

Can Faith-Based Education and Philanthropy Alleviate Poverty in Aceh?

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ABSTRACT - Poverty remains a major challenge for many countries, including Indonesia. When poverty persists, it threatens national resilience. Aceh, which still struggles with high poverty rates, remains the poorest province on the island of Sumatra based on 2020 data. This study re-examines the factors influencing poverty levels in Aceh by highlighting the role of Islamic boarding school education and zakat distribution. The inclusion of Islamic boarding school education is a unique contribution, considering that pesantren are rarely studied as an economic element affecting poverty reduction. Gross Regional Domestic Product (GRDP) is included in this study as a control variable. Using a quantitative approach with panel data regression, this study employs secondary cross-sectional data from 23 districts/cities in Aceh Province combined with time series data from 2017 to 2019 obtained from the Aceh Baitul Mal Agency and the Aceh Provincial Statistics Agency. The findings show that Islamic boarding school education and zakat distribution both have a negative but statistically insignificant effect on poverty levels in Aceh, while the control variable GRDP demonstrates a negative and significant effect. The overall model is highly significant in explaining the variation in poverty, with an adjusted R-squared value of 98%. These results are expected to provide insights for policymakers in designing strategies to alleviate poverty in Aceh Province.

Keywords Gross Regional Domestic Product, Islamic Boarding School Education, Poverty, Zakat Distribution

ABSTRAK – Kemiskinan masih menjadi tantangan besar bagi banyak negara, termasuk Indonesia. Ketika kemiskinan terus berlangsung, hal ini dapat mengancam ketahanan nasional. Aceh, yang masih bergelut dengan tingkat kemiskinan yang tinggi, tercatat sebagai provinsi termiskin di Pulau Sumatra berdasarkan data tahun 2020. Penelitian ini menelaah kembali faktor-faktor yang memengaruhi tingkat kemiskinan di Aceh dengan menyoroti peran pendidikan pesantren dan distribusi zakat. Keberadaan pendidikan pesantren menjadi kontribusi unik, mengingat lembaga ini jarang dikaji sebagai elemen ekonomi yang memengaruhi pengentasan kemiskinan. Produk Domestik Regional Bruto (PDRB) dimasukkan dalam penelitian ini sebagai variabel kontrol. Dengan menggunakan pendekatan kuantitatif melalui regresi data panel, penelitian ini memanfaatkan data sekunder cross-sectional dari 23 kabupaten/kota di Provinsi Aceh yang dikombinasikan dengan data runtun waktu dari tahun 2017 hingga 2019, yang diperoleh dari Baitul Mal Aceh dan Badan Pusat Statistik Provinsi Aceh. Hasil penelitian menunjukkan bahwa pendidikan pesantren dan distribusi zakat berpengaruh negatif namun tidak signifikan terhadap tingkat kemiskinan di Aceh, sedangkan variabel kontrol PDRB berpengaruh negatif dan signifikan. Secara keseluruhan, model penelitian ini sangat signifikan dalam menjelaskan variasi kemiskinan dengan nilai adjusted R-squared mencapai 98%. Hasil penelitian ini diharapkan



dapat memberikan masukan bagi para pemangku kebijakan dalam merancang strategi pengentasan kemiskinan di Provinsi Aceh.

Kata Kunci: Kemiskinan, Pendidikan Pesantren, Distribusi Zakat, Aceh

INTRODUCTION

A country's national resilience is reflected in the level of well-being of its people. Escaping the shackles of poverty is one of the keys to improving well-being, which ultimately strengthens a country's national resilience. From this perspective, poverty is a crucial issue that requires special attention in its management, as its shackles can hamper various aspects of life. To date, Aceh has yet to emerge from its slump, and in fact, it has once again become the poorest province in Sumatra. Statistics Indonesia (BPS) data shows that the poverty rate in Aceh, based on the 2020 population census, was recorded at 15.68%, ironically higher than the national average of 9.66%. Various local government policies which have been implemented so far have become a question again and has become an interesting thing for experts to study.

The success of a local government's economic policies can be seen from its GRDP (Regional Gross Domestic Product). As an indicator of economic growth, a high GRDP ideally aligns with a high level of equitable development across the population (Baihaqi and Puspitasari, 2020). The per capita GRDP also helps demonstrate the level of prosperity of the local community, in this case the districts within Aceh province (Bappeda Aceh, 2014). With a high level of prosperity, it is hoped that the government will utilize taxes as a source of regional revenue, which will later be used to address poverty (Safuridar and Damayanti, 2018). In their research, Hassan and Khan (2007) stated that Zakat is one of the effective tools in addressing poverty issues. The funds or assets collected from zakat are sufficient to cover needs (Sari et al., 2019). In other words, the assumption of zakat must be based on sharia perspectives to be able to provide significant results to achieve the target of reducing poverty (Kahf, 1997 in Sari et al., 2019). Trianto et al. (2020) also stated that the utilization of zakat funds through empowerment programs is an effort in poverty alleviation. Zakat is indeed a *prima donna* in poverty alleviation considering that the poor and needy are part of the 8 *asnaf* who are special groups that can receive zakat. On the other hand, the expenditure of zakat is obligatory for Muslims who are well-off, in contrast to other instruments that tend to be voluntary, so the stability of zakat collection results is prioritized in poverty alleviation.



In addition to GRDP and Zakat, the role of education is equally important. Why? With a low level of education, an individual will find it difficult to develop well in terms of the type of work, which will impact low income. Islamic boarding schools are the oldest Islamic educational institutions in Indonesia. Islamic boarding schools are considered to have a significant role in developing the world of education and are believed to be an alternative solution to current educational problems (Mumtahanah, 2015). Azyumardi Azra in Nadzir (2015) stated that the hope is that Islamic boarding schools will not only play their traditional role of merely transferring Islamic knowledge and reproducing ulama, but also become a perplexing question found in scholarly literature, theory, or practice. It highlights the necessity for meaningful comprehension and intentional investigation. In certain social science disciplines, the research problem is typically formulated as a question. Importantly, a research problem does not provide instructions on how to accomplish something, propose a vague or broad proposition, or pose a value-based inquiry.

A center for health counseling, appropriate technology, and most importantly, a center for economic empowerment of the community and its surrounding areas. By improving the economy of the small communities surrounding the Islamic boarding school, and hopefully expanding to surrounding areas, given the number of Islamic boarding schools reaching thousands, it can assist the government in poverty alleviation. Moreover, after the students graduate, it is hoped they can spread their benefits to a wider audience.

Based on these various backgrounds, the author is interested in further examining the relationship between GRDP, Zakat distribution, and Islamic boarding school education in poverty alleviation. On the other hand, there is a debate about the reliability of zakat in alleviating poverty, one of which arises from the results of research conducted by Nurjanah, et al. (2019) which states that zakat distribution has a very small impact in aggregate on poverty reduction in several areas of West Java province. In addition, the use of Islamic boarding school education as a variable in poverty reduction is still minimally observed considering the economic potential of Islamic boarding schools is also large in improving the economy of local residents who are dominated by low-income communities. A panel data regression approach is used in this study by observing GRDP, zakat distribution, and Islamic boarding school education in all districts/cities in Aceh province from 2017-



2019. With this data, it is hoped that it can answer the research question of whether GRDP, Zakat distribution, and Islamic boarding school education affect poverty in Aceh.

LITERATURE REVIEW

1. **Poverty** Poverty is described as the economic inability to meet basic needs as measured by expenditure (BPS in Zuhdiyaty, 2017). Another opinion, poverty according to Chambers in Nasikun (2001) in Suryawati (2005) is an integrated concept described in five dimensions, namely: 1) poverty (proper), 2) helplessness (powerless), 3) vulnerability to emergency situations (state of emergency), 4) dependency (dependence), and 5) alienation (isolation) both geographically and sociologically. Poverty can be categorized into several categories, namely absolute poverty and relative poverty (Trianto et al., 2020). Absolute poverty is an individual's ability to earn the minimum income to meet their living needs. Meanwhile, relative poverty is the comparison of low-income groups with high-income groups (Desk BI, 2016; Raimi et.al, 2010 and Wraten, 1995 in Trianto, et al., 2020).

2. Islamic boarding school education

Islamic boarding school (pondok) consists of two words with different meanings. Pondok can be interpreted as a simple residence. The term pesantren itself comes from the word pe-santrian, which means student (Sungkawaningrum, 2019). Education in Islamic boarding schools includes positive character education, and what distinguishes them from other educational institutions is that in Islamic boarding schools, students not only receive knowledge but also learn a lifestyle in accordance with Islamic teachings (Sungkawaningrum, 2019). In other words, students or santri are active 24 hours a day to learn about life according to Islam. With the hope of being able to spread benefits in all fields, students in Islamic boarding schools not only study religion but also study general knowledge and entrepreneurship (Sungkawaningrum, 2019). Therefore, in certain Islamic boarding schools, students are deliberately equipped with various economic skills such as managing cooperatives, making crafts, and trading (Nadzir, 2015). This provision is also part of the mental formation of the students so that they are



ready to face the outside world so that they can be independent and financially successful.

3. Zakat

From a literary perspective, zakat has several distinct meanings including blessing, growth, development, purity, and order (Al-Qaradhawi, 2000 in Kasri & Yuniar, 2021). From an Islamic legal perspective, zakat is the act of donating a portion of one's wealth to groups in society who qualify to receive zakat according to Islamic teachings (AlQaradhawi, 2000 in Kasri & Yuniar, 2021). From this explanation, two main subjects in the implementation of zakat can be grouped: zakat payers as the party who pays the zakat and mustahik as recipients of zakat, where the categorization of both subjects must meet criteria in accordance with Islamic law. Zakat is included in the third pillar of Islam. The obligatory legal determination of zakat implementation is one of the characteristics of Islamic economics (Jedidia & Guerbouj, 2020). In other words, zakat is given a special position in the Islamic economic system (Bashir, 2002 in Jedidia & Guerbouj, 2020). As is known, another depiction of zakat is like a tax in Islam that is paid every year to mustahik, on several assets (cash, shares, pensions, gold and silver, business goods and income from investment properties), so it is clear that zakat can influence economic growth (Iqbal, 2015).

4. GRDP

BPS explains the meaning of GRDP as the total added value of goods and services produced by all business units within a specific region. Prishardoyo (2008) in his research wrote that GRDP is also a macroeconomic parameter that can describe the economic condition of a region. From several definitions it can be understood that the products of goods and services are produced from economic activities that occur in the domestic sphere and ignore the origin and ownership of the production factors used, therefore the use of the word domestic is chosen to describe this condition. In addition, the use of the term gross concerns the use of depreciation elements in its calculations (Indradewa & Natha, 2015). Having differences in the use of GRDP data based on current prices and at constant prices has different purposes. GRDP at constant prices uses the price of goods in a particular year as the basis for calculating the added value of goods and services (Noviyani, 2007 in Indradewa & Natha, 2015). Calculations in this way are to determine



economic growth from year to year (Indradewa & Natha, 2015). Meanwhile, GRDP based on current prices which is used to determine shifts and economic structures is calculated using current prices every year to determine the added value of goods and services in a region (Indradewa & Natha, 2015).

METHODOLOGY

This research is a type of quantitative research in the form of hypothesis testing (hypothesis testing) which aims to determine the influence of the level of Islamic boarding school education, Gross Regional Domestic Product and zakat distribution on poverty in Aceh Province. The analytical method used is panel data regression analysis with the help of EViews software 10. The type of data used in this research is panel data, which is a form of combined data from individual data, time series and data cross section (Bond, 2002). The type of data used is secondary data in the form of panel data consisting of 23 districts/cities in Aceh Province during the period 2017-2019 ($n = 3$), the data was obtained from the Central Statistics Agency (BPS) and the Aceh Province Baitul Maal Agency (BMA).

The testing stage is carried out first with the aim of determining the best analysis model between Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM). Determining the best model is done through several testing stages, namely the Chow Test and the Hausman Test (Hadya, Begawati, & Yusra, 2017). Furthermore, to produce an unbiased linear regression model (Best Linear Unbiased Estimator) This study also conducted classical assumption tests consisting of Normality Test, Multicollinearity Test, Heteroscedasticity Test and Autocorrelation Test (Gujarati, 2006).

RESULT AND DISCUSSION

Islamic Boarding School Education Against Poverty

The results of the partial test (t) on the impact of Islamic boarding school education on poverty indicate an insignificant negative influence of Islamic boarding school education on poverty. Specifically, every 1% increase in the number of Islamic boarding school education will reduce the poverty rate by



0.03%. This means that the level of religious education in the form of Islamic boarding schools in Aceh Province has an effect on reducing the poverty rate in Aceh Province. The higher the level of Islamic boarding school education, the lower the poverty rate will be. This is because education is a tool that can change human lifestyles and paradigms for the better, thus making humans productive beings. With this productivity, a person will be able to meet their living needs and escape the poverty line. The insignificant influence figure is possible because the majority of Islamic boarding schools in Aceh Province still have a traditional concept, so that in the educational process there is still less emphasis on worldly productivity, but more on matters of hereafter.

Gross Regional Domestic Product to poverty

The results of partial testing (t) on the influence of Gross Regional Domestic Product (GRDP) on poverty indicate that GRDP has a significant negative effect on poverty in Aceh Province. Specifically, every 1% increase in GRDP will reduce the poverty rate by 0.8%. This can be explained because the higher the GRDP of a region, the greater the opportunity for the region to obtain higher sources of income, due to the greater income of the people of that region. This means that with these conditions, the population will be more prosperous and the number of poor people will decrease (Alhudori, 2017). The results of this study are supported by several previous studies such as research conducted by Dama, Lapian, & Sumual, (2016) Silastri, Iyan, & Sari, (2017) and Susanti, (2013) which show that GRDP has a negative and significant effect on reducing poverty rates.

Distribution of Zakat to Poverty

The results of the partial test (t) on the influence of zakat distribution on poverty can be concluded that zakat distribution has a negative but insignificant effect on poverty rates in Aceh province. More specifically, every 1% increase in zakat distribution results in a decrease in poverty rates of 0.005%. This is because One of the purposes of zakat itself is for poor asnaf so that zakat will encourage the consumption and productivity of poor people to lift them out of the poverty line

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CONCLUSIONS

This study aims to examine the influence of Islamic boarding school education, Gross Regional Domestic Product, and Zakat Distribution on poverty rates in 23 districts/cities in Aceh Province. The study uses a panel data regression approach with fixed effect model. The data source is secondary data obtained from the Aceh Province Baitul Maal Agency and the Aceh Province Central Statistics Agency. The results of this study indicate that Islamic boarding school education and zakat distribution have a negative but insignificant effect on poverty reduction in 23 districts/cities in Aceh Province. Meanwhile, Gross Regional Domestic Product has a negative and significant effect on poverty reduction in 23 districts/cities in Aceh Province. The results of this study are expected to be useful for policymakers in poverty alleviation in 23 districts/cities in Aceh Province.

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