

Islamic Perspectives on Poverty Reduction Policies in Indonesia: Revisiting Al-Ghazali's Socioeconomic Thought

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Abstract

Poverty remains a major socioeconomic challenge in Indonesia despite the implementation of various government poverty alleviation programs. Contemporary poverty reduction policies generally emphasize economic and material aspects, while ethical, moral, and spiritual dimensions are often overlooked. This study aims to analyze poverty reduction policies in Indonesia from the perspective of Al-Ghazali's socioeconomic thought. The research employs a qualitative approach using library research methods with a conceptual and normative analysis framework. Primary data were derived from classical works of Al-Ghazali, while secondary data were obtained from academic journals, government reports, and relevant literature on Islamic economics and public policy. The analysis evaluates Indonesian poverty reduction policies through Al-Ghazali's key socioeconomic concepts, namely *maslahah* (public welfare), distributive justice, ethical governance, moral responsibility, and state responsibility in safeguarding social welfare. The findings indicate that Al-Ghazali emphasized the importance of social justice, equitable wealth distribution, moral governance, and state responsibility in ensuring public welfare. Programs such as social assistance schemes, village fund allocation, and labor empowerment initiatives demonstrate alignment with the principles of *maslahah* and distributive justice by improving access to basic needs and economic opportunities for vulnerable groups. However, the dimensions of ethical governance, moral responsibility, and value-based social development remain relatively weak, as poverty reduction policies continue to focus predominantly on material and economic indicators. This study argues that Al-Ghazali's socioeconomic framework offers a more holistic approach to poverty alleviation by integrating economic development with ethical and social justice values. The study contributes to the discourse on Islamic public policy by providing an alternative framework for evaluating contemporary poverty reduction strategies in developing countries, particularly Indonesia.

Keywords: Poverty Reduction, Al-Ghazali, *Maslahah*, Islamic Public Policy, Social Justice, Indonesia.

INTRODUCTION

Poverty remains one of the most persistent socioeconomic challenges in developing countries, including Indonesia. Although Indonesia has experienced relatively stable economic growth over the past decade, poverty and social inequality continue to affect millions of people, particularly in rural and vulnerable communities. According to Statistics Indonesia (BPS, 2025), the national poverty rate stood at 8.47 percent, representing approximately 23.85 million people. Rural poverty remained significantly higher than urban poverty, reflecting persistent disparities in access to economic opportunities, education, healthcare, and public services. In addition, the national Gini ratio remained at 0.381, indicating that income inequality continues to be a structural challenge despite sustained economic growth. In this regard, poverty is not merely an economic issue but

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also a multidimensional social problem closely related to welfare, justice, and human dignity (Suryahadi et al., 2021).

The Indonesian government has implemented various poverty alleviation programs, including the Family Hope Program (PKH), Direct Cash Assistance (BLT), Village Fund programs, and food subsidy schemes aimed at improving social welfare and reducing economic vulnerability among low-income households. Several studies have shown that these programs contribute positively to poverty reduction and social protection. For example, research conducted by Permana and Arianti (2022) found that conditional cash transfer programs in Indonesia significantly improved household consumption and access to basic social services. Similarly, Nugroho et al. (2021) argued that fiscal decentralization and village funding policies have strengthened local economic empowerment in several rural regions of Indonesia. However, several evaluations also indicate persistent challenges related to targeting accuracy, program dependency, bureaucratic inefficiency, and limited community empowerment. Most poverty alleviation programs focus primarily on income support and material assistance, while ethical development, social responsibility, and value-based empowerment receive relatively limited attention. Consequently, beneficiaries may experience short-term economic relief without substantial improvements in social agency, self-reliance, and community solidarity.

Contemporary poverty alleviation strategies generally rely on economic growth paradigms that prioritize income distribution, fiscal expenditure, and market-based development indicators. While such approaches are important, they frequently overlook the moral and spiritual aspects of human well-being. In many developing countries, including Indonesia, poverty is still approached primarily through economic and administrative mechanisms rather than through comprehensive social and ethical transformation (Todaro & Smith, 2020). This limitation can be observed in recurring issues such as corruption in social assistance distribution, weak community participation in development programs, and dependency patterns among beneficiaries of cash-transfer schemes. These conditions suggest that poverty alleviation requires not only economic intervention but also the strengthening of ethical governance, social responsibility, and collective welfare values.

Within Islamic economic thought, poverty is understood not only as a lack of material resources but also as a condition related to injustice, unequal distribution of wealth, and weak social responsibility. Islamic teachings emphasize social solidarity, distributive justice, and the obligation of the state to protect vulnerable groups through ethical governance and equitable economic policies. In this context, the socioeconomic thought of Al-Ghazali offers a relevant framework for understanding welfare and poverty alleviation from an Islamic perspective. Unlike many classical scholars who primarily focused on economic administration or political organization, Al-Ghazali placed strong emphasis on the integration of moral governance, distributive justice, public welfare (*maslahah*), and spiritual development as foundations of social prosperity. His approach provides a distinctive framework for evaluating public policy because it combines material welfare with ethical and moral responsibilities of both the state and society. Al-Ghazali emphasized that economic activities should serve the broader objective of achieving *maslahah* (public welfare) and maintaining social balance within society (Chapra, 2008).

Previous studies concerning poverty alleviation in Indonesia have largely focused on the effectiveness of government programs, fiscal policies, and economic growth strategies. For instance, studies by Dartanto and Nurkholis (2013) examined the impact of social assistance policies on poverty reduction, while Prasetyo and Zuhdi (2019) analyzed the relationship between

economic growth and regional poverty disparities in Indonesia. Other scholars have explored Islamic economic instruments such as zakat, waqf, and Islamic philanthropy in addressing poverty and inequality (Beik & Arsyanti, 2016). However, limited research has specifically examined Indonesian poverty reduction policies through the lens of Al-Ghazali's socioeconomic thought, particularly regarding ethical governance, distributive justice, and state responsibility (Langsa, 2023; Ghoni, 2026). *Therefore, the gap addressed by this study is not merely the lack of discussion on Al-Ghazali's ideas, but the absence of an ethical-normative framework for evaluating contemporary poverty reduction policies in Indonesia. Existing studies predominantly assess policy effectiveness through economic indicators, whereas this article evaluates poverty policies using Al-Ghazali's concepts of *maslahah*, distributive justice, ethical governance, moral responsibility, and state responsibility.*

This study seeks to fill this gap by revisiting Al-Ghazali's socioeconomic thought and analyzing its relevance to contemporary poverty reduction policies in Indonesia. The study argues that Al-Ghazali's perspective provides a more holistic framework for evaluating public policy by integrating economic development with ethical values, social justice, and moral governance.

LITERATURE REVIEW

Poverty Reduction Policy and Development Paradigms

Poverty alleviation has become one of the central objectives of national development policies in many developing countries, including Indonesia. Conventional development theories generally define poverty as a condition characterized by low income, limited consumption capacity, and inadequate access to basic services such as education, health care, and employment opportunities (Todaro & Smith, 2020). Consequently, government poverty reduction strategies have largely focused on economic growth, fiscal redistribution, labor market expansion, and social protection programs. In Indonesia, poverty alleviation policies have been implemented through various initiatives, including conditional cash transfers, food subsidies, village fund allocations, and community empowerment programs.

Several empirical studies indicate that government intervention contributes positively to reducing poverty levels. Anggraeni et al. (2022), in their study on fiscal decentralization in Indonesia, found that regional fiscal capacity significantly influences poverty reduction outcomes because local governments possess greater flexibility in designing social development programs. Likewise, Permana & Arianti (2022) demonstrated that conditional cash transfer programs improve household welfare and increase access to education and health services among poor communities. These findings suggest that social assistance programs remain important instruments in addressing economic vulnerability.

However, many scholars argue that conventional poverty alleviation policies remain predominantly material-oriented and insufficiently address structural inequality and ethical dimensions of welfare. Economic growth alone does not necessarily eliminate poverty because unequal distribution of resources and social exclusion often persist even in rapidly growing economies (Prasetyo & Zuhdi, 2019). In addition, development policies that emphasize quantitative indicators may overlook broader aspects of human well-being such as dignity, justice, morality, and social cohesion. This limitation has encouraged the emergence of alternative development paradigms, including Islamic economics, which emphasizes distributive justice, ethical governance, and collective welfare.

Islamic Perspectives on Poverty Alleviation

Islamic economics views poverty as a multidimensional problem associated not only with material deprivation but also with injustice, unequal distribution of wealth, and weak social solidarity. Islamic teachings encourage economic justice through mechanisms such as *zakat*, *waqf*, *infaq*, *sadaqah*, and ethical business practices aimed at ensuring equitable distribution of wealth within society. According to Chapra (2008), the Islamic economic system seeks to achieve *falah* (human prosperity) by balancing material welfare with spiritual and moral values. Riwanto and Suryaningsih (2022) argue that Islamic law supports the realization of social welfare and social justice through *maqasid al-shariah*, emphasizing justice, togetherness, prudence, and good governance as foundations for public welfare. Adnan and Bukido (2020) further argue that poverty in an Islamic perspective should not be understood merely through material ownership, because it also involves the condition of the soul and religious-spiritual dimensions of human life. Poverty alleviation therefore becomes both an economic and moral responsibility shared by individuals, society, and the state.

Empirical studies have demonstrated the significant role of Islamic social finance instruments in reducing poverty and inequality. Anis et al. (2022) found that *zakat*, *infaq*, *sadaqah*, and *waqf* (ZISWAF) contribute positively to poverty alleviation in Indonesia through wealth redistribution and social empowerment mechanisms. Similarly, Nastari & Pinasti (2025) argued that *zakat* has a significant negative relationship with poverty levels because it supports economic empowerment and strengthens social welfare among vulnerable groups. Sambo et al. (2025) also argue that Islamic instruments such as *zakat*, inheritance, *sadaqah*, *hibah*, feeding initiatives, and community support can function as credible mechanisms for poverty reduction by redistributing wealth from affluent groups to less privileged communities.

Beyond their economic functions, these Islamic instruments reflect broader ethical principles that are central to classical Islamic socioeconomic thought. Wealth redistribution through *zakat* and charitable mechanisms embodies the values of distributive justice, social responsibility, and collective welfare that later became prominent elements in Al-Ghazali's conception of *maslahah*. This is supported by Yafiz et al. (2025), who show that Islamic economic values such as justice, distributive equity, sharia-compliant resource management, and social solidarity can be embedded within local socioeconomic traditions and contribute to community empowerment and inclusive finance. Therefore, Islamic social finance should not be viewed merely as a technical economic instrument but as part of a wider moral framework aimed at preserving social balance and protecting vulnerable members of society. This view is also reinforced by Syarif et al. (2026), who emphasize that the integration of Islamic values into community service can strengthen social responsibility, care, ethical awareness, and socially beneficial conduct. Their study indicates that Islamic value-based education is not limited to knowledge transmission, but also contributes to the formation of individuals who are ethically grounded and socially responsible. This perspective supports the argument that poverty alleviation should not be limited to material redistribution, but should also cultivate moral responsibility, social solidarity, and community participation as essential components of sustainable welfare.

Rasiam et al. (2023) show that the use of new media and prophetic communication has transformed *Zakah*, *Infāq*, *Ṣadaqah*, and *Waqf* fundraising practices by strengthening public trust and creating a modern ecosystem for collecting, managing, and distributing Islamic philanthropic funds. In addition to Islamic social finance, Islamic financial inclusion has also been identified as an

important mechanism for poverty reduction. Rokhman (2013) demonstrated that Islamic microfinance institutions contribute positively to improving household income, educational access, and small business development among poor communities in Indonesia. Furthermore, Nuryitmawan (2023) emphasized that Islamic fintech has significant potential to enhance financial inclusion and support sustainable poverty alleviation through digital financial services and Shariah-compliant economic empowerment.

Hadi et al. (2025) further emphasize that waqf can function as an Islamic socio-economic instrument for improving community welfare, but its effectiveness depends on legal certainty, institutional professionalism, public awareness, transparency, and efficient governance.. Nevertheless, while contemporary studies emphasize Islamic financial instruments and institutional mechanisms, relatively little attention has been devoted to the ethical and governance dimensions underlying these instruments. This gap is particularly evident in studies that rarely connect poverty alleviation policies with classical Islamic perspectives on moral governance, public responsibility, and social justice, as articulated by Al-Ghazali.

Al-Ghazali's Socioeconomic Thought

The socioeconomic thought of Al-Ghazali occupies an important position within the intellectual tradition of Islamic economics. Al-Ghazali emphasized that economic activities should not merely pursue material accumulation but should serve the broader objective of achieving *maslahah* (public welfare) and preserving social harmony. In *Al-Mustasfa*, Al-Ghazali defines *maslahah* as the preservation of the essential objectives of Shariah (*maqasid al-shariah*), namely religion, life, intellect, lineage, and property. Economic and political policies are therefore considered legitimate when they contribute to the protection and enhancement of these fundamental human interests. According to Islahi and Ghazanfar (1998), Al-Ghazali considered wealth as a means to support human well-being rather than an ultimate goal in itself.

In *Ihya' Ulum al-Din*, Al-Ghazali emphasizes that economic activities, trade, and wealth acquisition are permissible and even necessary, provided they are conducted ethically and contribute to societal welfare. He criticizes excessive greed, hoarding, and exploitative economic behavior because such practices undermine justice and social harmony. Wealth, in his view, carries a moral obligation toward others, particularly the poor and vulnerable.

Al-Ghazali also stressed the importance of distributive justice and ethical governance in maintaining social stability. In *Mizan al-'Amal*, he argues that justice represents the foundation of social order and that rulers bear moral responsibility for ensuring fairness in public affairs. Government authority should therefore function as an instrument for protecting public welfare rather than serving particular interests. He argued that excessive concentration of wealth could generate inequality, social conflict, and moral degradation within society. Consequently, the state has a responsibility to protect vulnerable groups, ensure fair economic transactions, and create policies that promote collective prosperity.

Another important aspect of Al-Ghazali's thought concerns the relationship between spirituality and economic behavior. Unlike conventional economic theories that prioritize utility maximization and individual interests, Al-Ghazali emphasized moderation, social solidarity, and moral accountability. He viewed material prosperity and spiritual development as complementary rather than contradictory objectives. Economic success without ethical conduct and social

responsibility would ultimately fail to achieve genuine welfare (*falah*) because human well-being encompasses both worldly and spiritual dimensions.

These concepts—*maslahah*, distributive justice, ethical governance, moral responsibility, and state responsibility—form the analytical framework used in this study to evaluate contemporary poverty reduction policies in Indonesia. By grounding the analysis in Al-Ghazali's primary works, this article seeks to move beyond a descriptive discussion of Islamic economics and provide a normative framework for assessing whether public policies genuinely promote holistic welfare and social justice.

Previous Studies and Research Gap

Previous studies concerning poverty alleviation in Indonesia can generally be classified into three major categories. First, studies focusing on government intervention and fiscal policy primarily analyze the effectiveness of social assistance, decentralization, and public expenditure in reducing poverty. Second, research within Islamic economics emphasizes the role of zakat, Islamic finance, and Islamic philanthropy in improving social welfare. Third, several studies discuss inclusive development and ethical economic systems from broader Islamic perspectives.

Despite these contributions, there remains limited research integrating Al-Ghazali's socioeconomic thought into the analysis of contemporary poverty reduction policies in Indonesia. Existing studies tend to emphasize either empirical policy evaluation or Islamic financial mechanisms without sufficiently exploring the ethical and philosophical foundations of Islamic public welfare. As a result, discussions concerning poverty alleviation often overlook moral governance, distributive justice, and spiritual dimensions emphasized in classical Islamic thought.

Therefore, this study seeks to fill this gap by revisiting Al-Ghazali's socioeconomic perspective and examining its relevance to Indonesian poverty reduction policies. This article argues that Al-Ghazali's framework offers a more holistic understanding of welfare by integrating economic, ethical, social, and spiritual dimensions into public policy evaluation. Such an approach is important for developing sustainable and justice-oriented poverty alleviation strategies in contemporary Muslim-majority societies.

METHOD

This study employed a qualitative research approach using library research methods to examine poverty reduction policies in Indonesia from the perspective of Al-Ghazali's socioeconomic thought. Qualitative research is considered appropriate because it enables an in-depth understanding of social phenomena, normative values, and conceptual interpretations related to poverty, public policy, and Islamic economic thought. According to Creswell and Creswell (2018), qualitative research emphasizes interpretative analysis aimed at understanding meanings, perspectives, and contextual realities within social phenomena.

The study applied a conceptual and normative approach to analyze the relevance of Al-Ghazali's ideas to contemporary poverty alleviation policies in Indonesia. The conceptual approach was used to examine major concepts related to welfare, distributive justice, state responsibility, and poverty reduction within Islamic socioeconomic thought. Meanwhile, the normative approach focused on analyzing the ethical and moral principles embedded in Al-Ghazali's perspective concerning governance and public welfare. This approach is widely utilized in Islamic economics

and public policy studies because it allows researchers to connect classical Islamic thought with contemporary social and economic issues (Chapra, 2008).

To ensure a systematic and consistent analysis, this study developed an analytical framework derived from Al-Ghazali's socioeconomic thought as articulated in *Ihya' Ulum al-Din*, *Al-Mustasfa*, and *Mizan al-Amal*. The framework consists of six key analytical indicators: distributive justice, state responsibility, ethical governance, social solidarity, spiritual-moral welfare, and prevention of wealth concentration. Distributive justice refers to the fair distribution of economic resources and opportunities among members of society. State responsibility concerns the obligation of government to protect vulnerable groups and ensure public welfare. Ethical governance emphasizes transparency, accountability, justice, and moral integrity in policy implementation. Social solidarity refers to collective responsibility and community participation in addressing poverty and inequality. Spiritual-moral welfare reflects the integration of ethical and spiritual values into welfare policies beyond material considerations. Finally, prevention of wealth concentration refers to efforts aimed at reducing excessive inequality and promoting equitable economic distribution. These six indicators were employed as analytical categories to evaluate the extent to which Indonesian poverty reduction policies reflect Al-Ghazali's principles of *maslahah* (public welfare), justice, and social responsibility.

Data collection relied on documentation techniques through the examination of primary and secondary sources. Primary data were obtained from Al-Ghazali's classical works, particularly *Ihya' Ulum al-Din*, *Al-Mustasfa*, and *Mizan al-Amal*, which discuss social welfare, justice, ethics, governance, and the role of the state in maintaining public prosperity. Secondary data were derived from scientific journal articles, books, government reports, and academic publications related to poverty alleviation policies, Islamic economics, and socioeconomic development in Indonesia. Official documents and statistical reports from Badan Pusat Statistik (BPS), the Ministry of Social Affairs of the Republic of Indonesia, and the National Development Planning Agency (Bappenas) were also utilized to support the analysis of contemporary poverty conditions and policy implementation.

The data analysis technique employed in this study was qualitative content analysis. Content analysis was conducted systematically by identifying, categorizing, and interpreting themes related to poverty alleviation policies and Al-Ghazali's socioeconomic principles. Following Krippendorff (2018), the analysis focused on extracting meaningful interpretations from textual data through thematic classification and contextual interpretation. The analytical process consisted of three stages: data reduction, data presentation, and conclusion drawing, following the interactive model proposed by Miles, Huberman, and Saldaña (2014). In practice, government poverty reduction policies, including social assistance programs, village fund initiatives, labor empowerment schemes, and other welfare policies, were examined using the six analytical indicators derived from Al-Ghazali's framework. This procedure enabled the study to assess whether these policies merely address material poverty or also incorporate broader dimensions of justice, ethical governance, social solidarity, and holistic welfare.

To ensure the validity and reliability of the findings, source triangulation was applied by comparing information obtained from classical Islamic literature, academic journal articles, and official government publications. The use of multiple sources strengthened analytical accuracy and minimized interpretative bias. Furthermore, the study maintained theoretical consistency between

Al-Ghazali's socioeconomic principles and contemporary poverty reduction policies to ensure a comprehensive, systematic, and objective evaluation.

Through this methodological framework, the study seeks to provide a critical understanding of how Al-Ghazali's socioeconomic thought can contribute to contemporary public policy discourse, particularly in developing a more ethical, justice-oriented, and holistic poverty alleviation strategy in Indonesia.

RESULTS AND DISCUSSION

Poverty Conditions and Government Poverty Reduction Policies in Indonesia

Poverty remains a strategic issue in Indonesia despite significant improvements in macroeconomic performance over recent decades. Government data indicate that the national poverty rate has gradually declined; however, structural poverty and socioeconomic inequality continue to persist, particularly in rural areas and among vulnerable communities. According to Badan Pusat Statistik (BPS), poverty in Indonesia is closely associated with limited access to education, healthcare, employment opportunities, and productive economic resources. This condition demonstrates that poverty is multidimensional and cannot merely be understood through income indicators alone.

According to Statistics Indonesia (BPS, 2025), the national poverty rate declined to 8.47 percent, representing approximately 23.85 million people. However, significant disparities persist between urban and rural areas. Rural poverty remained at 11.03 percent, compared to 6.66 percent in urban areas. In addition, the national Gini ratio stood at 0.381, indicating that income inequality continues to be a structural challenge despite improvements in poverty indicators. These data suggest that poverty reduction in Indonesia involves not only increasing income levels but also addressing unequal access to economic opportunities, productive resources, education, and social services.

To address these challenges, the Indonesian government has implemented numerous poverty alleviation programs, including the Family Hope Program (PKH), Direct Cash Assistance (BLT), Village Fund programs, food assistance, labor-intensive programs, and micro-enterprise empowerment initiatives. These policies primarily aim to strengthen social protection and improve household purchasing power. Several studies indicate that such programs have contributed positively to reducing short-term poverty and maintaining economic resilience among low-income households (Permana & Arianti, 2022).

The Family Hope Program (PKH), for example, has improved access to education and healthcare services for poor families through conditional cash transfer mechanisms. Similarly, Village Fund policies have contributed to rural infrastructure development and local economic empowerment. Nugroho et al. (2021) argued that fiscal decentralization and village development policies have enhanced local participation in poverty reduction efforts and strengthened rural economic activities. Nevertheless, despite these achievements, poverty alleviation policies in Indonesia still face significant limitations related to policy sustainability, unequal distribution, bureaucratic inefficiency, and dependency-oriented assistance mechanisms.

Using Al-Ghazali's analytical framework, each poverty alleviation program demonstrates different dimensions of welfare intervention. The Family Hope Program (PKH) reflects the principle of state responsibility by improving access to education and healthcare among poor households. Village Fund programs support distributive justice by promoting local economic empowerment

and reducing regional disparities. Direct Cash Assistance (BLT) functions as a short-term mechanism to maintain purchasing power during periods of economic vulnerability. Food assistance programs contribute to basic welfare protection, while labor-intensive programs and micro-enterprise empowerment initiatives support productive economic participation. Meanwhile, Islamic social finance instruments such as zakat, infaq, sadaqah, and waqf embody the principle of social solidarity by encouraging collective responsibility for poverty alleviation.

Another critical issue concerns the dominant orientation of contemporary poverty alleviation policies toward material and administrative dimensions. Most government programs focus on fiscal distribution, consumption support, and economic growth indicators while paying limited attention to ethical development, social solidarity, and moral empowerment. As a consequence, poverty alleviation strategies often succeed in reducing statistical poverty rates but fail to address deeper structural problems such as inequality, social exclusion, corruption, and weak moral governance. This finding supports Todaro and Smith's (2020) argument that economic growth alone is insufficient to achieve sustainable welfare without social justice and institutional integrity.

Nevertheless, several challenges indicate that poverty alleviation policies remain predominantly material-oriented. Policy evaluations have highlighted issues related to targeting inaccuracies, bureaucratic inefficiency, fragmented program coordination, and the risk of misuse of social assistance funds. In addition, cash-based assistance programs may generate dependency when they are not accompanied by sustainable empowerment strategies. From Al-Ghazali's perspective, these limitations indicate that poverty alleviation requires not only fiscal redistribution but also ethical governance, institutional integrity, and community empowerment capable of strengthening self-reliance and social responsibility.

Al-Ghazali's Socioeconomic Thought on Poverty and Welfare

The analysis of Al-Ghazali's socioeconomic thought demonstrates that poverty is not merely an economic phenomenon but also a moral, social, and political issue closely related to justice, ethics, and governance. Al-Ghazali argued that economic activities should aim at achieving *maslahah* (public welfare), preserving social balance, and protecting human dignity. In his view, wealth should function as a means to support social harmony and spiritual well-being rather than as an instrument for excessive accumulation and exploitation (Islahi & Ghazanfar, 1998; Ghazanfar & Islahi, 2004).

In *Al-Mustasfa*, Al-Ghazali explains that public policies should preserve the essential objectives of human welfare, including the protection of religion, life, intellect, lineage, and property. Economic and political decisions are therefore justified when they contribute to the realization of *maslahah* and the prevention of social harm. Similarly, in *Ihya' Ulum al-Din*, Al-Ghazali emphasizes that wealth should serve as a means for fulfilling social obligations and supporting collective welfare rather than becoming an instrument of greed or domination.

Al-Ghazali emphasized that the state bears significant responsibility in ensuring equitable wealth distribution and protecting vulnerable groups. According to him, rulers and policymakers must implement justice-oriented governance because social inequality and economic oppression could weaken societal stability and undermine collective prosperity. This perspective reflects the integration of economic policy with ethical governance, which distinguishes Islamic socioeconomic thought from many modern secular economic paradigms (Chapra, 2008).

In *Ihya Ulum al-Din*, Al-Ghazali criticized greed, excessive materialism, and unjust economic behavior because these practices create social imbalance and moral decline. He argued that economic development must balance material welfare with ethical responsibility. Thus, poverty alleviation should not merely involve fiscal redistribution but also the cultivation of morality, accountability, and social solidarity within society. According to Orman (1996), Al-Ghazali's framework reflects a comprehensive vision of human welfare integrating economic, ethical, and spiritual dimensions simultaneously.

One important aspect of Al-Ghazali's thought concerns distributive justice. He viewed unequal concentration of wealth as a threat to social order because it creates social exclusion and weakens collective responsibility. Consequently, the state must regulate economic activities to ensure fairness and prevent exploitation. This idea is highly relevant to contemporary Indonesia, where economic growth often coexists with widening income inequality and unequal access to productive resources.

To highlight the distinctive contribution of Al-Ghazali within the broader tradition of Islamic socioeconomic thought, this study compares his perspective with those of Ibn Khaldun, M. Umer Chapra, and Nejatullah Siddiqi. These scholars were selected because they represent different approaches to development, governance, and economic justice within Islamic thought. The comparison is intended to clarify the unique analytical value of Al-Ghazali's emphasis on ethical governance, distributive justice, moral responsibility, and holistic welfare.

Both Al-Ghazali and Ibn Khaldun emphasized the importance of justice and state responsibility in maintaining social welfare. However, their analytical focus differs significantly. Ibn Khaldun concentrated more on macroeconomic dynamics, taxation, labor productivity, and the relationship between political stability and economic prosperity (Sinollah, Bisri & Adam, 2025). In *Muqaddimah*, Ibn Khaldun argued that excessive taxation and authoritarian governance weaken economic productivity and ultimately contribute to social decline (Ibn Khaldun, 1967).

In contrast, Al-Ghazali placed greater emphasis on moral and ethical dimensions of economic life. While Ibn Khaldun focused on institutional and economic cycles, Al-Ghazali emphasized spiritual morality, distributive justice, and ethical leadership as the foundation of prosperity. Therefore, Al-Ghazali's framework provides a more normative and ethical orientation toward poverty alleviation, whereas Ibn Khaldun offers a structural and political-economic analysis.

This distinction is important for understanding contemporary poverty reduction policies in Indonesia. Current government policies largely reflect structural-economic approaches similar to Ibn Khaldun's perspective through fiscal redistribution, employment programs, and economic development initiatives. However, Al-Ghazali's perspective highlights that sustainable welfare also requires ethical governance, integrity, and moral accountability.

Contemporary Islamic economist M. Umer Chapra expanded many of Al-Ghazali's ideas within the modern context of Islamic economics and development. Chapra (2008) argued that economic development should aim at achieving *maqashid al-shariah*, including justice, social welfare, and human dignity. Similar to Al-Ghazali, Chapra criticized development paradigms that prioritize material growth while neglecting morality and distributive justice. Nevertheless, Chapra's framework is more policy-oriented and adapted to modern economic systems. He emphasized Islamic financial institutions, fiscal reform, poverty reduction policies, and institutional governance as practical mechanisms for achieving socioeconomic justice. Al-Ghazali, meanwhile, focused more fundamentally on moral transformation and ethical leadership as prerequisites for social prosperity.

This study finds that Indonesian poverty alleviation policies partially align with Chapra's modern Islamic development framework through social protection programs and redistributive fiscal policies. However, from Al-Ghazali's perspective, these policies remain insufficient because they have not adequately addressed moral governance and ethical transformation within public institutions.

Nejatullah Siddiqi emphasized Islamic economic justice through participatory economic systems, social responsibility, and prohibition of exploitative economic practices. Siddiqi argued that Islamic economics should prioritize cooperation, equity, and welfare-oriented economic policies rather than profit maximization alone (Siddiqi, 2001). Although Siddiqi and Al-Ghazali share similar concerns regarding justice and social welfare, Siddiqi's analysis focuses more on Islamic financial systems and institutional economic arrangements. Al-Ghazali's perspective is broader because it incorporates spirituality, ethics, and governance simultaneously. In Al-Ghazali's framework, poverty alleviation cannot succeed without moral integrity among rulers and society.

The comparison indicates that Al-Ghazali provides a unique contribution within Islamic economic thought by integrating ethical governance, spirituality, and distributive justice into discussions of welfare and poverty alleviation. This integrative perspective strengthens the argument that poverty reduction should not rely solely on technical-economic interventions but also on moral and institutional reform.

Relevance to Indonesian Poverty Reduction Policies

The findings reveal that Indonesian poverty reduction policies reflect partial compatibility with Islamic socioeconomic principles, particularly regarding social protection and distributive justice. Programs such as PKH, Village Funds, food assistance, and labor-intensive initiatives indicate government commitment to improving welfare among vulnerable communities. However, this study identifies several limitations when these policies are examined through Al-Ghazali's framework. First, poverty alleviation policies remain predominantly material-oriented and highly dependent on fiscal transfers. Second, ethical governance and anti-corruption dimensions are still relatively weak. Third, poverty reduction strategies rarely incorporate moral empowerment and social solidarity as central components of development.

When evaluated using the six analytical indicators developed in this study, Indonesian poverty alleviation policies demonstrate strong alignment with distributive justice and state responsibility but weaker performance in ethical governance, social solidarity, spiritual-moral welfare, and prevention of wealth concentration. While social assistance programs have successfully improved access to basic services and reduced short-term economic vulnerability, they have not fully addressed deeper structural issues such as governance quality, institutional integrity, social participation, and long-term economic inequality.

Fernando and Imanuddin (2025) similarly emphasize that Islamic law provides an ethical framework for financial and economic conduct by upholding fairness, transparency, accountability, integrity, social welfare, and economic justice. Febianti et al. (2026) argue that contemporary public administration faces not only structural and procedural problems but also moral and ethical crises, including corruption, maladministration, abuse of authority, weak bureaucratic integrity, and declining public trust. From Al-Ghazali's perspective, welfare cannot be achieved solely through economic redistribution because social justice also requires integrity, accountability, and ethical governance. Corruption and bureaucratic inefficiency reduce the effectiveness of poverty

alleviation programs and weaken public trust. Therefore, integrating moral governance into public policy implementation becomes essential for achieving sustainable welfare.

Furthermore, Al-Ghazali emphasized collective social responsibility through mechanisms such as charity, zakat, and social solidarity. This principle remains highly relevant in Indonesia, where Islamic social finance institutions possess substantial potential to complement government poverty reduction programs. Khamim et al. (2025) emphasize that contextual interpretation of zakat norms is necessary to expand the implementation of Islamic law in responding to modern socioeconomic challenges, including through corporate zakat collection and digital zakat applications. Strengthening collaboration between state welfare programs and Islamic social finance mechanisms may contribute to more inclusive and sustainable poverty alleviation.

The novelty of this study lies in its comparative and integrative analysis of Al-Ghazali's socioeconomic thought within contemporary poverty reduction discourse in Indonesia. Unlike previous studies that primarily focused on empirical evaluations of government programs or Islamic financial instruments, this study positions Al-Ghazali's ethical governance framework as a critical analytical perspective for evaluating modern public policy.

This study contributes theoretically in three important ways. First, it reconstructs Al-Ghazali's socioeconomic thought as a holistic poverty alleviation framework integrating distributive justice, ethical governance, spirituality, and social welfare. Second, it demonstrates the relevance of classical Islamic thought within contemporary public policy discourse. Third, it provides a comparative analysis between Al-Ghazali and other Islamic economic thinkers to highlight the distinctiveness of his ethical and governance-oriented approach. Practically, this study proposes that poverty alleviation policies in Indonesia should move beyond material redistribution toward a more comprehensive welfare paradigm integrating morality, institutional integrity, and social solidarity. Such an approach may strengthen sustainable development and improve policy effectiveness in Muslim-majority societies.

CONCLUSION

Poverty alleviation policies in Indonesia have contributed significantly to improving welfare and reducing economic vulnerability, particularly through social protection and redistributive programs. However, these policies remain largely material-oriented and are primarily assessed through economic indicators. Al-Ghazali's socioeconomic thought offers a more comprehensive framework for evaluating poverty reduction policies by integrating distributive justice, ethical governance, moral responsibility, social solidarity, and public welfare (*maslahah*). Sustainable poverty alleviation in Indonesia requires combining economic redistribution with stronger institutional integrity, ethical governance, community empowerment, and the development of moral and spiritual well-being. Such an approach would support a more holistic and socially just model of development.

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