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# The Impact of Zakat and Macroeconomics on Poverty in Indonesia: A Panel Data Analysis of 34 Provinces

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**Abstract**

**Introduction:** Poverty is a multidimensional problem that requires integrated policies in its management as part of efforts to eradicate poverty
**Objective:** This study aims to examine the effects of zakat, gross domestic product, the open unemployment rate, and the Gini index on poverty across 34 provinces in Indonesia.
**Method:** This study employed a quantitative, associative approach. The data are panel data from 34 provinces in Indonesia, covering 2019 to 2023, sourced from the Central Statistics Agency and the National Zakat Agency. Data analysis was conducted using a fixed-effects panel-data regression model.
**Results:** Zakat, Infaq, and Sedekah have a positive but insignificant effect on poverty. Gross Domestic Product has a negative but insignificant effect on poverty. Meanwhile, the Open Unemployment Rate and the Gini Index have positive and significant effects on poverty, indicating that increases in these variables are associated with higher poverty. Unemployment is driven by limited job opportunities, low skills, and limited experience, while the high Gini index (income inequality) stemming from unequal income distribution affects the cycle of poverty.
**Implication:** The results can serve as a reference for developing plans and policies to optimize poverty alleviation, particularly in providing employment and inclusive income distribution.

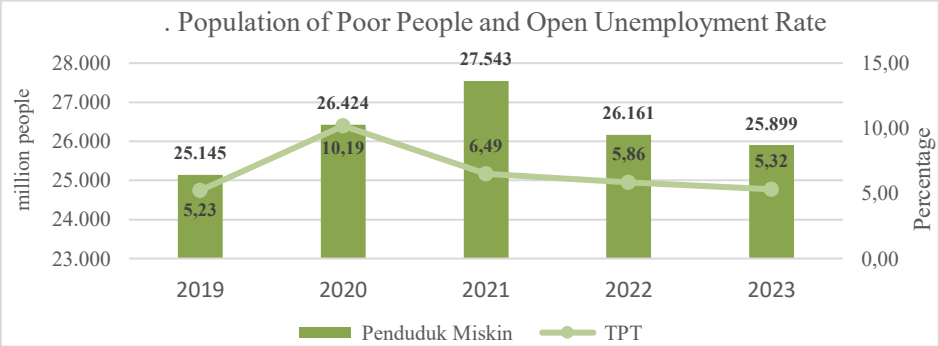
**Keywords:** Gini Index; Gross Domestic Product; Open Unemployment Rate; Poverty; Zakat.

## A. Introduction

Every country wants to solve poverty as soon as possible, and Indonesia is no exception. Poverty is a multidimensional problem characterized by an inability to meet basic needs, limited access to public services, low-quality resources, vulnerability to shocks, and exposure to social misfortune. (Pinontoan, 2020). High poverty is one indicator of the ineffectiveness of poverty alleviation policies. Poverty alleviation requires the integration of various disciplines, the roles of government and society, and policies to address poverty,

resulting in a comprehensive policy. In Indonesia, poverty is a perennial problem. The following poverty data are presented:

**Graph 1.**
**Population of Poor People (Millions) and Open Unemployment Rate (%) in Indonesia from 2019 to 2023**




Source: BPS, 2025

Graph 1 shows that the poverty trend is consistent with the unemployment rate: increases in unemployment are associated with higher poverty rates. The Table shows that the number of poor people in 2023 decreased compared to the previous year. This supports the potential of Islamic Social Finance as an instrument for poverty alleviation. Zakat contributes to poverty reduction, not only for the social sector but also for community economic Development. (Majid & Widiastuti, 2021). Zakat is an effective and innovative program in economic Development, minimizing poverty. (Arwani et al., 2022). The large number of Muslims in Indonesia can contribute through the utilization of Zakat, Infaq, and Sedaka as a means of distributing wealth and reducing inequality, thus reducing poverty in Indonesia. The following data on the collection of Zakat, Infaq, and Alms:

**Graph 2.**
**Zakat, Charity, and Alms in Indonesia (Billions) 2019-2023**


Source: Baznas, 2025

Graph 2 shows that ZIS growth tends to increase every year. The higher the level of ZIS fund distribution, the greater its impact on economic Development through its contribution to reducing poverty among the asnaf. Zakat is used to alleviate poverty, increase productivity and entrepreneurship, enhance welfare, and empower the mustahik (Zaenal et al., 2024). Zakat can be used to meet basic needs in the areas of economy, social welfare, education, health, and human Development.

In addition, a country's economic condition can be assessed through its gross domestic product and economic growth rate. According to (BPS, 2023), Gross domestic product (GDP) is a measure of economic performance that reflects the contributions of economic sectors. In contrast, economic growth is the year-to-year increase in the volume of goods and services. The following are data on GDP and economic growth rates:

**Graph 3.**
**GDP and Economic Growth Rate of Indonesia from 2019 to 2023**

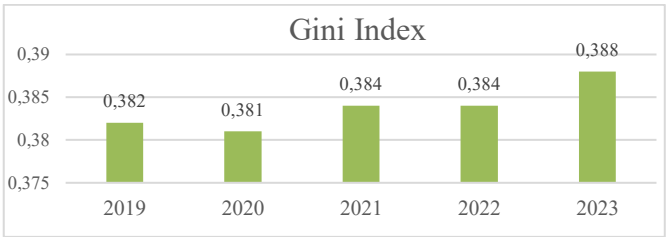

Source: BPS, 2025

Graph 3 shows that a country's conditions can influence economic growth. In 2020, economic growth contracted by 2.07 percent relative to the previous year due to the COVID-19 pandemic. Economic growth, which encompasses 17 sectors of the GDP, can affect poverty rates. High GDP growth, coupled with economic growth, presents an opportunity to reduce poverty. (Halid et al., 2023). Economic growth is not merely an increase in growth rates and GDP; it is also accompanied by income equality, employment opportunities, and infrastructure Development, which together affect poverty reduction.

As shown in Table 1, the poverty rate decreases as the unemployment rate declines. The open unemployment rate is the ratio of the number of unemployed to the total labor force. (Iskandar, 2021). According to the Central Statistics Agency (BPS), the open unemployment rate indicates underutilization of the labor force and its underabsorption in the labor market. There is a strong correlation between unemployment and poverty. Unemployment has the potential to reduce welfare and poverty issues as a result of persistent unemployment. (Karo Karo & Yusnida, 2024). Economic growth is widely regarded as a path to long-term poverty reduction, but the closely related issue of unemployment hampers poverty alleviation. (Ngubane et al., 2023). Factors contributing to poverty include high unemployment, low educational attainment, economic growth, and limited access to healthcare. (Amar et al., 2022).

Furthermore, the unequal distribution of wealth, resulting from the concentration of wealth in a small segment of society, contributes to increased poverty. Inequality arises from the income gap between the rich and the poor. (Soelistsyo, 2023). The Gini index can be used as an indicator to determine the level of inequality in a region, as follows:

**Graph 4.**
**Indonesia's Gini Index 2019-2023**




Source: BPS, 2025

Graph 4 shows that the Gini Index increased between 2019 and 2023. A higher Gini Index indicates greater inequality, indicating that income is concentrated in some regions. Research by (Lestari et al., 2023) indicates a strong correlation between inequality and poverty. Furthermore, reducing inequality is preferable to reducing poverty, which is achieved by improving equality and Equity in income distribution. (Wibowo, 2016). The Sustainable Development Goals (SDGs) Development agenda, a global effort, and Indonesia's goal of improving welfare include the complete eradication of extreme poverty. (Kementerian PPN/Bappenas, 2021). This serves as a driving force for equitable and inclusive justice, synergizing various factors through income distribution, zakat allocation, and macroeconomic stability, particularly economic growth oriented toward Development and Equity, job creation, and reducing inequality.

Therefore, poverty is an urgent challenge to be addressed through various policies and the involvement of government and society. Through the role of ZIS and GDP as a means for the distribution of wealth flowing downwards, which has an impact on reducing the level of inequality or the Gini index, or increasing the number of jobs to reduce unemployment, which has an impact on reducing the number of poor people. According to the theory of Redistribution with Growth, economic growth will promote an equitable distribution of income. (Afandi et al., 2022). The novelty of this study was demonstrated through the testing and analysis of aggregated panel data from 34 provinces in Indonesia, along with poverty determinants, and through the use of zakat as an instrument of Islamic Social Finance for poverty alleviation. This study was conducted using a panel regression approach for 34 provinces in Indonesia in 2019-2023 to examine the effect of Zakat, Infaq, and Sedekah (ZIS), and macroeconomic variables, including Gross Regional Domestic Product (GDP), Open Unemployment Rate (OUR), and the Gini Index, on the number of poor people in 34 provinces in Indonesia.

## Literature Review

### Poverty

Poverty is not only defined as the inability to meet basic needs but also as a condition of inability caused by limited access to education, health, and legal services, vulnerability to criminal activity, and the inability to improve Well-being. Poverty is a multidimensional problem resulting from income below the poverty line (absolute poverty), uneven Development policies and income inequality (relative poverty), cultural habits or attitudes

that hinder efforts to improve living standards, such as laziness and dependency (cultural poverty), as well as discrimination and limited access to resources due to social and political structures that do not support poverty alleviation (structural poverty) (Karim, 2024). Internal poverty factors include low education, cultural norms such as a tendency to give up easily, laziness, and a low work ethic. In contrast, external factors include barriers to resource utilization stemming from government regulations, which are also known as cultural poverty. (Pinontoan, 2020).

**Zakat, Charity, and Alms**

Islam was revealed to regulate matters of this world and the hereafter. In the pillars of Islam, zakat is the third pillar, entailing the obligation to donate a portion of one's wealth for social purposes. Islamic teachings aim to address social inequality and unrest through zakat, which is intended to improve relations among human beings and strengthen the relationship between humans and Allah. In Indonesia, zakat management institutions are managed by the Zakat Management Agency (BAZ) and the Zakat Management Institution (LAZ) (Barkah et al., 2020). Infak is giving donations to good causes. Infak is a form of voluntary social charity that allows individuals to freely determine the amount and type of wealth to be donated according to their wishes. Meanwhile, giving is not only material but also non-material. There is a distinction between infak and sedekah: sedekah has a broader scope, encompassing not only material assets but also non-material assets. (Hadziq, 2013).

**Gross Domestic Product**

Gross Domestic Product is the total value of all goods and services produced within a specific period in a country. The main components in its calculation include investment, household consumption, government spending, and net exports. GDP can serve as a reference for economic policy analysis, for determining fiscal policy, and for comparing welfare levels across countries. Additionally, GDP, when viewed from the perspective of economic growth, can serve as an indicator of recession. (Langoday, 2024). GDP at Constant Prices is the value added of goods and services calculated using a specific year as the constant price benchmark. GDP calculations can be performed using the production approach, the expenditure approach, and the income approach (Isniyati, 2023).

**Open Unemployment Rate**

Open unemployment refers to the share of the labor force that is not working or actively seeking work. The Open Unemployment Rate is an employment indicator calculated as the number of unemployed individuals divided by the total labor force. (Suparman, 2023). The open unemployment rate is the ratio of the number of open unemployed to the total labor force. Therefore, if the number of unemployed increases, the open unemployment rate also increases. (Suparman, 2022). According to the Central Statistics Agency, the open unemployment rate reflects underutilized labor that is not absorbed by the labor market. (BPS, 2024a).

**Gini Index**

As a measure of income redistribution, ranging from 0 to 1. A Gini Index of 0 means that income is distributed perfectly evenly, while a Gini Index of 1 means that income is

concentrated in one person. The reference values for the Gini Index are as follows. (Lie et al., 2022):

**Table 1.**
**Gini Index Criteria**

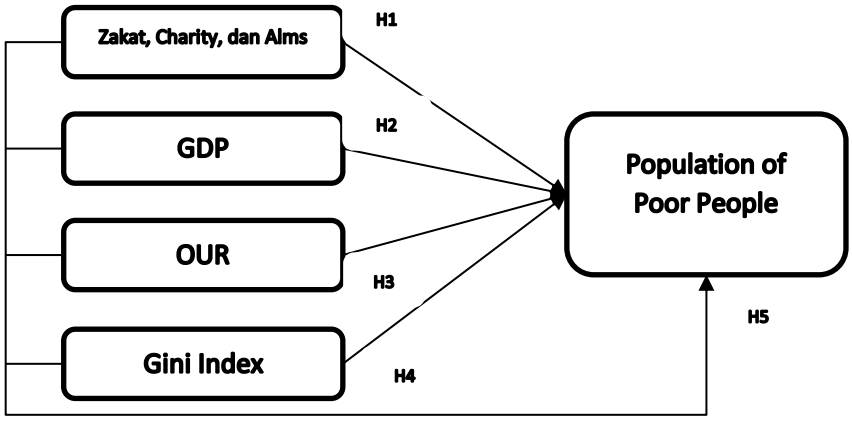
| Gini Index (x) | Description |
|---|---|
| x=0 | Perfect equality |
| 0<x<0.4 | Low level of inequality |
| 0.4<x<0.5 | Moderate level of inequality |
| 0.5<x<1.00 | Severe level of inequality |
| x=1.0 | Perfect inequality |

Source: *Indeks Pembangunan Manusia dengan Pertumbuhan Ekonomi* (Lie et al., 2022).

The Gini Index is used to assess the level of welfare as reflected in the distribution of income within the community. Inequality is categorized as high if 40 percent of the population with low income earns less than 12 percent of the total income, and 12-17 percent is categorized as moderate. In comparison, more than 17 percent is categorized as low inequality. (Husnah, 2022).

**Formulation of Hypotheses**

**Figure 1.**
**Research Hypothesis**




H1: Zakat, Charity, and Alms (ZIS) Affect the Poverty in 34 Provinces in Indonesia
H2: Gross Domestic Product (GDP) Affects the Poverty in 34 Provinces in Indonesia
H3: Open Unemployment Rate (OUR) Influences the poverty in 34 Provinces in Indonesia
H4: Gini Index Influences the Poverty in 34 Provinces in Indonesia
H5: Zakat, Charity, and Alms (ZIS); Gross Domestic Product (GDP), Open Unemployment Rate (OUR), and Gini Index Influence the poverty in 34 Provinces in Indonesia

## B. Research Methodology

This research was conducted quantitatively. Quantitative research is a systematic analysis of a symptom or phenomenon through data collection and measurement using statistical or computational methods. Quantitative research aims to analyze numerical data.

Meanwhile, the associative approach aims to determine the cause-and-effect relationship between independent variables and dependent variables. (Jannah et al., 2021). The data used are panel data that combine cross-sectional data from 34 provinces in Indonesia and time-series data from 2019 to 2023. Panel data are used to obtain a large amount of data, provide broader observations, and reduce data collinearity (Basuki, 2021). This study uses secondary data obtained from government or institutional publications, including Poverty, Gross Domestic Product (GDP), Open Unemployment Rate (OUR), and Gini Index from the Central Statistics Agency (BPS), and Zakat, Infaq, and Sadaqah (ZIS) from the National Zakat Agency (BAZNAS) reports for the years 2019-2023.

The panel data regression model was evaluated using the Chow Test, Hausman Test, and Lagrange Multiplier Test to determine the appropriate regression model, namely the Fixed Effects Model (FEM), Random Effects Model (REM), and Common Effects Model (CEM). The variables used in this study include independent variables such as Zakat, Infak, and Sedekah (X1), Gross Domestic Product (X2), Open Unemployment Rate (X3), Gini Index (X4), and the dependent variable, Number of Poor People (Y). The panel data regression equation model is as follows (Basuki, 2021):

$$\log(\text{Poverty}_{ti}) = \beta_0 + \beta_1 \log(ZIS_{ti}) + \beta_2 \log(GDP_{ti}) + \beta_3 \log(OUR_{ti}) + \beta_4 log(Gini_{ti}) + \varepsilon t \ldots 1$$

Explanation:

| | |
|---|---|
| Poverty | : Data on the Population of Poor People (Thousands) |
| ZIS | : Data on Zakat, Infak, and Alms (Billions) |
| GDP | : Data on Gross Regional Domestic Product (Billion) |
| OUR | : Open Unemployment Rate Data (Percent) |
| Gini Index | : Inequality Level Data (Index) |
| $\beta$ 1-4 | : Independent Variable Coefficient Values |
| $\varepsilon$ | : Error Term |
| t | : Time |

## C. Results and Discussion

### Results

Based on the results of panel data testing with independent variables ZIS (X1), GDP (X2), IUR (X3), and Gini Index (X4) on poverty (Y) using Eviews 13, the following results were obtained:

### Descriptive Test

**Table 2.**
**Descriptive Test**

| Variable | Mean | Median | Maximum | Minimum |
|---|---|---|---|---|
| Log Poverty | 2.615 | 2.456 | 3.660 | 1.681 |
| Log ZIS | 10.490 | 10.505 | 12.473 | 0.0000 |
| Log GDB | 5.218 | 5.151 | 6.321 | 4.380 |
| Log OUR | 0.688 | 0.677 | 0.196 | 0.145 |
| Log Gini | -0.452 | -0.469 | -0.348 | -0.627 |

Source: Eviews 13 output results, 2025.

Table 2 presents descriptive statistics showing that the average poverty (Y) is 2,615, with a maximum of 3,660 and a minimum of 1,681. The average ZIS collection (X1) is 10,490, with a maximum value of 12,473 and a minimum value of 0.0000, indicating that there was no ZIS collection in one of the provinces in Indonesia. The average GDP (X2) is 5,218, with a maximum of 6,321 and a minimum of 4,380. The average OUR (X3) value is 0.688, with a maximum of 0.196 and a minimum of 0.145. Meanwhile, the average Gini Index is -0.452, with a maximum of -0.348 and a minimum of -0.627.

**Panel Regression Model Determination Test**

The panel-data analysis to obtain regression model estimates was conducted using three approaches: the Chow test, the Hausman test, and the Lagrange Multiplier test. The Chow test was used to determine whether to use the Fixed Effects Model (FEM) or the Common Effects Model (CEM). The Hausman test was used to select between the Fixed-Effects Model (FEM) and the Random-Effects Model (REM). Meanwhile, the Lagrange Multiplier test determines whether the Random Effect Model (REM) or the Common Effect Model (CEM) is appropriate (Basuki & Prawoto, 2019). The results of the panel regression model testing are as follows:

**Table 3.**
**Panel Regression Model Determination Test Fixed Effect Model**

| **Model Test** | ***Effect Test*** | ***Statsitic*** | ***d.f.*** | ***Prob.*** |
|---|---|---|---|---|
| Chow Test | *Cross-section F* | 5228.0309 | 33.129 | 0.0000 |
| | *Cross-section Chi-square* | 835.2484 | 33 | 0.0000 |
| Housman Test | *Cross-section random* | 35.017731 | 4 | 0.0000 |

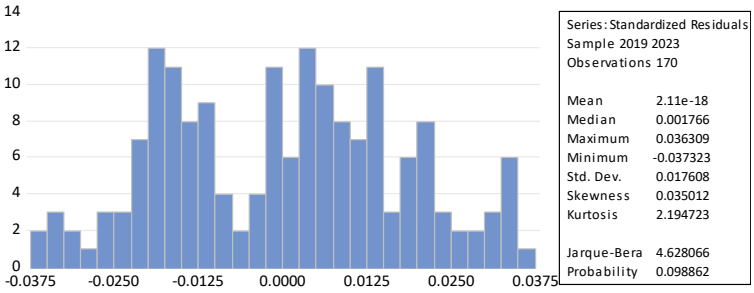
Source: Eviews 13 output results, 2025

Based on Table 3, the Chow test for panel model selection yielded a cross-section F-statistic of 0.0000, which is less than 0.05, indicating that the Fixed Effects Model (FEM) is preferred over the Common Effects Model (CEM). Meanwhile, the Housman test yielded a p-value of 0.0000 for the cross-sectional random test, which is less than 0.05. Therefore, the model used is the Fixed-Effects Model (FEM) rather than the Random-Effects Model (REM). Thus, the best panel regression model for this study is the Fixed Effect Model (FEM), and the Lagrange Multiplier test is not continued.

**Classical Assumption Test**

In panel data regression models, not all classical assumptions are tested. The classical assumptions tested are multicollinearity and heteroscedasticity. The Normality Test is not required. Meanwhile, the Autocorrelation Test is conducted on time-series data; it is not meaningful when applied to cross-sectional data. (Basuki & Prawoto, 2019). If the model results indicate Fixed Effects or Common Effects, classical assumption tests must be conducted. (Rosini, 2023). Below are the results of the normality test, multicollinearity test, and heteroskedasticity test:

**Figure 1.**
**Normality Test of the Fixed Effect Model**




Source: Eviews 13 output results, 2025

The normality test assesses whether the data are normally distributed; a Jarque-Bera statistic greater than 0.05 indicates non-normality (Basuki, 2021). Based on the results of the normality test using the cross-sectional weight with the fixed-effects model, the Jarque-Bera statistic was 0.098 > 0.05. Thus, the data from the fixed-effects model are normally distributed.

**Table 4.**
**Multicollinearity Test of the Fixed Effect Model**

| Variable | Log ZIS | Log GDB | Log OUR | Log Gini |
|---|---|---|---|---|
| Log Poverty | 1 | 0.5269 | 0.3725 | 0.1610 |
| Log ZIS | 0.5269 | 1 | 0.4705 | 0.2681 |
| Log GDB | 0.3725 | 0.4705 | 1 | 0.0208 |
| Log OUR | 0.1610 | 0.2861 | 0.0208 | 1 |

Source: Eviews 13 output results, 2025

Table 4: The Multicollinearity test assesses the correlation among independent variables. (Basuki, 2021). If the correlation coefficient of the independent variables is less than 0.8, then the regression model does not assume multicollinearity. (Rifkhan, 2023). Based on the results of the multicollinearity test, the correlation among the independent variables is less than 0.8. Thus, there is no multicollinearity in the panel regression. A good regression model should not exhibit strong correlations between independent and dependent variables.

**Table 5.**
**Heteroscedasticity Test of the Fixed Effects Model**

| Variable | Prob |
|---|---|
| Log Poverty | 0.3670 |
| Log ZIS | 0.6475 |
| Log GDB | 0.8159 |
| Log OUR | 0.8262 |

Source: Eviews 13 output results, 2025

Meanwhile, Table 5 presents the heteroskedasticity test, which assesses the validity of the estimated coefficients across observations to ensure accurate estimation. (Rifkhan, 2023). If the p-value is greater than 0.05, the regression model is not multicollinear. (Basuki, 2021). Based on the Table, the probability values for the ZIS variable (0.3670), GDP (0.6473), OUR (0.8159), and Gini (0.8262) exceed 0.05. Therefore, the panel data regression model does not require a heteroskedasticity assumption.

**Model Feasibility Test**

**Simultaneous Test (F)**

This test aims to determine the simultaneous effect of independent variables on the dependent variable. If the F-statistic exceeds the F-table value and the p-value < 0.05, the independent variables are considered to have a simultaneous effect on the dependent variable. (Elvera & Astarina, 2021). The following are the results of the F test:

**Table 6.**
**F Test Results**

| Variabel | f-Statistic | Prob. | Conclusion |
|---|---|---|---|
| All Variable | 2345.435 | 0.00000 | Significant |

Source: Eviews 13 output results, 2025

The F-test output in Table 6 for the Fixed Effects Model (FEM) shows that the f-statistic of 2345.435 exceeds the f-table value of 2.43. Meanwhile, the p-value for the F-statistic is 0.0000, which is less than 0.05. Thus, the Fixed Effects Model (FEM) independent variables ZIS (X1), GDP (X2), OUR (X3), and the Gini Index (X4) have significant effects on poverty (Y) across 34 provinces in Indonesia.

**Partial Test (T)**

The partial test provides a preliminary assessment of the influence of two or more independent variables on the dependent variable, with decisions based on the t-statistic > t-table and the probability value < 0.05, indicating that each independent variable has an influence. (Rudini & Azmi, 2023). Meanwhile, the results of the T-test for the Fixed Effect Model (FEM) in Table 7 are as follows:

**Table 7.**
**Fixed Effect Model Regression Test**

| Variabel | Coefficient | t-Statistic | Prob | Description |
|---|---|---|---|---|
| Constant | 2.74295 | 18.3660 | 0.0000 | |
| Log ZIS | 0.00035 | 0.13725 | 0.8910 | Insignificant |
| Log GDB | -0.00016 | -0.05783 | 0.9540 | Insignificant |
| Log OUR | 0.06408 | 2.52879 | 0.0126 | Significant |
| Log Gini | 0.36184 | 2.33575 | 0.0210 | Significant |

Source: Eviews 13 output results, 2025

1. The ZIS (X1) t-statistic value is 0.13725 < t-table value of 1.97445 with a prob. value of 0.8910 > 0.05, which means that the ZIS (X1) variable has a positive and insignificant effect on the poverty in 34 provinces in Indonesia (Y).
2. The t-statistic value of GDP (X2) is -0.5783 < the t-table value of 1.97445 with a probability value of 0.9540 > 0.05, which means that the GDP variable (X2) has a negative and insignificant effect on the poverty in 34 provinces in Indonesia (Y).

3. The t-statistic value of OUR (X3) is 2.52879 > the t-table value of 1.97445 with a probability value of 0.0126 < 0.05, which means that the OUR variable (X3) has a positive and significant effect on the poverty in 34 provinces in Indonesia (Y).
4. The t-statistic value of the Gini Index (X4) is 2.33575 > the t-table value of 1.97445 with a probability value of 0.0210 < 0.05, which means that the Gini variable (X4) has a positive and significant effect on the poverty in 34 provinces in Indonesia (Y).

**Determination Test ($R^2$)**

The determination test assesses the extent to which independent variables explain the variance in the dependent variable. The higher the $R^2$ value or the closer it is to 1 (100 percent), the stronger the contribution or correlation between the independent and dependent variables (Elfrianto et al., 2025; Elvera & Astarina, 2021). The following are the results of the determination test:

**Table 8.**
**Determination Test (R2) Fixed Effects Model**

| Variable | R-Square | Adjusted R-Square | Conclusion |
|---|---|---|---|
| All Variable | 0.549134 | 0.538310 | 54.9 % X influences Y |

Source: Eviews 13 output results, 2025

The output results of Table 8 of the Determination Test (R2) for the Fixed Effect Model (FEM) resulted in an R-Square value of 0.549134 or 54.9 percent. This means that the independent variables, namely Zakat, Infak, and Sedekah (X1), Gross Domestic Product (X2), Open Unemployment Rate (X3), and Gini Index (X4), explain 54.9 percent of the variance in the Population of Poor People (Y). In comparison, other variables outside the scope of this study can explain the remaining 45.1 percent.

**Discussion**

**Zakat, Charity, and Alms (ZIS) on Poverty**

The results of this study indicate that the variables of Zakat, Infak, and Sedekah have a positive, albeit insignificant, effect on poverty across 34 provinces in Indonesia. Research supporting these findings includes the study by (Martaliah et al.,2023). The study found that the distribution of zakat does not have a significant or positive impact on poverty in Jambi Province. The studies by (Fatchullah et al., 2023) and (Widiastuti & Kosasih, 2021) Also found that the ZIS variables do not have a significant impact on poverty.

These results indicate that increases in zakat, infaq, and sadaqah are associated with higher poverty across 34 provinces in Indonesia; however, this association is not statistically significant. Law No. 23 of 2011 concerning zakat management aims to improve justice, increase welfare, and alleviate poverty. (JDIH BPK, 2011). Zakat, as a form of social welfare, helps address income inequality and improve living standards. (A. Aziz et al., 2024). The insignificant effect is due to the inefficient role of zakat institutions in collection and redistribution, as well as the low level of public trust in zakat management institutes. (Purbasari et al., 2020). Additionally, there is overlap in the distribution of zakat among Baznas, Laz, and illegal institutions, leading to inefficiency. (Shafarani et al., 2023). Zakat, Charity, and Alms have great potential in poverty alleviation. However, if distribution is uneven and there is

overlap between zakat, infak, and sedekah distribution institutions, it can exacerbate the poverty gap and inefficiency.

**Gross Domestic Product (GDP) and Poverty**

Gross Regional Domestic Product, based on output, has a negative and insignificant effect on poverty across 34 provinces in Indonesia. These results are consistent with the literature. (Aji Kusuma & Hasmarin, 2023) This study found that GRDP has no significant effect on poverty. Research by (Valiant Kevin et al., 2022) Indicates that there is a significant adverse effect of the RGDP variable on poverty in Central Java from 2013 to 2021. Another study conducted by (Putra et al., 2021) Found that there is a negative and insignificant influence of the PDRB variable on poverty in Blitar City from 2011 to 2020. The study (Prawitrisari et al., 2022) Found that there is a negative relationship between PDRB and poverty levels in Bantul Regency.

Based on these results, an increase in Indonesia's GDP will reduce poverty in 34 provinces, but the effect is not statistically significant. Problems such as poverty, unemployment, and inequality can be addressed through the Trickle-Down Effect, which is driven by economic growth, as indicated by real Gross National Product per capita. (Sukarniati et al., 2021). However, in reality, issues of poverty, unemployment, and inequality are overlooked, with the focus solely on economic growth. (Haryanto & Siswanta, 2023). The insignificant impact of uneven Development and economic growth in only some regions results in only a few regions experiencing the distribution of GDP (Dahliah & Nirwana Nur, 2021). Thus, Indonesia's high poverty can be attributed to the uneven distribution of GDP across a small number of regions, which exacerbates inequality and drives rising poverty despite annual economic growth.

**Open Unemployment Rate on Poverty**

The results indicate that the open unemployment rate has a positive and significant effect on poverty across 34 provinces in Indonesia. The results of this study are in line with the research conducted by (Alfina, 2023) There is a positive and significant effect of the open unemployment rate on poverty in Bali. In agreement with this research, research by (Yustie, 2020) Shows a significant effect of the open unemployment rate on poverty across nine cities in East Java Province.

This indicates that an increase in the open unemployment rate (OUR) in Indonesia will increase poverty across 34 provinces. Thus, the Open Unemployment Rate may contribute to the increase in poverty across the 34 provinces of Indonesia. The theory of the poverty cycle posits that poverty arises from low human capital, imperfect markets, and low productivity, which reduce income, thereby lowering savings and investment and, consequently, capital accumulation. This will create low employment opportunities and increase unemployment. (Soelistsyo, 2023). Unemployment can lead to low income, unmet basic needs, and reduced Well-being and prosperity. (Sari & Putri, 2022). High unemployment can exacerbate poverty in Indonesia's 34 provinces. High unemployment results from low skills and abilities and limited job opportunities, which in turn affect productivity, income, savings, and investment, making it difficult for individuals to meet their basic needs—both food and non-food—and to live below the poverty line.

**Gini Index on Poverty**

The study results indicate that the Gini Index has a positive and significant effect on poverty across 34 provinces in Indonesia. Supporting studies include those by (Suhardi & Rival, 2022) and (Dewi, 2021) This shows that the Gini Index has a significant positive effect on poverty. The study by (Sihombing et al., 2023) Shows that the Gini Index has a positive and significant effect on economic growth, indicating that high income inequality leads to increased poverty.

Based on these results, it is evident that rising Gini indices will increase poverty in 34 provinces in Indonesia due to increasing income inequality. According to the Central Statistics Agency, income is perfectly equal when the Gini index is close to 0, whereas when it is close to 1, income inequality is perfect. (BPS, 2024b). The Gini index is a widely used measure of inequality, and a decrease in inequality reduces poverty by improving the distribution pattern. (Lakner et al., 2020). Thus, the Gini Index is related to the level of income inequality. With an increase in equitable income distribution, the Gini Index will decrease, indicating a more equitable income distribution. Conversely, if income is distributed unequally to only a few regions, it will deepen the poverty gap in Indonesia's 34 provinces.

## D. Conclusion

Based on the discussion above, the researcher concludes that the variables Zakat, Infak, and Sedekah (ZIS), Gross Domestic Product (GDP), Open Unemployment Rate (OUR), and Gini Index significantly affect poverty across 34 provinces in Indonesia. Meanwhile, Zakat, Infak, and Sedekah (ZIS) have a positive but insignificant effect on poverty due to the overlapping distribution of Zakat, Infak, and Sedekah (ZIS), resulting in inefficient and uneven distribution. Gross Domestic Product (GDP) can be used as a tool for equitable distribution and has the potential to reduce income inequality, thereby decreasing poverty; however, this effect is not significant because economic Development occurs in only some regions and is not evenly distributed. ZIS funds and GDP contributions have the potential to reduce poverty if distribution is equitable across all regions of Indonesia.

The open unemployment rate (OUR) has a positive and significant effect on the number of poor people in 34 provinces in Indonesia, which means that the increase in the number of poor people is caused by a lack of jobs, a lack of skills and expertise, which has an impact on the high OUR because they cannot compete in the current era. Meanwhile, the Gini index has a positive and significant effect on the number of poor people in 34 provinces in Indonesia. The Gini Index, an index of inequality severity, is approaching 1, indicating near-perfect inequality due to uneven distribution of wealth and infrastructure. Consequently, the rising Open Unemployment Rate and Gini Index will exacerbate poverty in 34 provinces in Indonesia.

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