Zakat Literacy among University Students and Factors Influenced It

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Keywords: Zakat Literacy, Islamic Economics Student, Age, Gender, Knowledge.

Abstract: Zakat is one of obligatory worship that could lessen economic disparity among people. However, there is wide gap between potency and realization of zakat fund in Indonesia. One of the possible sources of the zakat gap is the lack of zakat literacy in the society. This research aimed to identify zakat literacy of Islamic Economics Students Universitas Negeri Surabaya (UNESA). Furthermore, it aimed to identify factors that influenced zakat literacy. This research used descriptive approach through primary data collection from questionnaire to understand the level of zakat literacy among Islamic Economics students and descriptive quantitative approach to determine factors that influence zakat literacy level through regression analysis. The participants of the research were 127 students. The result showed that the zakat literacy of Islamic Economics student is on medium level. Furthermore, it showed that age and knowledge about zakat have significant impact toward student zakat literacy level, while gender has no significant impact.

1 INTRODUCTION

Zakat is one of obligatory worship that has economic impact in wealth distribution among people. It can decrease economic gap within society, escalate economic development as well as purchasing power parity which could eradicate poverty (Canggih, Fikriyah, Yasin, 2017; Syahrullah and Ulfah, 2016). Zakat can be used as a solution to alleviate disparity and poverty rate evenly through zakat management by zakat institution in order to distribute it widely.

By its nature, zakat can be classified into two: zakat fitrah and zakat maal. Zakat fitrah is a compulsory payment that must be paid during Ramadhan by each Muslim, whereas zakat maal is obligatory for wealth acquired by Muslim. Abu Bakar (2007) and Qardawi (1999) distinguish wealth considered as zakat obligatory into traditional perspective (agricultural, mineral resources, gold, cash, revenue, and livestock) and modern perspective (salary, income from asset, and marketable securities).

Indonesia is a country with the biggest Muslim population worldwide, around 87.5% (Kemenag, 2013). Hence, it is obvious that Indonesia zakat potency is very big. PIRAC estimates that in 2004 the amount of zakat potency in Indonesia reached IDR 6.132 trillion (Kurniawati, 2004). Firdaus, Beik, Irawan, and Juanda (2012) explained that total amount of Indonesia zakat potency, including household salary, company revenue, and saving, is IDR 217 trillion, equal to 3.4% Indonesia GDRP in 2010. Furthermore, Canggih, Fikriyah, Yasin (2017) estimated the zakat potency, particularly zakat on income, in Indonesia on 2015 around IDR 82 trillion.

However, there is wide gap between potency and realization of zakat in Indonesia. The huge amount of zakat potency is not within reach on zakat realization. In 2011-2015, there were very wide gap between potency and realization, particularly zakat on income, the amount of zakat realization only reaches 1% of total potency in the same period (Canggih, Fikriyah, Yasin, 2017).

Khamis et all (2014) and Siswantoro and Nurhayati (2012), mentioned that most of Muslim do not really care, even neglect to pay, about zakat maal. Somehow, it shows that almost half of Muslim in Indonesia has less motivation to pay zakat (Mukhlis and Beik, 2013). Furthermore, IMZ and PEBS (2009), Infoz (2011), and Syahrullah and Ulfah (2016) found that one of the factors that contributes to gap of zakat potency and realization is the level of understanding regarding zakat obligation is low. That contrasts with the fact that Muslim population in Indonesia is the majority. Besides, knowledge religion, particularly about zakat, has been taught on

the early age of children, which should result in sufficient knowledge about zakat.

Kamus Besar Bahasa Indonesia defined literacy as quality or ability to understand letter including ability to read and write (KBBI, 2016). However, literacy particularly concern on individual ability to understand and recognize ideas that visually delivered. There are many researches about literacy, either financial or media. Nidar and Bestari (2012) defined personal financial literacy as a competency to know, understand, and evaluate information about personal finance.

However, there is no research about zakat literacy so far. Thus, zakat literacy can be defined as individual ability to know and understand about zakat from its definition, type, and zakat management institution. In simple way, zakat literacy can be grouped into three groups, basic knowledge about zakat, zakat calculation, and zakat payment method. Zakat knowledge comprises of definition of zakat, types of zakat, time of zakat payment, percentage of zakat payment. Zakat calculation covers rules to calculate several types of zakat. Zakat payment method encompasses identification of zakat institution (OPZ), payment method, OPZ program, OPZ right and obligation.

Furthermore, there is no measurement regarding zakat literacy level. However, there are several classifications of financial literacy level from literatures that can be used to classify zakat literacy level. The Financial Services Authority (OJK) (2013), classified financial literacy level, particularly Indonesian, from Financial Literacy Survey 2013 into four categories namely (1) well literate (21.84%), (2) sufficient literate (75.69%), (3) less literate (2.06%), (4) not literate (0.41%). The first category shows sufficient knowledge and trust about financial institution and financial services product, includes features, benefit, risk, right and obligation about financial product and services, as well as ability to use financial product and services. The second category shows sufficient knowledge and trust about financial institution and financial services product, includes features, benefit, risk, right and obligation about financial product and services. The third category shows knowledge about financial institution and financial services product. The fourth category shows no knowledge and trust about financial institution and financial services product, as well as no ability to utilize financial services product.

Danes and Hira (1987) and Volpe, Chen, and Pavlicko (1996) classified financial literacy level into three category namely (1) more than 80%, (2) 60% to 79%, and (3) below 60%. The first category

represents a relatively high level of financial knowledge. The second category represents a medium level of financial knowledge. The third category represents a relatively low level of financial knowledge. This classification is formed from the percentage of respondent correct answer from series of question about financial literacy.

Several studies about financial literacy among young people and students show that students lack knowledge about finance (Chen and Volpe, 1998), financial literacy level of students are considerably low (Beal and Delpachitra, 2003), young people has low financial literacy (Lusardi, Mitchell, and Curto, 2010), comes within the low category, and therefore needs to be improved (Nidar and Bestari, 2012),

Factors that influence financial literacy can be categorized as demographic/personal (Chen and Volpe 1998; Worthington 2006; Beal and Delpachitra 2003), social and economic characteristics (Worthington, 2006), financial experience (Peng, Bartholomae, Fox, and Cravener, 2007), level of education (Lusardi, Mitchell, and Curto, 2010; Nidar and Bestari, 2012; Sarigul, 2014), economic condition (Worthington, 2006), and family characteristics (Lusardi, Mitchell, and Curto, 2010). The factors that are analyzed are demographic characteristics, and level of education.

The elements categorized as demographic characteristics are gender (Beal and Delpachitra, 2003; Chen & Volpe, 1998; Worthington, 2006; Lusardi, Mitchell, and Curto, 2010), age (Worthington, 2006; Nidar and Bestari, 2012), and class rank or level of education in university (Nidar and Bestari, 2012; Sarigul, 2014).

So far, researches about zakat are talking about factors that affected obedience of zakat payer, zakat management by zakat institution (UPZ), and intention of muzakki to pay zakat. There is no research about zakat literacy to identify the level of zakat knowledge and understanding of people, particularly zakat payer. Hence, this paper aims to measure the level of zakat literacy of people, especially student of Islamic Economic Program Universitas Negeri Surabaya. Furthermore, this paper wants to probe about factors that influenced literacy level such as gender, age, and knowledge about zakat (class rank in university).

2 METHODS

This research used descriptive quantitative approach, to understand the zakat literacy level among Islamic Economics student as well as to determine the factors that influenced zakat literacy level. The survey was

located at Faculty of Economics, Universitas Negeri Surabaya, in the Islamic Economic Studies Program. The population of this study was class of 2014, 2015, and 2015. Data was taking through questionnaire.

Number of sample were 127 respondents, consist of 48 male and 79 female. In terms of age, there were 1 respondent of 17 years old, 19 respondents of 18 years old, 47 respondents of 19 years old, 40 respondents of 20 years old, 19 respondents of 21 years old and 1 respondent of 22 years old. As for knowledge variable, 31 respondents have taken the course of Zakat Management, while 96 respondents have not taken the course of Zakat Management.

Level of zakat literacy was defined from descriptive approach, from data tabulation. As to understand the factors that influenced zakat literacy level, descriptive quantitative approach was used. It used dummy variable regression, to find the factors that possibly have influence to zakat literacy. The model is used to accommodate the existence of qualitative variables. The independent variables consist of gender, knowledge, and age. Gender variable consisting of male and female, the variable of knowledge consist of have taken zakat management course and have not taken zakat management course, and age variable. While the dependent variable, the financial literacy variable, was derived from the score of the correct answer from the questionnaire distributed.

Here is the regression model with the dummy variable used in this study:

$$Y_i = \beta_0 + \beta_1 D_1 + \beta_2 D_2 + \beta_3 X_i \qquad (1)$$

Where: Y_i = Zakat Literacy Level

$\quad X_i = Age$

$\quad D_1 = 1$ if Male

$\quad\quad = 0$ if Female

$\quad D_2 = 1$ if have taken Zakat Management Course

$\quad\quad = 0$ if have not taken Zakat Management Course

Hypothesis to be answered in this research is there is an effect of independent variable to its dependent variable.

3 RESULTS AND DISCUSSIONS

From data tabulation of primary data collection through questionnaire that has been collected, it was grouped in accordance to Danes and Hira (1987) and Volpe, Chen, and Pavlicko (1996) criteria regarding literacy level. Hence, the zakat literacy level of Islamic Economics students of UNESA can be described on table 1.

Table 1: Zakat Literacy Level of Islamic Economics Student

Variable	Number and Percentage	Zakat Literacy Level		
		Low Level	Medium Level	High Level
Gender				
Male	Number	22	16	10
	Percentage	17%	13%	8%
Female	Number	24	47	8
	Percentage	19%	37%	6%
Age				
17	Number	0	1	0
	Percentage	0%	1%	0%
18	Number	4	11	4
	Percentage	3%	9%	3%
19	Number	20	21	6
	Percentage	16%	17%	5%
20	Number	17	18	5
	Percentage	13%	14%	4%
21	Number	5	11	3
	Percentage	4%	9%	2%
22	Number	0	1	0
	Percentage	0%	1%	0%
Knowledge				
Have Taken Zakat Subject	Number	6	18	7
	Percentage	5%	14%	6%
Have not Taken Zakat Subject	Number	40	45	11
	Percentage	31%	35%	9%
Overall				
	Number	46	66	15
	Percentage	36%	52%	12%

From table 1, it can be seen that zakat literacy of Islamic Economics students can be classified into three levels namely low level, medium level, and high level. Overall the zakat literacy level of Islamic Economics student is on medium level (52%). Only 12% of the student has high level of zakat literacy. However, 36% of the student has low level of zakat literacy.

It shows that most of the Islamic Economics students already have sufficient knowledge regarding zakat. Nevertheless, some of the students need more assistance to enhance their zakat literacy level through enrollment on zakat subject.

Regression result of the factors that influence zakat literacy level can be seen on Figure 1.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	130.6094	27.92766	4.676705	0.0000
GENDER	-2.226048	2.359120	-0.943593	0.3472
AGE	-3.593903	1.460694	-2.460408	0.0153
KNOWLEDGE	12.65080	3.286062	3.849835	0.0002
R-squared	0.114847	Mean dependent var		62.87402
Adjusted R-squared	0.093258	S.D. dependent var		13.45952
S.E. of regression	12.81656	Akaike info criterion		7.970342
Sum squared resid	20204.49	Schwarz criterion		8.059923
Log likelihood	-502.1167	Hannan-Quinn criter.		8.006738
F-statistic	5.319670	Durbin-Watson stat		1.418582
Prob(F-statisic)	0.001762			

Figure 1: Regression result of zakat literacy influenced factor

From figure 1 it can be seen that gender variable are not significant as explainers in the model. Gender variable has no significant impact towards student's zakat literacy level. Meanwhile, age and knowledge variables are significant as explainers in the model at the 5% level and the 1% level. Both variables have significant impact towards student's zakat literacy.

However, age and knowledge variable have different impact based on the coefficient generated. Age negatively affect zakat literacy level, the older the age, the lower the zakat literacy level. On the contrary, knowledge has positive effect to zakat literacy level. The higher the class levels of the student, the higher the zakat literacy level.

This result provides that both age and knowledge have significant impat on zakat literacy. It is corresponds with Lusardi, Mitchell, and Curto (2010), Nidar and Bestari (2012), and Sarigül (2014), that socio-demographic, level of education, and student characteristics have significant impact on financial literacy.

4 CONCLUSIONS

From the data processing, it is found that the level of zakat literacy among Islamic Economics student comes within moderate level. The gender variable cannot be used as the measurement parameter. Age and knowledge variables can be used to explain the existing model. Age negatively affects zakat literacy level, and knowledge positively affects zakat literacy level. The impact of age variable toward zakat literacy level can be described that the increase of age of 1 unit can reduce the value of zakat literacy of 3.5939 units. While the magnitude of the effect of knowledge variables on the value of zakat literacy can be illustrated that by taking the course of Zakat Management can increase the zakat literacy level.

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