Sum squared resid	5.676500
F-statistic	442.8026	Durbin-Watson stat	1.146784
Prob(F-statistic)	0.000000		

Observing the test results, information was obtained that the value of the coefficient of determination was 0.9103 or 91%. This indicates that the variables zakat, investment and salary wages can explain the welfare variable by 91%, the remaining 9% is influenced by other factors that are not included in the research model.

Test F

This test serves to see the match of the regression model results between the influence of the independent variable to the dependent variable (Bawono & Shina, 2018). Based on Table 14, it is known that the prob-F(statistical) value is 0.0000 or less than 0.05. That is, simultaneously the variables of zakat, investment and salary have a significant effect on welfare.

Test T

Table 15. Test Results t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	65.26845	0.743587	87.77517	0.0000
X1	-1.57E-11	1.01E-11	-1.554028	0.1220
X2	1.36E-07	1.40E-07	0.972404	0.3322
X3	3.68E-06	1.35E-07	27.17796	0.0000
Z	0.043565	0.006352	6.858369	0.0000

Looking at the results of the analysis in Table 15, the following information is obtained:

1. The zakat variable with a probability of 0.1220 > 0.05 with a t-statistic of -1.554028 means that zakat cannot have an influence on welfare.
2. Next, investment gets a probability of 0.3322 or greater than 0.05 with a t-statistic of 0.972404 indicating that investment can affect welfare positively but not significantly.
3. Wages obtained a result of 0.0000 < 0.05 with t-statistics 27.17796 which showed a significant positive effect of salary wages on welfare.

4.5 Uji Moderate Regression Analysis (MRA)

Moderate Regression Analysis (MRA) is used to see the moderating effect of economic growth on the effect of X1, X2 and X3 to Y.

Table 16. MRA Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	72.31747	0.716805	100.8886	0.0000
X1Z	1.86E-11	3.63E-12	5.121636	0.0000
X2Z	-1.95E-08	6.24E-08	-0.312189	0.7553
X3Z	-7.87E-08	1.18E-08	-6.651293	0.0000

The conclusions that can be drawn from the test table above are:

1. The interaction between zakat and economic growth obtains a probability of 0.0000 or less than 0.05. This indicates that economic growth can be a moderation in the relationship between zakat and welfare.
2. The interaction between investment and economic growth gets a probability of 0.7553 or higher than 0.05. This means that economic growth does not play a role in moderation in the relationship between investment and welfare.
3. The interaction between salary wages and economic growth with a probability of 0.0000 < 0.05. Shows that economic growth can have a moderating effect in the relationship between wages and welfare.

4.6 Discussion of Results

The Effect of Zakat on Welfare

The results of the analysis for the zakat variable with a probability of $0.1220 > 0.05$ with t-statistics -1.554028 mean that zakat cannot have an influence on welfare. Thus the hypothesis that has been drawn up is rejected. The high or low zakat does not seem to be followed by an increase or decrease in community welfare, this is due to factors that influence one of them, namely the low collection of zakat to the amil zakat agency and the level of awareness possessed is still very low. Where in 2018 zakat earned a total of Rp 141,008 and in 2019 Rp 197,360 so that from both years it got a difference of 56,352%, which proves that zakat cannot affect the level of welfare in Central Java because at that time the covid rate of saving by 66.7% was close to the difference in zakat and it had an effect on the level of zakat awareness. Although the funds collected in districts or cities in Central Java are increasing, it cannot guarantee that people's welfare increases.

According to Afrilia (2021), the distribution of zakat funds has no effect on mustahik due to the lack of zakat funds distribution in the productive sector while the need for mustahik is increasing and the management and distribution of zakat institutions has not been maximized. Furthermore, the breadth of the meaning of welfare in Islam also affects the insignificance of zakat on welfare. The concept of *maqasidussyariah* in which is not limited to the material world but all aspects of world life and the hereafter such as *hifdzu din*, *hifdzu nafs*, *hifdzu aql*, *hifdzu nasl* and *hifdzu maal* (Tanjung, 2019). Thus, the collection and distribution of zakat in districts or cities in Central Java does not guarantee the welfare of mustahik in the region.

The results of this research support research from Afrilia (2021) and Hardana et al (2022) which states that mustahik welfare cannot be influenced by zakat. Another case with Tanjung (2019) and Alaydrus (2016) in their research results found a positive and significant influence of zakat on welfare.

The Effect of Investment on Welfare

The second analysis for investment variables obtained a probability of 0.3322 or greater than 0.05 with a t-statistic of 0.972404 indicating that investment can affect well-being positively but not significantly. This indicates that the provisional allegations built are rejected. The increase in investment activities carried out by the government has a positive relationship with public welfare but is not so significant.

Investment can basically make a good contribution to the economic growth of a region because it triggers an increase in employment opportunities and community welfare (Pratama & Darsana, 2019). Investment is closely related to the creation of new jobs so that production activities also increase and people have income to meet their needs. However, it seems that this activity does not have a significant impact on the welfare of the people in Central Java because the community has not felt the real impact of the activity. The increase in the amount of investment does not guarantee the movement of the productive sector or an increase in the human development index, so this activity cannot significantly improve community welfare (Si'lang et al., 2019).

This finding confirms the findings of Si'lang et al (2019) and Pratama & Darsana (2019) which found a positive but not significant effect of investment on welfare. However, contrary to the results of Nisa & Handayani (2021) which concluded that investment positively and significantly affects welfare.

The Effect of Salary Wages on Welfare

Observations for salary wage variables obtained results of $0.0000 < 0.05$ with t-statistics 27.17796 which showed a significant positive effect of salary wages on welfare. That is, the hypothesis that has been built is declared acceptable. An increase or decrease in salary wages in districts or cities in Central Java is followed positively by an increase or decrease in the welfare of its people.

Wages are defined as workers' rights or laborers received as a form of reward for work done which is determined and paid according to applicable agreements, agreements and regulations (Suheny et al., 2021). The level of people's welfare is influenced by the amount of salary received by them, when they get high or appropriate wages, welfare also increases. Conversely, if workers receive wages that are not in accordance with the amount they should or expected, then their welfare also decreases. This is in line with Dwirainaningsih (2017) who explained that wages have three main functions, namely ensuring a decent life for workers and their families, reflecting the rewards for their hard work and as an incentive that can encourage work productivity levels.

This research strengthens research conducted by Dwirainaningsih (2017), Azis et al (2022) and Suheny et al (2021) which states that there is a significant positive influence of salary wages on welfare. In contrast to the results of Hasyim (2020) and Hanifah & Hanifa (2021), where there was no significant positive effect of salary wages on welfare.

Economic Growth in Moderating the Effect of Zakat on Welfare

The interaction between zakat and economic growth obtains a probability of 0.0000 or less than 0.05. This indicates that economic growth can be moderated with the direction of strengthening the relationship between zakat and welfare. That is, the proposed hypothesis is accepted. In this study, zakat has no effect on people's welfare, but after being given the moderating effect of economic growth, zakat can have a significant effect.

The distribution of zakat does not guarantee the welfare of its mustahik due to the uneven distribution and utilization of productive zakat to improve livability. However, after seeing economic growth in districts or cities in Central Java that show a positive trend, zakat can be maximized to be allocated to activities that have strong doors to improve people's living standards. Quality economic growth has an impact on the creation of infrastructure that still has the potential to absorb labor and the improvement of public facilities such as education and hospitals which encourage an increase in the Human Development Index (HDI) (Afrilia, 2021).

The findings of Purwanti (2020) are findings that confirm the results of this study. In research that has been conducted, zakat was found to have a positive and significant influence on economic growth.

Economic Growth in Moderating the Effect of Investment on Welfare

The results of the analysis of the interaction between investment and economic growth get a probability of 0.7553 or higher than 0.05. This means that economic growth does not play a role in moderation in the relationship between investment and welfare. Thus, the provisional conjecture that had been built was rejected. In this study, investment has a positive but not significant relationship to well-being, after being given a moderating effect economic growth does not seem to have an impact on the relationship between the two. This is because the relationship between investment and growth rate is not stable because investment is not on target.

Investment activities in Central Java are ranked sixth largest investment in Indonesia, but Central Java still has problems about public welfare. The large proportion of foreign investment compared to domestic investment causes people not to feel a significant impact from these activities (Sari, 2019). Although Central Java's economic growth rate is classified as having a fast pace with a percentage of growth of 5.24% yoy, even greater than the national economic growth of 5.01% (Ministry of Finance of the Republic of Indonesia, 2023). It seems that this growth does not guarantee the welfare evenly felt by the community. So that economic growth cannot play a role as a moderator in this research.

This analysis is in line with the analysis conducted by Diannita & Wenagama (2020) and Purba (2020) which explains that economic growth can be influenced by high or low investment activities.

Economic Growth in Moderating the Effect of Wage Wages on Welfare

The interaction between salary wages and economic growth with a probability of $0.0000 < 0.05$. Shows that economic growth can have a moderating effect in the relationship between wages and welfare. Thus, the provisional allegations submitted were accepted. In the results of this research, salary wages have a positive and significant influence on welfare, it can be strengthened by economic growth.

Salary is a form of recompense or appreciation given regularly to an employee for his services and work. In other words, salary is a form of compensation or service compensation that is given regularly for his appreciation as an employee (Setiawansyah et al., 2021). If economic growth in regencies or cities in Central Java increases, then people will assume that the wages they receive also increase so that welfare increases. Because economic growth is a condition where an activity in the economy creates job opportunities so that people experience income which will later experience prosperity both in terms of the economy, health, and education (Krismajaya & Dewi, 2019).

This research is in line with research conducted by Krismajaya & Dewi (2019) which concluded that economic growth can act as a moderating variable in the effect of salary wages on welfare with the effect of strengthening the relationship between the two.

5. Conclusion

Based on the results of data analysis tests, hypothesis testing and discussions that have been described, the following conclusions can be drawn:

1. Zakat does not significantly affect the level of welfare in Central Java Province in 2017-2021
2. Investment has a significant positive effect on the level of prosperity in Central Java Province in 2017-2021
3. Salary wages have a significant effect on the level of welfare in Central Java Province in 2017-2021
4. Economic growth is able to moderate the effect of zakat on the level of welfare in Central Java Province in 2017-2021

5. Economic growth is unable to moderate the influence of investment on the level of public welfare in Central Java Province in 2017-2021
6. Economic growth is able to moderate the effect of salary on the level of public welfare in Central Java Province in 2017-2021

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