



# Modeling Poverty Alleviation in Indonesia according to Ibnu Khaldun Philosophy (an approach to morality in the Qur'an)

Siti Nur Latifah

Department of Economics, Faculty of Economics and Business  
University of Jember, Indonesia  
E-mail: [latifahsitinur516@gmail.com](mailto:latifahsitinur516@gmail.com)

Moehammad Fathorrazi

Department of Economics, Faculty of Economics and Business  
University of Jember, Indonesia

Lilis Yuliati

Department of Economics, Faculty of Economics and Business  
University of Jember, Indonesia

Duwi Yunitasari

Department of Economics, Faculty of Economics and Business  
University of Jember, Indonesia



## Abstract

The poverty problem is a multidimensional discourse. The debate about poverty and how to exterminate it has been carried out for many years. This is important because the problem of poverty can have implications for social, economic, and political problems in society. In fact, in the hadith the Prophet Muhammad SAW stated that "Poverty (Poverty) is close to kufr". In Islamic history, one scholar who discussed poverty was Ibn Khaldun. Referring to the socio-economic dynamics theory compiled by Umer Chapra based on Ibn Khaldun's thoughts in his "eight wise principles" or Hikammiyah sentences, Ibn Khaldun views poverty as not only caused by economic factors but also influenced by multidimensional non-economic aspects (morality). This study aims to observe the influence of Ibnu Khaldun's social-economic dynamics, such as government spending in the social sector, corruption, human development index (HDI), Gross Regional Domestic Product (GRDP), Foreign Direct investment (FDI), and Gini ratio over poverty rates in Indonesia. This study used modeling using the static panel data regression method with the Generalized Method of Moments (GMM) approach. Based on panel data analysis which includes data from 34 provinces in Indonesia for the 2018-2022 period, it was found that the variables of government spending in the social sector, corruption and Gross Regional Domestic Product (GRDP), significantly affect the poverty rate in Indonesia. Meanwhile, the variables Human Development Index (HDI), Foreign Direct investment (FDI), and Gini ratio have no effect.

**Keywords:** Poverty, Ibn Khaldun, Morality, Generalized Method of Moments (GMM)

## Introduction

The problem of problem is a multidimensional discourse. Throughout the centuries, many viewpoints have been raised on its emergence and continuity. The debate about poverty



and how to exterminate it has thus been carried out for many years. The alleviation of poverty is considered to be a lofty social and moral responsibility from an Islamic vantage point. The Qur'an teaches that there is a dire need to alleviate poverty in society by elevating low-income groups in societal standing. Islam consider poverty to be a major social and ideological evil. The Qur'an and Hadith both mention that the poor have a special status in the eyes of Allah. Poverty is mention in very many verses in the Qur'an, inter alia, Al-Asr 1, Maryam, 23-26 and 28, Al-'alaq 1-5, At- Tawbah 105, Al-insyirah 7, Al- 31 A'raf, Al-Isra '26-17 and 29, Al-Hashr 18, Yusuf 43-49, Al-Baqarah 155,282 to 283.

For understanding such a phenomenon, two approaches can be comprehended. It may be structural or individualized. Poverty is a political as well as an economic notion. The dynamics of its continuity are varied, and both state and non-state entities are heavily represented. Are they the only ones to blame for the miserable lives that struggle to exist? Or is this poverty the result of a structural issue? Why does inequality increase with a country's level of development? (Daas, 2019).

The explanations in the Qur'an explain the background behind the causes of the problem of poverty of course, it is different from the presentation of social experts. Social experts divide factors so that the causes and forms of poverty are divided into three, natural poverty, cultural poverty, and structural poverty, unlike what we find in al- Qur'an. In the Qur'an, Allah SWT never explained that the poverty that befalls people is due to a lack of adequate resources (natural poverty). Concerning natural resources the Qur'an explains that Allah SWT has given all needs and also facilities so as to be sufficient for the needs of human life, and the earth can be easily utilized by humans (QS. Al-Mulk: 15). So if with all the facilities and means available that have been provided by Allah, humans still find themselves shackled in the problem of poverty, and the primary cause is humans themselves. The following are signs from the Qur'an that indicate the factors causing poverty as it is experienced by mankind.

Greediness in seeking wealth causes much damage to the face of the God-given earth. Greed has made humans forget the natural balance that must be maintained, and the land and the oceans are exploited on a large scale causing natural disasters which negatively impact the globe and directly and indirectly harm many and especially those people who rely on nature and it greatly reduces their incomes. The holy Qur'an forbids the massive exploitation of nature which disturbs the natural balance. In In the Qur'an, it is explained that damage on land and in the sea is due to the actions of humans (QS. al-Rum: 41).

In Islamic history, one scholar who discussed poverty was Ibn Khaldun. More than six years ago, Ibn Khaldun provided an explanation of the causes of the Muslim population's fall during his lifetime. But the majority of Ibn Khaldun's writings have since become accepted wisdom (Chapra, 2008: 837).

There is a theoretical gap between neoclassical economics and islamic economics both are rooted in the same philosophical source, namely Consequentialism. The philosophy of Consequentialism is a view that an action is said to be right, it depends on its consequences or usefulness (Scarnicci, 2012). This philosophical source then produces the view of Utilitarianism (Bentham, 1781). It can be said that Utilitarianism is a moral doctrine emanating from Consequentialis which holds that moral absolutes in human actions have no intrinsic morality (good or bad intentions), everything depends on the consequences, namely human happiness (utility), human happiness is a good final goal, not on the actions itself, from this doctrine the philosophy of anthropocentrism.



According to conventional economics, by its understanding of rational economic humans, rational individual actions are focused on self-interest which is the only goal for all activities. Economics ignores morals and ethics in spending and time elements and is limited to the conventional world without considering the afterlife. Unlike the case in Islam, Homo Islamicus based on Kahf's views is not a new concept created from space. This concept is presented from Islamic religious values contained in the Qur'an and the Sunnah, so it has different characteristics from secular economics which tends to ignore religious values. In a secular economy, it is possible to talk about rationality, economic ethics, and consumption ethics, but the formulation of values that are used as a basis is not religion or God's law. Secular economics makes humans the center of everything or what is called anthropocentric, while Islamic economics tends to be theocentric by making spirituality and eschatology the highest goal (Huda, 2021).

Ibn Khaldun considers the welfare or difficulties of human life to be extremely dependent on the emergence and fall of a dynasty or civilisation (Rosenthal, 1967) given that humans are the focus of his research. According to his research, a number of non-economic elements as well as economic ones have a role in the development and collapse of cultures. The Muqaddimah therefore seeks to identify linked aspects, such as the significance of moral, psychological, political, economic, social, and demographic factors. Ibn Khaldun's explanation shows that poverty is a classic problem with broad and complex dimensions, so the policy strategy to eradicate it cannot be from one side. Ibnu Khaldun's social structural model method is thought to be able to offer solutions for reducing poverty in a number of nations, especially Indonesia, which has the world's largest Muslim population.

Ibn Khaldun's social dynamics model, which is still abstract, is then proxied in several economic and non-economic variables. The Gini Index, the Gross Regional Domestic Product (GRDP), the Government Investment, the Human Development Index (IPM), and government spending (on health and education) are a few of these factors. One of the important non-economic characteristics (moral approach) that differentiates Ibnu Khaldun's social dynamics model from the poverty measuring model that many scholars have so far investigated is the Sharia parameter.

The graph of poverty rates in Indonesia, which has a population of 207,203,917 according to statistics made public by the Central Bureau of Statistics (Central Bureau of Statistics, 2020), exhibits a varying pattern. In several years, the numbers showed a downward trend until 2019 but increased again in 2020 during the COVID-19 pandemic. Data and graphs on those with low salaries from 2012 to 2020 are shown below:

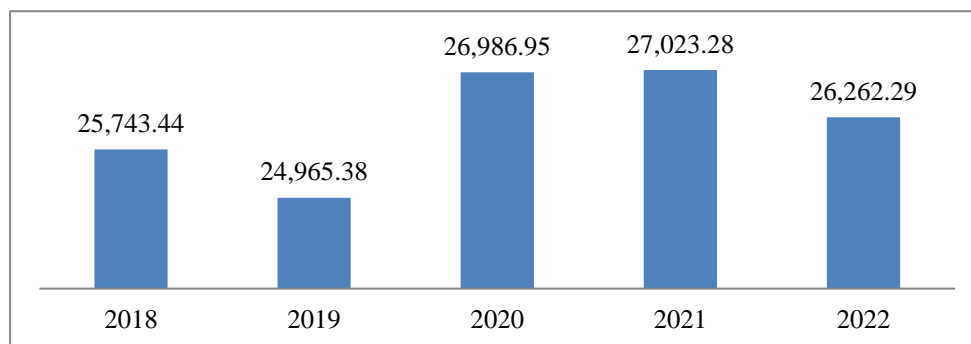


Figure 1: Poverty Population rates (in millions) in Indonesia  
Source : Central Bureau of StatisticsRI, 2023



Based on Figure 1.1, the facts show that poverty needs special care, especially in countries where most of the population is Muslim, like Indonesia. Because poverty can have an impact on social, economic, and political societal issues, caution is necessary. Even the Prophet's saying that "poverty (destitute) is close to disbelief" was recorded in a hadith. Many studies have been conducted to provide input for policymakers to reduce poverty in many countries, especially developing countries. In general, the study was conducted using a modern economics approach.

The social dynamics of Ibn Khaldun have been the subject of several prior research (Fatoni et al., 2019; Putra & Indra, 2016). Islamic nations that are OIC (Organisation of Islamic Cooperation) members. The results showed that all the variables used in the study imply significant effects on poverty, except for government spending on education, the Corruption Perceptions Index (GPA), and a measure of human development (IPM). Research (Affandi & Astuti, 2014) in Muslim majority countries (Indonesia, Malaysia, and Pakistan) and Muslim minority countries (India) has produced varied results. The findings revealed that Indonesia, a Muslim-majority nation, was highly impacted by the dynamics model parameters, but Pakistan only had a significant impact from the HDI variable. The model had no discernible effect on Malaysia or India.

In this study, the researcher created a variable using the proxy used in Ibnu Khaldun's dynamics model as a complicated economic and non-economic parameter to quantify poverty levels based on the many economic and non-economic indicators mentioned above. Researchers use corruption rates (data on corruption cases published by the Indonesia Corruption Watch (ICW)) as a proxy for Sharia. This proxy has never been used in previous studies. It is a new form of the Ibn Khaldun dynamics model approach, referring to several other relevant poverty-related studies. This is important because the problem of poverty can have implications for social, economic, and political problems in society. In fact, in the hadith the Prophet stated that "Poverty (Poverty) is close to kufr".

## Literature review

### Dynamics - Ibn Khaldun's Socio-Economics

Ibn Khaldun, an Islamic thinker, first created the term "development" to describe socioeconomic dynamics, which Umer Chapra later developed. (Sri Wahyudi Suliswanto et al., 2019) In the *Muqaddimah* book, Al Mas'udi in the Persian news tells us about Al-Mu'dzaban, their religious leader during the reign of King Bahram bin Bahram and his innuendo to the king for denying the tyranny he had committed and his negligence about the consequences that would befall the kingdom. Al-Mu'dzaban made an analogy about it in the language of a parrot; to cut a long story short, the king finally became aware of his negligence. Al-Mu'dzaban explains: "O king, in fact, the kingdom can not be perfect except with the Sharia, that is, working for Allah by obeying His commands and avoiding His prohibitions. And only the king will be able to establish the Shari'a. There is no glory to the king except with figures. These figures would not stand tall unless with wealth. No wealth would be achieved except by development. There is no development except with justice. Justice is a scale between beings installed by God. And a guard was made for him. The guardian is the king (Ibn Khaldun, 1978: 366). The entire model of Ibn Khaldun can be summarized in the advice he gave to kings as follows: (Chapra, 2000: 147)

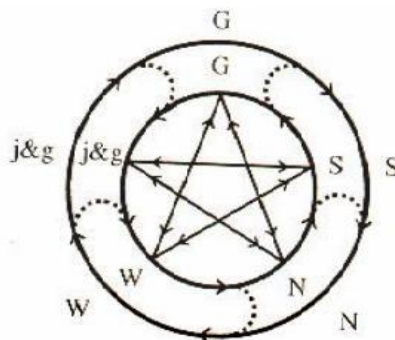
1. Sovereign power (*Al-Mulk*) will not manifest except by implementing Sharia;
2. Only a sovereign can put Sharia into effect (*Al-Mulk*);
3. Without the aid of human resources, sovereignty will not increase in power (*Ar-Rijal*);

4. Only with property can human resources be maintained (Al-Mal);
5. Only through development can property be acquired (Al-Imarah);
6. Justice alone cannot bring about development (Al-Adl);
7. Allah uses justice as a measure (Al-Mizan) to assess people; and
8. Sovereignty contains a charge of responsibility to uphold justice."

Eight political concepts from Ibn Khaldun's writings make up this statement of advise. The "eight wise principles" or Hikamiyah statements are these eight sentences. In a cycle path where the beginning and the conclusion cannot be differentiated, each factor is related to the other equally. (Chapra, 2000, p. 148).

This Hikamiyah phrase illustrates the flexible and interdisciplinary nature of Ibn Khaldun's thought. It crosses disciplinary boundaries because it does not focus on a single issue as the sole cause of civilizational decline. However, it establishes a rotational connection between all significant political and socioeconomic factors, including Sharia (S), Political Authority (G), Society (N), Wealth (W), Development (g), and Justice (j). Each factor influences the other and, at the same time, also receives influence from these factors.

The dynamism dimension can demonstrate how moral, psychological, political, social, economic, and demographic factors interact over time and contribute to the advancement or decline of a civilization. This cycle operation occurs in a chain reaction over a long period of time, at least three generations or about 120 years.



**Figure 2 :** Ibn Khaldun's Socio-Economic Model Dynamics  
Source: Chapra (2006)

### **The Role of the State or Government (Government/*Al-Mulk*)**

Islam views the government's involvement in the economy as significant. It is reflected in Prophet Muhammad and caliphate history, and the government was involved in all spheres of life, including the economy. Ibn Khaldun has distinguished between society and the state. He argues that related to the characteristics and nature of events, humans need community, meaning that humans need cooperation among themselves to live. Although there are differences between the state and society, the two cannot be separated.

According to Ibn Taimiyah's view, the state is obliged to overcome poverty. Ibn Taimiyah (in Hanafiah, 2008:26) states:

Poverty is the obligation of the authority holder (*Imam*) to collect money from any source to which it is entitled (the state), spend it fairly and adequately, and never negate the rights of those who are entitled. It is indeed the best practice for the authorities to distinguish between those deserving of assistance and those not





deserving and to be fair in distributing it for the purposes of life and public affairs.

Based on this expression, the way to overcome poverty can start from the role of the authority holder (imam), who can collect and distribute assets to those entitled, in other words, people experiencing poverty. The goal of this work was to improve society as a whole. The government's job in fostering social welfare is to end people's financial struggles, make economic progress easily accessible to all levels of society, and foster prosperity. For Ibnu Khaldun, the public spending side is critical (Mujahidin, 2018).

***H1 and H2: Government investment on the health and education sectors has an impact on Indonesia's poverty rates (as a proxy for the sovereignty component, political authority, and Al-Mulk).***

### **The Role of Sharia (Sharia)**

The image of poverty should not be understood only as lacking access to natural resources but also as a failure of human dignity (Daas, 2019). To improve oneself as a person, personal transformation is required. The two areas that require the most focus are socioeconomic advancement and education. Increasing income and literacy might not be sufficient on their own. Additionally, it is crucial to raise one's moral character, which neoclassical economics sometimes overlooks yet is crucial since, as Lawson correctly noted, "no political or economic order can endure except on moral grounds," Lawson (1995: 35) Enhancing moral character will help provide the necessary traits of honesty, integrity, and diligence to promote development (Chapra, 2008: 856).

Corruption and restricted freedom of speech often undermine the court, making it less likely that the ruling class will be held accountable. When wrongdoers go unpunished, villainy tends to spread. Then it becomes difficult to eradicate evil. There will be more unhappiness and less cooperation between the government (G) and the people (N) if justice primarily punishes those who are poor. This contributes to social and political unrest, which is a major barrier to economic growth (Chapra, 2008:854).

These countries' governments are unable to effectively invest in infrastructure, education, and health because a significant portion of their limited public resources are diverted to the creation and financing of the luxury and consumption of the ruling class. To speed up development, action and public services are needed.

***H2: There is an influence between corruption rates (proxy Shria dimension) on poverty rates in Indonesia***

### **The Role of Human or Community Resources (Nation/Ar-Rija)**

Ibn Khaldun places humans at the core of his research since civilisation, whether it advances or retreats, is strongly tied to a society's well-being or sorrow. In addition to economic variables, a number of other factors that affect people's quality of life over the long term through a causal chain affect welfare and community suffering as well.

Humans have a crucial part in a civilization's rise and fall, especially its economic development. The end and means of growth are man. Development is geared toward people because if welfare (Falah) is achieved, people are better able to work productively and creatively. Thus, it is not wrong if humans are appointed as caliphs of the earth because they are development tools, but this development will occur when humans want to work and



build (Fatoni et al., 2019). The quality and quantity of a country's human resources would affect the magnitude of its economic growth potential.

***H3: There is an influence between the Human Development Index (IPM) (proxy Human Resources dimension /Ar-Rijal) on poverty rates in Indonesia***

**The Role of Wealth (Wealth/*Al-Mal*)**

The resources required to ensure justice (j) and development (g) are made available by wealth. Wealth is based on economic activity, the size of the market, government incentives, and facilities that are left over after addressing community requirements. The more the revenue, the greater the investment in equipment, the greater the commitment to savings, and the greater the contribution to growth (g) and wealth (W).

Ibn Khaldun emphasized the importance of investing even more by claiming that hoarded and stored wealth does not increase. When used to support social welfare, provide for the deserving, and remove obstacles, it will grow and multiply. Low tax rates, life security, property rights, and a healthy physical environment were the catalysts.

***H4: There is an influence between the Gross Regional Domestic Product (GRDP) (proxy Property dimension/*Al-Mal*) on poverty rates in Indonesia***

**The Role of Development (growth/*Al-Imarah*)**

Development is critical because society's natural tendency is continuously developing, not standing still and stagnant. This movement can either progress or regress. The Ibn Khaldun model of development encompasses all facets of human progress, not only economic growth. Hence, each variable affecting other variables (G, S, N, W, j, and g) will ultimately contribute to human welfare and guarantee survival. As stated by Muhajji (2010: 22), development is an effort to create prosperity and welfare of the people, which covers various aspects of life on an ongoing basis whose results must be enjoyed by all levels of society fairly and equitably.

There are three core objectives of development according to (Todaro, Michael P., 2004), they are:

1. Making more of various living essentials available and spreading their distribution
2. Improved standard of living
3. Expansion of economic and social choices

According to the World Bank in 1991, raising people's standards of living is development's main objective. In contrast, the United Nations Development Program (UNDP) stated in 1991 that promoting more fair economic growth and participatory development is the greatest approach to translate human development. Ibn Khaldun did not commit the error of attempting to explain development and fall solely in terms of economic factors. To demonstrate how the interconnected relationships of social, moral, economic, political, historical, and demographic elements contribute to the development and fall of society, he likes to employ a multidisciplinary and dynamic approach. Additionally, this explains what makes growth sustainable and when people experience true prosperity. It also explains why some nations develop more quickly than others. Thankfully, Development Economics is gradually taking into account the significance of practically all of these factors as well as how they interact with one another through circular causation. (Chapra, 2008).

***H5: There is an influence between foreign investment (proxy development dimension /Al-'Imarah) on poverty rates in Indonesia***

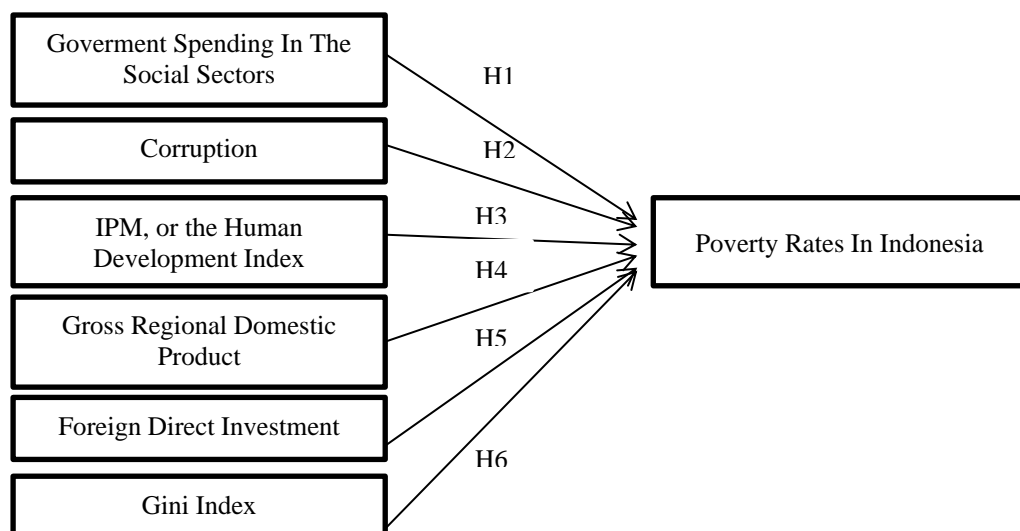
**Justice (Justice/Al-'Adl)**

The basic principles of Islamic economics, according to Umer Chapra, are as follows:

1. Principle of Tawhid. The cornerstone of the Islamic faith is tawhid. As a result, everything in the universe must have a purpose because everything in the universe was designed and created by Allah SWT purposely, not by accident. This goal gives the existence of the universe, including the occupants who are humans, significance and meaning.
2. The caliphate principle. On earth, humans serve as Allah SWT's caliph. They have the material and spiritual tools necessary to exercise authority in their capacity as His caliph. This principle has the following implications: (1) universal brotherhood; (2) resources are a trust; (3) a basic way of living; and (4) human freedom.
3. The justice maxim. One of the main goals of Islamic teachings is to promote justice. This principle has the following effects: (1) satisfaction of fundamental human requirements; (2) legal and Tayyib sources of revenue; (3) equal distribution of wealth and income; and (4) growth and stability.

The form of injustice based on the above principle is inequality of income or wealth (inequality). The distribution of income within a community must be equal in order for there to be no income disparity. Inequality is determined by ethnic diversity and economic progress. Dictatorships and regimes that disregard property rights are also linked to inequality (Glaeser, 2006). According to Alesina and Rodrik (1994), income inequality will impede growth. This is because an imbalance leads to measures for income redistribution, which will be more expensive.

***H6: There is an influence between the Gini Index (proxy Justice dimension /Al-'Adl) on poverty rates in Indonesia***



**Figure 3: Study Concept Framework**





## Research Method

The population in this study was all 34 provinces in Indonesia, and the observation period was 2018–2020, resulting in 170 observations from panel data. Quantitative data was also gathered in this study, and secondary data was also used in this study, Quantitative data was collected over a period of two years (2018–2022). Secondary data was also gathered from the Central Bureau of Statistics (BPS) statistical data that was accessed from the website [www.bps.go.id](http://www.bps.go.id). In addition, data was also obtained from the Ministry of Finance's report from the Directorate General of Fiscal Balance (DJPK) and Indonesia Corruption Watch (ICW).

### Dynamic Panel Data (Generalized Method of Moments)

The dynamic panel data model is used to describe the relationship between economic variables, many of which are dynamic. The relationship between economic variables is a dynamic one, namely that variables are not only influenced by variables at the same time but are also influenced by variables at previous times. This dynamic panel model can be seen from the existence of a dependent variable lag between the regressor variables. Therefore, dynamic panel data models are more suitable for use in economic analysis. The dynamic panel data model can be written as follows:

According to (Baltagi, 2005) The dynamic panel data regression model in the following equation:

$$Y_{i,t} = \delta y_{i,t-1} + x'_{i,t} \beta + u_{i,t}; i = 1, 2, \dots, N; t = 1, 2, \dots, T$$

Where  $i$  is worth  $1, 2, \dots, n$  and  $t$  are worth  $1, 2, \dots, T$ . Index  $i$  shows the dimensions of the cross-section, while index  $t$  shows the dimensions of the time series. With :

- $Y_{i,t}$  : Observation of the  $i$ -th cross section unit in the  $t$ -th period
- $\delta$  : coefficient of explanatory endogenous variables
- $x'_{i,t}$  : The observation vector on the independent variable is  $1 \times K$  in size
- $\beta$  : The predictor variable coefficient vector is  $K \times 1$
- $u_{i,t}$  : Panel regression error for the  $t$ -time period's  $i$ -th unit cross section

## Results

**Table 1. Output Results of Generalized Method of Moments**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Poverty Rate (-1)	-0.183981	0.080702	-2.279764	0.0249
Government Spending in the Social Sector	2.03E-11	8.27E-12	2.451685	0.0161
Corruptibility	3.362845	1.647930	2.040648	0.0442
Human Development Index (HDI)	113.8471	212.3012	0.536253	0.5931
Gross Regional Domestic Product (GRDP)	-0.001165	0.000522	-2.229661	0.0282
Foreign Direct Investment (FDI)	0.010908	0.030221	0.360938	0.7190
Gini ratio	1707.447	1844.456	0.925718	0.3570

Source: Output Eviews 10

The regression equation is calculated using the data in table 1 above and is as follows:

$$Y = -0.183981 + 2.03E-11X_1 + 3.362845X_2 + 113.8471X_3 - 0.001165X_4 + 0.010908X_5 + 1707.447X_6 + e$$



### Partial Test (t-test)

Based on table 1. results for the panel data regression discussed above, the following may be said about the partial significance test (t-test) with a significance level of 5% or 0.05:

- a. Government Spending in the social sector Variable (X1) With a significance score of the probability p-value of  $0.0161 < 0.05$ , it means that partially the variable X1 has a positive and significant effect on variable Y (poverty).
- b. Corruptibility variable (X2) The probability p-value of  $0.0442 < 0.05$ , it means that partially the variable X2 has a positive and significant effect on variable Y (poverty).
- c. Human Development Index (X3): Variable Human Development Index With a probability p-value of  $0.5931 > 0.05$ , indicates that the variable X3 partially does not affect the variable Y (poverty).
- d. Gross Regional Domestic Product (X4): Variable Gross Regional Domestic Product With a probability p-value of  $0.0282 < 0.05$ , the variable X4 has a negative and significant influence on the variable Y (poverty).
- e. Foreign Direct Investment (X5) With a significance score of the p-value probability of  $0.7190 > 0.05$ , meaning that partially the variable X5 does not affect variable Y (poverty).
- f. Gini ratio variable (X6) has a significance level of the p-value probability of  $0.3570 > 0.05$ , which indicates that the variable X6 partially does not affect the variable Y (poverty).

### Discussion

#### Influence of Government Spending in the Social Sector on Poverty

The Quran [9:60] makes it abundantly clear that the “fuqaraa” (the poor) and “masakeen” (the needy) are always to be supported. Based on the aforementioned regression results, the coefficient for the government spending variable in the social sector has a value of  $2.03E-11$  and a significance level of  $0.0161$ , which is lower than the alpha value of  $0.05$ . This indicates that poverty in Indonesia is positively and statistically significantly impacted by the varied government spending in the social sector. It demonstrates that raising government spending on Indonesia's social system will result in a rise in the country's poverty rate. The initial hypothesis of this study, which asserts that government spending on the social sector has a detrimental and large impact on poverty, is contradicted by these data.

The findings of this research show that increasing government spending in the social sector will increase the poverty rate in Indonesia. This is by the concept of decentralization, the balance of relations between the central government and regional governments can be seen as a principal-agent relationship. According to Ascher and Rondinelli (1999), with imperfect information and the possibility of opportunistic behavior, the principal-agent relationship in a contract can lead to adverse selection (hiding information) and moral hazard (abuse of authority) (Jaya, 2021:26).

#### Effect of corruption on poverty

The Qur'an 2:11 says “Do not spread corruption in the land” They replied, “We are only peace-makers” and Qur'an 47: 22 warns us “if you turn away now, could it be that you will go on to spread corruption all over the land and break your ties of kinship”. Based on the regression results above, the coefficient of the corruption variable is obtained with a value of  $3.362845$  and a significance value of  $0.0442$ , which is lower than the alpha value of  $0.05$ . This means that statistically the corruption variable has a positive and significant effect on



poverty in Indonesia. This shows that increasing corruption in Indonesia will increase the level of poverty in Indonesia. This finding is by the second hypothesis put forward in the initial chapter of this research, which argues that corruption has a positive and significant impact on poverty. As a result of corruption, large amounts of public resources are diverted to development and financing the luxury and consumption of the ruling elite, making the government unable to spend money in a targeted manner on education, health, infrastructure. Surah Baqarah, 2:215 informs us "They ask you as to what they should spend. Say, 'Let whatever wealth you spend be for the parents, relatives, orphans, the needy, and the traveller.' Allah indeed knows whatever good you do". In fact the fourth Pillar of Islam is to give alms to the poor. Muslims are thus supposed to donate a fixed amount of their property to charitable causes each year.

### **Impact of Human Development Index (HDI) on Poverty**

The HDI variable coefficient has a value of 113.8471 and a significance level of 0.5931, more than the alpha value of 0.05 based on the regression results. This shows that the HDI variable has a positive and not statistically significant influence on poverty in Indonesia. This shows that increasing HDI in Indonesia will increase poverty levels.

The three factors that make up the HDI—health, education, and standard of living (or income)—depend on each other. Education and health are a form of investment in human resources, meaning that with education and healthy conditions, every human resource can improve their standard of living. However, the findings of this research show that HDI will increase the poverty rate in Indonesia and the Qur'an abhors this kind of set-up.

From a Qur'anic moral point of view, every individual is seen as needing to change to become a better person. The two areas that need the most focus are socioeconomic progress and education. Increasing incomes and literacy alone is not enough. In addition, neoclassical economics usually ignores the moral character of individuals that must be improved. Nevertheless, this is necessary because, as Lawson rightly puts it, "no political or economic order can survive except on moral grounds." Lawson (1995: 35) Improving moral character will foster traits such as honesty, integrity, and perseverance to encourage development (Chapra, 2008: 856).

### **Effect of Gross Regional Domestic Product (GRDP) on Poverty**

Based on the regression results above, the coefficient for the gross regional domestic product variable is obtained with a value of -0.001165 and a significance value of 0.0282 which is lower than the alpha value of 0.05. This means that statistically the gross regional domestic product variable has a negative and significant effect on poverty in Indonesia. This shows that increasing the gross regional domestic product in Indonesia will likely reduce the level of poverty in Indonesia. This finding is in line with the fourth hypothesis put forward in this research, which argues that gross regional domestic product has a negative and significant impact on poverty.

Gross Regional Domestic Product (GRDP) growth is an indicator in determining the success of development and is a necessary condition for reducing poverty levels. Fair and equitable distribution of the results of Gross Regional Domestic Product (GRDP) growth will have an impact on creating development in all employment sectors and has the potential to reduce poverty levels which is what the Qur'an calls for

### **Effect of Foreign Direct Investment (FDI) on Poverty**



Based on the regression results above, the coefficient of the government investment variable has a value of 0.010908 and a significance score of 0.7190, more than the alpha value of 0.05. This shows that the government investment variable, statistically, has a small and detrimental impact on poverty in Indonesia. This shows that increasing government investment in Indonesia cannot reduce the poverty rate in Indonesia. The insignificant effect of government investment on poverty occurs because foreign investment in large companies is not able to absorb a lot of workers. The use of sophisticated machines in the company also requires higher qualifications to exist in the workforce.

### **Impact of the Gini Ratio on Poverty**

Based on the regression results, the Gini coefficient with a value of 1707.447 and a significance value of 0.3570 is greater than the alpha value of 0.05. This shows that the Gini ratio variable does not have a statistically significant impact on poverty in Indonesia. This shows that the greater the level of inequality in Indonesia cannot increase the poverty rate in Indonesia. These findings contradict the sixth hypothesis proposed in prior work which argues that the Gini ratio has a positive and significant effect on poverty.

The Kuznets' theory states that unequal distribution of income is necessary to achieve increased economic growth. Because rich people have a greater savings ratio than poor people, the more unequal a country's income distribution, the faster the rate of economic growth. - poor people will increase their level of aggregate savings followed by increased investment as development capital which will increase economic growth (Affandi & Astuti, 2014). Continuous increases in public investment are expected to increase economic activity, create more jobs, increase national income, increase individual influence, and reduce poverty.

### **Conclusion**

The conclusion based on the results and discussion above is that the dynamics of Ibnu Khaldun's poverty alleviation model can prove that non-economic variables, namely corrupt behavior, are one of the factors causing increasing poverty in Indonesia. From the background of the emergence of the problem of poverty, the author concludes that the Qur'an offers a comprehensive solution. Firstly, it is aimed at Muslim individuals by providing guidance on attitudes and behavior that should be instilled in every individual, such as advice not to be greedy and take other people's rights (corruption). This can be seen from the research results which show that corrupt behavior can increase poverty because wealth is not distributed to the poor as it needs to be in Islamic teachings. This is in line with the Qur'an in Surah Ar-Rum: 41, which states: "Trouble has appeared on land and at sea caused by the actions of human hands; Allah desires that they feel some of (the consequences of) their actions so that they return (to the right path).

Furthermore, the message of the Qur'an is addressed to leaders or rulers in particular and generally to Muslims, to uphold justice and build a social structure that is free from exploitation, oppression, and the concentration of wealth in the hands of a few people. In a social structure like this, there are other values of truth, namely justice in the social, economic, legal, and political fields. The role of government is very much needed as a control and policyholder over everything relating to economic activities carried out both at the local level and at the global level, so that there is no one party which can cause harm to society at large. The Qur'an explains in surah Al-Hajj: 45, that we need to do the right things "So how many countries have we destroyed because their (population) was in an unjust state so that their buildings collapsed and (how many) wells were abandoned and high palaces were (uninhabited)"



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