Causality of Consumption, Government Expenditure, and Distribution of ZIS Funds (Zakat Infaq and Shodaqoh) on Indonesia's Economic Growth

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ABSTRACT

From the Islamic economic perspective, there are factors that can influence economic growth, namely the distribution of ZIS funds. The distribution of ZIS funds can be used to encourage economic growth in a positive direction. This study aimed to examine how the direction of the relationship between consumption, government expenditure, and distribution of ZIS funds has on Indonesia's economic growth. The method used is a quantitative approach, using Granger causality data analysis techniques and cointegration tests. The data used is secondary data from the Central Bureau of Statistics with the type of time series data. This study shows that there is a two-way causality between household consumption and Indonesia's economic growth. There is a one-way causality between government expenditure and Indonesia's economic growth, where Economic growth affects government expenditure and not vice versa. There is a one-way causality between the distribution of ZIS funds to Indonesia's economic growth, where the distribution of ZIS funds affects economic growth and not vice versa.

1. Introduction

In a country, economic growth can show how economic activities can generate people's income which will continue to increase in a certain period of time. Good economic development and development and a prosperous society can be demonstrated through increased and sustainable economic growth in the country. The economy of a region can be said to have increased or grown if the economic sectors can run and develop properly (Nawawi, 2022). This phenomenon can be demonstrated through an increase in the amount of aggregate output or aggregate expenditure of goods and services, better known as the gross domestic product (GDP). GDP is an important component in the national income of a country. National income is an initial description of the question of whether existing resources are effective and efficient so that they can be managed properly in the economy. So when the level of GDP in a country is high, the welfare and economic growth in that country get better. In this study, the focus is on GDP in terms of expenditure. GDP calculated based on expenditure has several components, namely household consumption expenditure, government expenditure, LNPRT consumption expenditure, total fixed capital formation, changes in supply, exports, imports, and exports grandchild between regions. According to Hasanah (2013), the determinants of GDP are
government expenditure, investment, household consumption, exports, and imports.

Rahardja et al. (2008) state that the indicator of economic growth is GDP. The value of GDP is the total value of expenditure in the economy during a certain period. GDP is influenced by several types of aggregate expenditure, namely household consumption, government consumption, investment, and net exports. Calculation of economic growth can be calculated using the expenditure approach. The value of economic growth is calculated by adding up the expenditure value of the sectors involved in the economy or adding up expenditure from the public into goods and services produced in the economy. In Indonesia, there are 5 types of expenditure in the economy, including (1) household consumption expenditure; (2) government consumption expenditure; (3) formation of gross domestic fixed capital; (4) changes in inventory; (5) net exports (Rosyidi, 2012). Economic growth is calculated from the approach in terms of expenditure. The approach in terms of expenditure is to add up the final use value of goods and services produced domestically. The expenditure approach is used to calculate the value of goods and services used by various groups in society for household consumption, non-profit private consumption, government consumption, investment, and net exports. The sum of all components of the final expenditure is called GDP (Arsyad, 2015). Therefore, to increase economic growth, it is necessary to increase demand for consumption, government expenditure, demand for investment, and demand for exports and imports.

From the Islamic economic perspective, there are factors that can influence economic growth, namely the distribution of ZIS funds. The distribution of ZIS funds can be used to encourage economic growth in a positive direction. According to (Riyandono, 2008), in Islam, a Muslim is required to issue zakat. Zakat has a function to make one's assets productive and always rotating. When these assets are productive, it will have an impact on increasing output, employment, income, and increasing social welfare. The distribution of ZIS funds is not only used for consumption but the distribution of ZIS funds can be developed into working capital which can be used for working capital so that it can increase people's income.

Economic growth is not only influenced from a conventional perspective but from an Islamic economic perspective, economic growth in Indonesia is influenced by the distribution of ZIS funds. Zakat can cleanse the perpetrator from sin and show the truth of his faith, and the method is to give some of the assets that have reached one Nisab to those who are entitled to receive it. Seen from the perspective of macroeconomics, according to Qoyyim (2020), zakat is used to increase aggregate demand due to the large expenses of mustahik. Thus, it will encourage economic growth and will encourage investment. This is also a fiscal policy instrument that functions to ensure that economic activity can run at the level of meeting primary needs. Research from Purwanti (2020) results in ZIS having a positive influence on economic growth in Indonesia. By increasing the ZIS collected, it will affect the increase in consumption of mustahik zakat, in this case, the 8 asnaf groups who are entitled to receive it, so it will have an impact on increasing aggregate consumption, then in turn, it will increase national real GDP. This study aims to examine: the causality of consumption on economic growth in Indonesia, the causality of government expenditure on economic growth in Indonesia, and the causality of the distribution of ZIS funds on economic growth in Indonesia.

2. Literature Review

Economic growth

Budiono (1982) stated that economic growth is an explanation of the factors used to determine the increase in output within a certain period or long term and see the reaction between these factors that can lead to economic growth. According to (Sukirno, 2015)
that economic growth can mean an increase in all activities in an economy that affect the increase in goods and services produced in society. The ability to increase economic growth is caused by several factors of production, production factors that increase both in terms of quantity and quality. Economic growth will also increase. Another study (Arsyad, 2015) also states that economic growth is defined as an increase in GDP regardless of whether the increase is greater or less than the rate of population growth and whether there has been a change in economic patterns or institutional system improvements or not. Adisasmita (2013) argues that economic growth is an effort to increase production capacity to achieve additional output, as measured by GDP and GRDP. GDP is the best measurement tool to see economic growth. The rate of economic growth can show the percentage of an increase in real national income in a given year compared to real national income in the previous year. The higher the level of economic growth, the faster the process of adding regional output so that the prospects for regional development are getting better.

**Household consumption**

Sukirno (2015) states that household consumption means the entire value of expenses used by households to buy all kinds of needs in their life in a certain year. Expenditures used by households are obtained from income received and used to buy goods and services. The definition of consumption, according to Rosyidi (2012), is defined as the use of goods and services with the aim of meeting the needs of human life directly. Personal consumption expenditure is expenditure on consumption by households for final goods and services. (Halim, 2018) in his book states that household consumption expenditure is expenditure made by a household in a country to buy goods or services with the aim of meeting their daily needs at a certain time.

The macroeconomic analysis calculates consumption based on household consumption for several reasons. Namely, the first is that household consumption has made a large contribution to national income. The second reason is that the amount of consumption that is carried out is directly proportional to the income earned by the community, so when a person’s income is higher, the greater the consumption of a person who is expended. This is the influence of fluctuations in the country’s economic activity. The consumption function is used to determine the relationship between the level of income and consumption expenditure. The formula for the consumption function is as follows: $C = a + bY$, where "C" is the amount of household consumption expenditure, "a" is the amount of consumption where "a" does not depend on the amount of income earned or consumption if you do not have income, "b" is the marginal person to be able to consume, "Y" is disposable income (income after deducting taxes that are ready for consumption) $a>0$ and $b<1$.

**Government expenditure**

According to Suindyah (2011), government expenditure is defined as a combination of products that have been produced which contain decisions or various choices made by the government that are used for the availability of goods, services, and services for the community. Sukirno (2015) also states that government expenditure is part of fiscal policy, namely a government action to regulate the course of the economy by determining the amount of government revenue and expenditure each year, which is reflected in the APBN documents for the national and APBD for the regions. In a theory of economic growth, it can be seen that GDP and government expenditure have a positive reciprocal relationship. GDP is the entire value of the production of goods and services that have been produced by producers in a country at a certain time. GDP has four important components, one of which is government expenditure. On the other hand, government expenditures are all state expenditures issued in one fiscal year, thereby reducing the equity.
of current funds, and this is a state obligation and will not receive repayment. Government expenditure consists of central and regional government expenditure.

Keyness theory states that government expenditure can spur economic growth. He stated that increasing government expenditure can encourage an increase in demand for goods and services that have been produced so that it can encourage economic growth. Therefore, government expenditure is seen as an exogenous force that can change aggregate expenditure, or it can be said that economic growth is a function of government expenditure. Whereas the law stated by Wagner, namely the law of increasing expansion in public activities, states that government expenditure is a major determinant of growth in the public sector which means government expenditure is a function of economic growth.

**Distribution of ZIS funds**

In a sharia-based economy, ZIS funds are one of the variables that influence economic growth in Indonesia. The distribution of zakat is the distribution of zakat funds to those who are entitled (Mursyidi, 2003). The distribution of zakat has goals and objectives. The target here is those who are allowed to receive zakat, while the goal is to improve people’s welfare in the economic sector, as well as in other fields, so as to reduce underprivileged groups of people and, in the end, will increase the muzaki group.

According to (Mufraini, 2012) in his book distribution innovations for the utilization of zakat, it can be categorized into four forms: (1) Distribution is "traditional consumptive", namely zakat is distributed to mustahik to be used directly, such as zakat fitrah, which is given to the poor; (2) Distribution is "consumptive”.’creative”, namely zakat is realized in a different form from the original item, such as being given in the form of school equipment, scholarships, and others or assistance with means of worship such as mukena, prayer rugs, sarongs, and so on; (3) Distribution is “productive”. 'traditional”, where zakat is given in the form of productive goods such as goats, cows, razors, carpentry tools and so on; (4) Distribution in the form of “productive creative”, namely zakat is realized in the form of good capital to build social projects. For example, for the construction of schools, places of worship, and health facilities or increasing the capital of small business traders. The distribution of zakat funds handles at least the following four jobs: (1) Collecting data and researching the existing mustahik, starting from the number of households and family members of each household; (2) Collecting data and researching the various needs of the registered mustahik as well as compiling the priority scale; (3) Distributing funds to each mustahik on the principles of fairness and equity and always guided by the priority scale; (4) Ensuring distribution is not only limited to consumptive patterns pure but partially with a creative consumptive pattern; (5) Handing over the share of each mustahik by delivering them to their respective places, instead of calling the mustahik to the office of the zakat management organization.

### 3. Methods

The research design in this study used the documentation study method because, in this study, data samples were taken from secondary data, namely data that has been written or data that has been processed beforehand by another party. Research data were obtained from the official website of the BPS (central bureau of statistics) Indonesia and the official website of BAZNAS (BAZNAS (amil zakat infaq and shodaqoh agency)) Indonesia. According to the research approach, this research is a type of quantitative research. Meanwhile, based on the form of research, this study is included in the model research time series. As for this study, data was collected for the last ten years, starting from 2011 to 2020, with quarterly data in Indonesia through the official website of BPS and BAZNAS Indonesia. This
study uses the type of research that uses the associative causality type. The population in this study is the selected macroeconomic variable in Indonesia, starting from the first quarter of 2011 to the first quarter of 2021. The sampling technique in this study uses nonprobability sampling. The technique used is purposive sampling. This research takes samples from data from the central bureau of growth statistics. The economy in Indonesia with its indicators, namely Indonesia's GDP for the first quarter of 2011 to the fourth quarter of 2020 in quarterly form and BAZNAS data for quarter I of 2011 to quarter IV of 2020, so that the number of research observations is 40 quarters. Small businesses greatly support the ease of life of Indonesian consumers and have a huge influence on job creation as well as increasing a country's economic growth.

The results of the data analysis are then tested for stationarity of the data (to ensure that the tested data is stationary). Date Time series, which has been stationary, then the standard VAR method will be used. Based on testing all items, the result is that all data is stationary at the level difference. So that the data can be followed up for further testing, namely testing the best lag to determine at what lag data is tested in this study. At lag 3, then cointegration testing is continued, namely to find out the possibility of a long-term equilibrium relationship to the research variables. Then next, the Granger causality test, this test is a test to determine the causal relationship between the independent variables and other variables.

4. Results and Discussion

Stationarity test

The first thing to do in this test is to use a stationarity test for each variable. To see whether the data used is stationary or not. The stationarity of the data can be seen in the table on the ADF value (Augmented test Dickey-Fuller) level of 5%. The ADF statistical t value is compared with MacKinnon's value. If the ADF value (statistics) is greater than the value critical value means the data is stationary. If the ADF value (statistics) is less than the critical value, then the data is not stationary.

In the table below it will be known the stationarity test of the variables of consumption, government expenditure, and the distribution of ZIS funds and economic growth. The stationarity test results at the level second difference show that the data is stationary at a probability value of <0.05, and the ADF value is greater than the critical values of 1%, 5% 10%. It can be said that all data is stationary.

**Optimum lag test**

The optimum lag test is used to find out at what lag the variable data used is stable and ready for further testing. In table 2 below it will be shown the optimum lag test. In the table, it can be seen that the variable data is stable at the 6th lag. This can be seen from the number of asterisks (*) in the table.

**Cointegration test**

To see the long-term balance relationship between variables, the cointegration test is used. This test is used from the value trace statistic. When the value trace statistic is bigger than the value critical value of 5%, it can be said that between variables, there is a cointegration and a long-term relationship.

Table 3 shows the cointegration test in this study. And results show that there is a long-term balance relationship between variables shown in the value trace statistics, which indicates that there are 4 cointegration equations because the statistical trace value is None until, at most 3 bigger than the value critical value.

**Granger causality test**

The Granger causality test is a test to find out whether there is a reciprocal relationship or to see the direction of the relationship between variables. This can be seen by looking at the probability value <0.05,
so it can be said that there is causality between variables. Table 4 shows the results of the Granger causality test, which explains that there is a two-way relationship between consumption and economic growth, there is a one-way relationship between government expenditure and economic growth, and there is a one-way relationship between the distribution of ZIS funds on economic growth.

Causality relationship between household consumption and economic growth

The statistical test results show that the household consumption variable is statistically significant in driving economic growth, so the null hypothesis is rejected. Likewise, the variable economic growth is statistically significant to encourage household consumption. Thus it can be concluded that there is a two-way causality relationship between household consumption variables and economic growth in Indonesia from 2011-2020. If household consumption increases, it will result in an increase in demand for goods and services, thereby forcing the economy to increase its production capacity. This increase in production capacity will result in an increase in economic growth in Indonesia. Conversely, if consumption decreases, it will result in a decline in economic growth in Indonesia. Supported by the theory of (Sukirno, 2015), which states that the calculation of the rate of change in the country's economic growth can be measured based on household consumption and household income. This means that economic growth and consumption influence each other. This is supported by research from Sudirman and Alhudori (2018), which states that macro analysis calculates consumption based on household consumption for two reasons. First, is that household consumption has made a major contribution to economic growth. Second, consumption is directly proportional to people's income, so when people's income is high, people's consumption will also increase. Based on this description, it can be seen that consumption is also driven by income. If people's income is large, the opportunity to spend income for consumption will also be greater.

Another theory from Rahardja (2008) also says that the indicator of economic growth is GDP, and GDP consists of several components, one of which is household consumption. (Rosyidi, 2012) states that the calculation of economic growth can be done using the expenditure approach, one of which is household consumption. This is also in line with research conducted by Hakib (2019), which results in the consumption variable having a positive and significant impact on economic growth. Based on his research, household consumption variables are dominant in influencing economic growth. In addition, the results of observations made by Afiftah (2018) show that the public consumption expenditure variable has a significant effect on economic growth.

Meanwhile, the variable economic growth is statistically significant to encourage consumption, supported by research conducted by Nurhuda (2013), which results in a significant influence between economic growth and consumption. This happens when economic growth increases and income will also increase. An increase in income will increase people's real purchasing power so that the demand for goods and services will also increase. The increase in demand for goods and services will lead to an increase in consumption. And vice versa, if economic growth decreases, then people's income will also decrease, so that the real purchasing power public becomes low, and the demand for goods or services decreases, which will lead to a decrease in consumption. This is in line with research conducted by Zainuddin (2020), who found that consumption is one of the factors that influence household food expenditure in East Java, namely GRDP. GRDP is an indicator of economic growth.
The causal relationship between government expenditures and economic growth

The government expenditure variable is statistically insignificant in driving economic growth, so it accepts the null hypothesis. Meanwhile, the economic growth variable is statistically significant in driving government expenditure. Thus it can be concluded that there is a one-way causality relationship between government expenditure variables and Indonesia’s economic growth in 2011-2020. This means that during the study period, high or low economic growth affected the amount of government expenditure. This happened because, in the year of observation in Indonesia, government expenditure focused on the development of the country’s infrastructure, the benefits of which can be felt by the state over a relatively long period of time, so the amount of government expenditure cannot drive economic growth directly, and there must be a process and a span of time.

In line with the observations made by Linda (2016), the results of her research show that there is a one-way causality relationship where economic growth affects direct government expenditure. Increased economic growth can be seen from the government’s need to provide public goods which will also tend to increase so that large development expenditures are needed. However, development expenditure requires a process of discussing the project, both from project planning and implementation. Therefore the impact of economic growth tends to require a span of time in the next period. In Zahari (2017), Peacock and Wishman’s theory states that when economic growth in the state increases, causing tax collection also increases even though the tax rate does not change. An increase in tax revenue will lead to an increase in government expenditure. An increase in GDP under normal conditions will increase government revenues as well as government expenditure.

In line with the observations made by Brilianta et al. (2017). The study resulted that there was only a one-way relationship (bidirectional) between government expenditure and economic growth, namely in the Province of West Sumatra and Bengkulu Province. Only in the Province of West Sumatra does government expenditure affect economic growth and not vice versa (Keynes’s view). In Bengkulu Province, only economic growth affects government expenditure and not vice versa. This is a result of the economic growth on the island of Sumatra for the last ten years, which has a trend that is less stable. The deviation every year is quite extreme. Meanwhile, based on government expenditure on the island of Sumatra for the last ten years, there has been a steady trend. So economic growth and government expenditure have different trends from one another when viewed in general.

Other evidence from research conducted by Novela and Aimon (2019). His research results showed that there is a one-way causality relationship between economic growth and government expenditure, where economic growth affects government expenditure while government expenditure does not affect economic growth. Contrary to research from Santi et al. (2018), in his research there is a causality relationship between government expenditure and GRDP, in the sense that the amount of government expenditure that occurs in SWP Jember and its surroundings affects the amount of GRDP in SWP Jember and its surroundings from 2000 to 2014. The research results contradict the theory of Rosyidi (2012), which states that the calculation of economic growth can be calculated using the expenditure approach. The value of economic growth is calculated by adding up the expenditure value of the sectors involved in the economy or adding up expenditure from the public into goods and services produced in the economy. One of the important sectors is government expenditure.
Causality relationship of ZIS fund distribution with economic growth

The ZIS funding distribution variable is statistically significant in driving economic growth, so it rejects the null hypothesis. On the other hand, the economic growth variable is not statistically significant in encouraging the distribution of ZIS funds. Thus it can be concluded that there is a one-way causality relationship between the variable distribution of ZIS funds and Indonesia’s economic growth from 2011 quarter I to 2020 quarter IV. The causal relationship between the distribution of ZIS funds and economic growth can be shown when every Muslim has an obligation to issue zakat. It is intended that the assets owned can rotate in the economy or can be called productive. When these assets are productive, it will have an impact on increasing output, employment, income, and increasing social welfare. The distribution of ZIS funds is not only used for consumption but the distribution of ZIS funds can be developed into working capital which can be used for working capital so that it can increase people’s income. When people’s income rises automatically, it will affect economic growth, which will increase.

This is in accordance with the theory of (Riyandono, 2008), which states that the issuance of zakat has a function to make one’s assets productive and always rotating. In line with research conducted by Tambunan (2019). The results of his research show that zakat affects economic growth in Indonesia both in the short and long term. This means that zakat, like professional zakat, which is issued both monthly and annually, still influences economic development. Zakat will have an effect on increasing income so that it will increase public consumption and provide a multiplier effect on economic development. Although the multiplier effect of zakat is still relatively small, zakat is a very important variable in the Indonesian economy, considering that Indonesia has a majority Muslim population.

The theory from Ghofar (2010) also states that economic growth is not only influenced by a conventional perspective but is also influenced by the distribution of ZIS funds. Zakat can cleanse the perpetrator from sin and show the truth of his faith, and the method is to give some of the assets that have reached one Nisab to those who are entitled to receive it. Viewed from a macroeconomic perspective, zakat is used to increase aggregate demand due to the large expenses of mustahik. Thus, it will encourage economic growth. This is supported by research conducted by Purwanti (2020). According to her research, the amount of ZIS funds that have been successfully raised has increased from year to year. This value is still very small when compared to Indonesia’s GDP in 2018 of IDR 9,996 trillion. However, the increase in zakat, infaq, and shodaqoh was in line with the increase in real GDP. Thus it can be concluded that ZIS funds in Indonesia have the potential to boost economic growth.

In line with research conducted by Anggraini et al. (2018), the results of this study indicate that the distribution of ZIS funds has a significant positive effect on economic growth in Indonesia. Supported by research from Amalia et al. (2019). Zakat and Islamic bank financing variables have a positive effect on GDP. Zakat can be used as an instrument that can encourage an increase in the welfare of mustahik (zakat recipients) through the circulation of wealth collected from muzaki. That way, zakat can influence economic growth through the distribution of wealth. Zakat is a certain number of assets that must be issued by Muslims to certain groups. So it is hoped that there will be an even distribution of wealth among the community. Zakat can also be used as a way to combat the hoarding of wealth because everything that is stored must be issued zakat in line with research conducted by Qoyyim (2020). In his research, it was explained that ZIS funds were not channeled only for consumption but also for productive activities (working capital). If the income of zakat mustahik is
higher, the consumption will also be higher, so that the demand for goods and services increases and automatically, production increases and economic growth increases.

Table 1. Stationarity test.

<table>
<thead>
<tr>
<th>Variable</th>
<th>ADF t-statistic</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>-7.518200</td>
<td>0.0000</td>
</tr>
<tr>
<td>Consumption</td>
<td>-13.37068</td>
<td>0.0000</td>
</tr>
<tr>
<td>Government expenditure</td>
<td>-9.706520</td>
<td>0.0000</td>
</tr>
<tr>
<td>Distribution of ZIS funds</td>
<td>-11.55629</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Table 2. Optimum lag test.

<table>
<thead>
<tr>
<th>Lag</th>
<th>LogL</th>
<th>LR</th>
<th>FPE</th>
<th>AIC</th>
<th>SC</th>
<th>HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-1452.907</td>
<td>THAT</td>
<td>2.61e+33</td>
<td>88.29739</td>
<td>88.47879</td>
<td>88.35843</td>
</tr>
<tr>
<td>1</td>
<td>-1377.656</td>
<td>27.6982</td>
<td>7.27e+31</td>
<td>84.70564</td>
<td>85.61342</td>
<td>85.01161</td>
</tr>
<tr>
<td>2</td>
<td>-1325.424</td>
<td>75.97369</td>
<td>8.48e+30</td>
<td>82.51057</td>
<td>84.14312</td>
<td>83.05987</td>
</tr>
<tr>
<td>3</td>
<td>-1271.093</td>
<td>65.85677*</td>
<td>9.40e+29</td>
<td>80.18743</td>
<td>82.54556</td>
<td>80.98087</td>
</tr>
<tr>
<td>4</td>
<td>-1248.043</td>
<td>22.35135</td>
<td>7.93e+29</td>
<td>79.76016</td>
<td>82.84388</td>
<td>80.79774</td>
</tr>
<tr>
<td>5</td>
<td>-1222.466</td>
<td>18.60156</td>
<td>7.23e+29</td>
<td>79.17973</td>
<td>82.98902</td>
<td>80.46144</td>
</tr>
<tr>
<td>6</td>
<td>-1181.839</td>
<td>19.69759</td>
<td>4.15e+29*</td>
<td>77.68723*</td>
<td>82.22210*</td>
<td>79.21308*</td>
</tr>
</tbody>
</table>

Table 3. Cointegration test.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Trace statistic</th>
<th>0.05 critical value</th>
<th>Prob. **</th>
</tr>
</thead>
<tbody>
<tr>
<td>None*</td>
<td>166.1703</td>
<td>47.85613</td>
<td>0.0000</td>
</tr>
<tr>
<td>At most 1 *</td>
<td>56.30412</td>
<td>29.79707</td>
<td>0.0000</td>
</tr>
<tr>
<td>At most 2 *</td>
<td>22.56555</td>
<td>15.49471</td>
<td>0.0036</td>
</tr>
<tr>
<td>At most 3 *</td>
<td>5.394132</td>
<td>3.841466</td>
<td>0.0202</td>
</tr>
</tbody>
</table>

Table 4. Granger causality test.

<table>
<thead>
<tr>
<th>Null hypothesis</th>
<th>Obs</th>
<th>F-statistic</th>
<th>Prob.</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE does not Granger cause consumption</td>
<td>34</td>
<td>3.92687</td>
<td>0.0087</td>
<td>There is a one-way relationship between PE and consumption</td>
</tr>
<tr>
<td>Consumption does not Granger causes PE</td>
<td>34</td>
<td>6.39861</td>
<td>0.0006</td>
<td>There is a one-way relationship between consumption and PE</td>
</tr>
<tr>
<td>Government expenditure does not Granger causes PE</td>
<td>34</td>
<td>1.31467</td>
<td>0.2940</td>
<td>There is no one-way relationship between Government Expenditure and PE</td>
</tr>
<tr>
<td>PE does not Granger cause government expenditure</td>
<td>34</td>
<td>32.0165</td>
<td>0.0462</td>
<td>There is a one-way connection to PE government expenditure</td>
</tr>
<tr>
<td>ZIS fund does not Granger causes PE</td>
<td>34</td>
<td>14.3791</td>
<td>2.0606</td>
<td>There is a one-way fund relationship between ZIS to PE</td>
</tr>
<tr>
<td>PE does not Granger cause ZIS fund</td>
<td>34</td>
<td>0.72189</td>
<td>0.6367</td>
<td>There is no one-way relationship between PE to ZIS fund</td>
</tr>
</tbody>
</table>

5. Conclusion

There is a two-way causality relationship between household consumption and economic growth in Indonesia, and the hypothesis is tested. There is a one-way causality relationship between government expenditure and economic growth, where economic growth affects government expenditure and not vice versa. There is a one-way causality relationship between the distribution of ZIS funds and economic growth, where the distribution of ZIS funds affects economic growth but not vice versa.
6. References


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