

COMPARISON OF THE EFFECTIVENESS OF SOCIAL ASSISTANCE ZAKAT ON POVERTY ALLEVIATION IN INDONESIA

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ABSTRACT

This study aims to determine the comparison of the effectiveness of social assistance and zakat on poverty alleviation in Indonesia. This research method uses quantitative methods with secondary data collection methods. The data analysis technique used is Panel Data Regression. The analysis results show that the regression model used is feasible to explain the independent variables, indicated by a significant F-statistic value ($p < 0.05$). This has a significant effect on the dependent variable. Partially, some independent variables show a significant influence on the dependent variable, namely the number of social assistance recipients, the number of consumptive social assistance programs, and the number of consumptive zakat programs. Then the final result shows partially, zakat is proven to be more effective than social assistance in reducing poverty severity.

Keywords: Effectiveness; Social Assistance; Zakat; Poverty

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INTRODUCTION

Poverty in Indonesia is a fluctuating issue, with poverty levels changing each year depending on economic conditions and policies implemented (Nuraini, 2023; Palupi & Ramadhani, 2019). According to data from Statistics Indonesia (BPS, 2023), the number of poor people in Indonesia as of March 2023 was recorded at 26.36 million, or around 9.36% of the total population. This figure shows a decrease compared to the previous year, which reached 10.14% or around 27.55 million people.

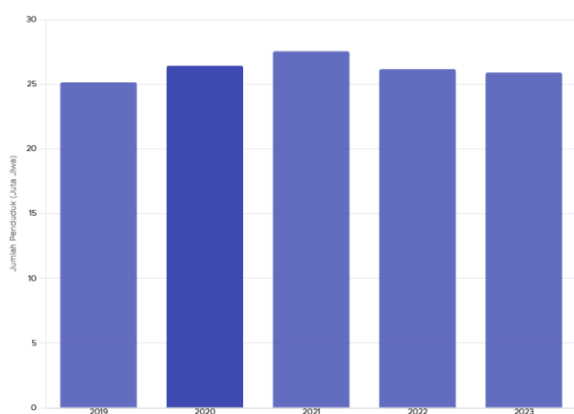


Figure 1. Poverty Rate in Indonesia
Source: BPS 2023

Figure 1 shows that the number of poor people in Indonesia experienced an increase from 2019 to 2021, reaching its peak in March 2021 at 27.54 million people or 10.14% of the total population. After that, a gradual decline occurred, reaching 25.90 million people in March 2023, or 9.36%. In March 2024, the percentage of poor people decreased again to 9.03%. Overall, the poverty rate in both urban and rural areas in March 2024 was the lowest since March 2019 (BPS, 2023).

Observing the dynamics of poverty such as this, the Indonesian government has implemented various policies and programs, including social assistance (bansos) (Salsabila et al., 2024). Social assistance is one of the fiscal policy instruments aimed at easing the burden of poor and vulnerable communities and

promoting income distribution equity (Wahyuni et al., 2023). Government social assistance programs include various forms such as the Family Hope Program (PKH), Non-Cash Food Assistance (BPNT), the Indonesia Smart Program (PIP), and several other aid programs (Coordinating Ministry for Economic Affairs, 2018).

MATERIALS AND METHODS

Poverty

Poverty, in general, can be defined as a condition in which individuals or groups lack the ability to meet basic needs required to live a decent and dignified life. This includes limited access to essential economic, social, and educational resources necessary for self-development and improving quality of life (BPS, 2022).

Poverty is not only caused by a lack of economic resources but also by systemic conditions that affect individuals' opportunities for development (Zakiyah et al., 2020). According to Keynes, one of the main factors leading to poverty is the low level of aggregate expenditure in the economy. When aggregate demand is low, it results in decreased output and increased unemployment, which in turn worsens poverty (Safitri, 2017).

Types of Poverty

A. Absolute Poverty

Absolute poverty is a condition in which the income received by individuals or households falls below the poverty line, making it insufficient to meet basic needs required to improve their quality of life (Adawiyah, 2020).

B. Relative Poverty

Relative poverty arises due to policies that do not fully reach all segments of the population or regions, leading to inequality among different groups.

C. Cultural Poverty

Cultural poverty is caused by low-quality human resources. Individuals who lack work ethic and a productive mindset to improve their lives find it difficult to participate in change, and often refuse opportunities to grow. Poverty can be

caused by various interrelated factors. Munkner and Walter (2001, cited in Suradi, 2011) identify three main causes of poverty:

1. Limited resources and trade policies that do not favor the poor, making it difficult for them to increase productivity and gain broader access to markets.
2. Poor environmental conditions, which further worsen the state of poverty.
3. Low educational attainment and limited access to information, training, and guidance, which make it difficult for the poor to improve their skills and competitiveness.

Poverty can be caused by various interrelated factors. Munkner and Walter (2001, cited in Suradi, 2011) identify three main causes of poverty: Limited resources and trade policies that do not favor the poor make it difficult for them to increase productivity and gain wider access to markets.

- a) Poor environmental conditions are one of the factors that worsen poverty.
- b) Poor environmental conditions are one of the factors that worsen poverty.
- c) Low levels of education and limited access to information, training, and guidance make it difficult for the poor to improve their skills and competitiveness.

Social Assistance

Social assistance is part of government expenditure aimed at improving community welfare and reducing poverty levels. According to the Ministry of Finance (2020), social assistance is government spending allocated in the form of money, goods, or services provided to individuals, families, or groups who face social and economic risks.

Types of Social Assistance

1. Social assistance in the education sector is a form of government intervention to

increase accessibility and continuity of education for children from poor, vulnerable, and low-income families.

2. In the health sector, social assistance focuses on ensuring the public's right to proper healthcare services without financial barriers (Syarifuddin et al., 2021). Social assistance in the social sector provides protection and support to groups vulnerable to social and economic risks that may worsen poverty conditions.
3. Social assistance in the economic sector aims to reduce economic vulnerability and improve the independence of poor communities through the fulfillment of basic needs and economic empowerment.

Zakat

Etymologically, the term zakat comes from the Arabic language, meaning growth, purity, and blessing. Terminologically, zakat refers to a specified portion of wealth that has met certain conditions and is obligatory to be given by its owner to those who are eligible to receive it (mustahiq). Based on its function, zakat is divided into two main types: zakat al-fitr and zakat al-mal. Zakat al-fitr is a compulsory charity that must be paid by every Muslim before Eid al-Fitr during the holy month of Ramadan. The word fitr comes from the root word "فطر", which has several meanings, including "to create," "to originate," "to break the fast," and "to take breakfast." On the other hand, zakat al-mal refers to zakat related to wealth owned by a Muslim. This zakat becomes obligatory when the wealth has been fully possessed for one year (haul) and meets the minimum threshold (nisab) required for zakat. Mustahiq zakat refers to those who are eligible to receive zakat (Ummah & Kurnia, 2020). The categories are explained as follows:

- a. Fakir: Individuals whose income is insufficient to meet their basic (primary) needs according to the standards of their community and region.

- b. Miskin: Individuals who are in need and unable to cover their basic necessities according to prevailing norms.
- c. Amil zakat: Those who are responsible for managing all matters related to the collection, storage, safeguarding, recording, and distribution of zakat funds.
- d. Muallaf: Individuals who have recently embraced Islam (less than one year) and still require support in adapting to their new circumstances.
- e. Riqab: The plural form of raqabah, referring in the Qur'an to male slaves ('abid) and female slaves (amah).
- f. Gharimin: Individuals who are in debt.
- g. Fi sabilillah: In its narrow interpretation, refers to those who strive and struggle in the cause of Allah.

Research Methodology

The type of research used in this study is quantitative research. Quantitative research is an approach that focuses on data that can be measured and expressed in numerical form. This research was conducted on a national scope with a focus on social assistance data managed by the Ministry of Social Affairs of the Republic of Indonesia and zakat data sourced from the National Zakat Agency (BAZNAS). The research period is carried out from April to June 2025.

The population refers to the entire group of objects or subjects that possess specific characteristics relevant to the research problem. The population serves as the primary source from which data is collected and analyzed to derive research conclusions (Subhaktiyasa, 2024).

Data Analysis Techniques is:

- a. Common Effect Model (CEM)

This is the simplest technique used to estimate parameters in a panel data model.
- b. Fixed Effect Model (FEM)

The Fixed Effect Model approach assumes that each individual has a different intercept, while the slopes across individuals remain consistent (constant).

- c. Random Effect Model (REM)

The Random Effect Model approach assumes that each entity has different intercepts, which are treated as random or stochastic variables.

Regression Model Selection

- a. Chow Test

The Chow Test is a statistical method used to determine whether two datasets have significantly different regression structures.
- b. Lagrange Multiplier Test

The Lagrange Multiplier (LM) Test is used in panel data regression to determine whether the Random Effect Model is more appropriate than the Common Effect Model.
- c. Hausman Test

The Hausman Test is an essential statistical test in panel data regression analysis used to determine the most appropriate model between the Fixed Effect Model (FEM) and the Random Effect Model (REM).

RESULTS AND DISCUSSION

Model Estimation

- a. Common Effect Model

Table 1. The CEM Model Estimation

Source	SS	df	MS	Number of obs = 88
Model	3.13122186	8	.391402732	F(8, 79) = 2.83
Residual	10.9448332	79	.138542193	Prob > F = 0.0083
				R-squared = 0.2225
				Adj R-squared = 0.1827
Total	14.0760551	87	.161793736	Root MSE = .131221

d_REFERABAN-S	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
BANSOS	-.0145211	.0222843	-0.65	0.517	-.0588768 .0298346
d_FEMERIMA	.1206462	.0515493	2.34	0.022	.0180398 .2232526
d_WONSUMTIF	-.7089772	.1861554	-3.81	0.000	-1.07951 -.3384441
d_P_POVERTYSEVERITY	.1211136	.1322869	0.92	0.353	-.1421969 .3844241
ZAKAT	-.032669	.0201005	-1.63	0.108	-.072678 .00734
MISTARIK	-.0120657	.0281943	0.43	0.670	-.0440536 .0681851
d_P_POVERTYSEVERITY	-.5921847	.4034912	1.47	0.146	-.2109444 1.395314
d_P_POVERTYSEVERITY	-.1869344	.2199353	-0.85	0.398	-.6247047 .2508359
_cons	2.024079	.9031855	2.24	0.028	.2233526 3.823806

Table 1 The CEM model estimation results show simultaneous significance with an F-value of 2.83 and a probability of p = 0.0083, meaning that the independent variables simultaneously have a significant effect on the dependent variable d_POVERTY_SEVERITY at the 1% significance level.

b. Fixed Effect Model (FEM)

Table 2. The Fixed Effects Model

Fixed-effects (within) regression		Number of obs =	88
Group variable: id		Number of groups =	22
R-sq:		Obs per group:	
within = 0.5107		min =	4
between = 0.3120		avg =	4.0
overall = 0.1213		max =	4
corr(u_i, Xb) = -0.7386		F(8,58)	= 7.57
		Prob > F	= 0.0000

d_KEPARAHAN-N	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
BANSOS	-.0161002	.0252179	-0.64	0.526	-.0665793 .034379
d_PENERIMA	.2025582	.050501	4.01	0.000	.1014696 .3036469
B_KONSUMTIF	-1.112988	.2478115	-4.49	0.000	-1.609037 -.6169395
d_B_PRODUKTIF	-.158872	.1249267	1.27	0.209	-.0911959 .40894
ZAKAT	-.0435014	.0355867	-1.22	0.226	-.1147359 .027733
MUSTAHIK	-.1712653	.0589645	-2.90	0.005	-.2892956 -.0532349
d_Z_KONSUMTIF	.7689684	.380437	2.02	0.048	.007441 1.530496
d_Z_PRODUKTIF	-.1990489	.2067374	-0.96	0.340	-.6128787 .214781
_cons	5.163661	1.283979	4.02	0.000	2.593497 7.733825

The Fixed Effects Model (FEM) estimation results show that the model is simultaneously significant with an F(8,58) value of 7.57 and a probability of p = 0.0000, meaning that all independent variables together have a significant effect on the dependent variable d_POVERTY_SEVERITY at a significance level of 1%.

c. Random Effect Model

Table 3. Random Effect Model

Random-effects GLS regression		Number of obs =	88
Group variable: id		Number of groups =	22
R-sq:		Obs per group:	
within = 0.3943		min =	4
between = 0.0383		avg =	4.0
overall = 0.2225		max =	4
corr(u_i, X) = 0 (assumed)		Wald chi2(8)	= 22.60
		Prob > chi2	= 0.0039

d_KEPARAHAN-N	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
BANSOS	-.0145211	.0222843	-0.65	0.515	-.0581975 .0291552
d_PENERIMA	.1206462	.0515493	2.34	0.019	.0196114 .221681
B_KONSUMTIF	-.7089772	.1861554	-3.81	0.000	-1.073835 -.3441192
d_B_PRODUKTIF	.1211136	.1322869	0.92	0.360	-.138164 .3803911
ZAKAT	-.032669	.0201005	-1.63	0.104	-.0720652 .0067272
MUSTAHIK	.0120657	.0281943	0.43	0.669	-.0431941 .0673255
d_Z_KONSUMTIF	.5921847	.4034912	1.47	0.142	-.1986435 1.383013
d_Z_PRODUKTIF	-.1869344	.2199353	-0.85	0.395	-.6179997 .2441309
_cons	2.024079	.9051855	2.24	0.025	.2499483 3.79821
sigma_u	0				
sigma_e	.33380891				
rho	0				(fraction of variance due to u_i)

The estimation results of the Random Effects model yielded a Wald chi-square probability value of 0.0039, indicating that all independent variables in the model simultaneously have a significant effect on the dependent variable d_POVERTY_SEVERITY at the 1% significance level.

Hypothesis Testing

Table 4. Hypothesis Testing

Fixed-effects (within) regression		Number of obs =	88
Group variable: id		Number of groups =	22
R-sq:		Obs per group:	
within = 0.4763		min =	4
between = 0.3257		avg =	4.0
overall = 0.1088		max =	4
corr(u_i, Xb) = -0.7386		F(7,21)	= 20.92
		Prob > F	= 0.0000

(Std. Err. adjusted for 22 clusters in id)

d_KEPARAHAN_K-N	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
BANSOS_c	-.0183648	.0276128	-0.67	0.513	-.0757887 .0390592
d_PENERIMA_c	.1896094	.0563367	3.37	0.003	.0724509 .306768
B_KONSUMTIF_c	-1.032736	.3108143	-3.32	0.003	-1.67911 -.3863624
d_B_PRODUKTIF_c	.196928	.1620176	1.22	0.238	-.140006 .5338621
ZAKAT_c	-.053964	.0430169	-1.25	0.223	-.1434226 .0354946
MUSTAHIK_c	-.1639626	.0506346	-3.24	0.004	-.269263 -.0586822
d_Z_KONSUMTIF_c	-.188102	.167123	-1.13	0.273	-.5356534 .1594494
d_Z_PRODUKTIF_c	-.0590673	.0267508	-2.21	0.038	-.1146988 -.0034359
sigma_u	.38388556				
sigma_e	.34242638				
rho	.55689639				(fraction of variance due to u_i)

1. F-Test (Simultaneous Significance Test)

The F-statistic value is 20.92 with a probability value (Prob > F) of 0.0000, which is less than the 5% significance level (0.05). This indicates that simultaneously, all independent variables in the model have a significant effect on the dependent variable (d_POVERTY_SEVERITY).

2. t-Test (Partial Significance Test)

The t-test results show the significance of each independent variable on the dependent variable. Several variables with a significant effect include:

- d_RECIPIENT_c has a coefficient of 0.1896 with a p-value of 0.003, indicating a significant positive effect on d_POVERTY_SEVERITY.
- B_CONSUMTIF_c has a coefficient of -1.0327 with a p-value of 0.003, indicating a negative and significant effect on d_POVERTY_SEVERITY.
- MUSTAHIK_c also shows a significant negative effect with a coefficient of -0.1640 and a p-value of 0.004.
- Meanwhile, other variables such as BANSOS_c, d_B_PRODUKTIF_c, ZAKAT_c, d_Z_KONSUMTIF_c, and d_Z_PRODUKTIF_c have p-values above 0.05, indicating that they do not have a significant partial effect on the dependent variable.

3. Coefficient of Determination (R²)

The coefficient of determination (within R-squared) of 0.4763 indicates that approximately 47.63% of the variation in

changes in the dependent variable (d_KEPAHAHAN_KEMKINAN) can be explained by changes in the independent variables in the model, after eliminating fixed effects between units. This indicates that the model has sufficient explanatory power for variations in the panel data observed over time for each observation unit.

Furthermore, the between R-squared value of 0.3257 indicates that approximately 32.57% of the average inter-unit variation in the dependent variable can be explained by the average of the independent variables. Meanwhile, the overall R-squared value of 0.1088 indicates that overall, the model is able to explain approximately 10.88% of the variation in the data without separating between within-unit and between-unit variation.

CONCLUSION AND IMPLICATIONS

Based on the results of the Fixed Effects model estimation, it was concluded that both social assistance and zakat variables simultaneously have a significant influence on poverty severity in Indonesia. Partially, zakat has proven more effective than social assistance in reducing poverty severity. This is indicated by the variable number of zakat recipients, which has a significant negative effect, while some social assistance variables show no significant effect or even a positive impact. These findings indicate that the zakat program is more targeted and can be an effective complementary instrument in poverty alleviation strategies.

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