

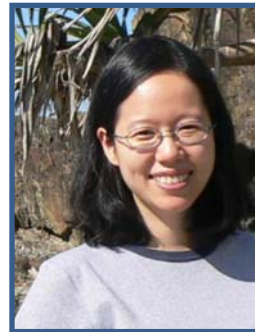


Australia Indonesia Partnership  
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AUSTRALIA INDONESIA  
GOVERNANCE RESEARCH  
PARTNERSHIP

# Religious organisations and social capital in Indonesia



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# BACKGROUND AND MOTIVATION

- Previous studies found that social capital (for example as measured by associational activity) is associated with better governance (e.g. Putnam (1993), Knack (2002)).
  - Islamic organizations in Indonesia can affect a community's social capital through the provision of social and physical infrastructure.
  - Many Islamic organizations provide basic education (Madrassahs) in poor communities at very low cost, which cater for 13 to 15 % of all primary and secondary students.
  - Through their role in generating social capital, Islamic organizations are likely to influence the effectiveness of governance.
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# RESEARCH QUESTIONS

- How do Islamic organizations and the Madrassahs affect the level of social capital in a community? What are their characteristics that contribute to the formation of different aspects of social capital?
  - How do religious organizations and the Madrassahs affect governance and democratic performance?
  - What policy lessons can be derived regarding how the state and religious organizations can work together to foster the development of social capital and improve the effectiveness of governance?
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# METHODOLOGY

- The study focuses on the role of Madrassahs located within Pesantrens (Islamic boarding schools).
  - Household and Madrassah surveys were conducted using questionnaires aiming to capture various aspects of social capital and governance.
  - Six indicators of governance: (1) voice and accountability; (2) political stability; (3) government effectiveness; (4) regulatory; (5) rule of law; and (6) control of corruption.
  - Dimensions of social capital used : (1) groups and networks; (2) trust; (3) collective action; (4) information and communication; (5) social cohesion; and (6) empowerment and political action.
  - Statistics and econometric methods are applied to analyse the information obtained.
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# MAIN RESULTS

- Households located nearby to a religious boarding school are associated with higher social capital index.
  - The affiliation of the nearby Madrassah matters. In particular, households nearby to NU-affiliated madrassahs are associated with higher social capital index than others.
  - Social capital is positively associated with several aspects of governance perceptions.
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# FACTORS AFFECTING SOCIAL CAPITAL

## TOBIT MODEL

Number of observations : 574  
LR chi2 : 230.64  
Prob > chi2 : 0.000  
Pseudo R2 : 0.33  
Dependent variable : Social Capital Index head of household

Variable	Coefficient	Std error	T stat
Age of household head (years)	0.18	0.10	1.79*
Level of education (years)	0.78	0.17	4.52***
Pesantren affiliation (dummy; 1 = NU and 0 = other)	6.47	2.71	2.38**
Pesantren location (dummy; 1 = rural and 0 = other)	4.27	2.21	1.93*
Household location (dummy; 1 = nearby pesantren and 0 = other)	7.46	2.76	2.71***
Social capital index of Spouse	0.66	0.05	14.24***

\*\*\*, \*\* and \* denote significance at 1, 5 and 10 percent, respectively.

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# POLICY SIGNIFICANCE

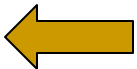
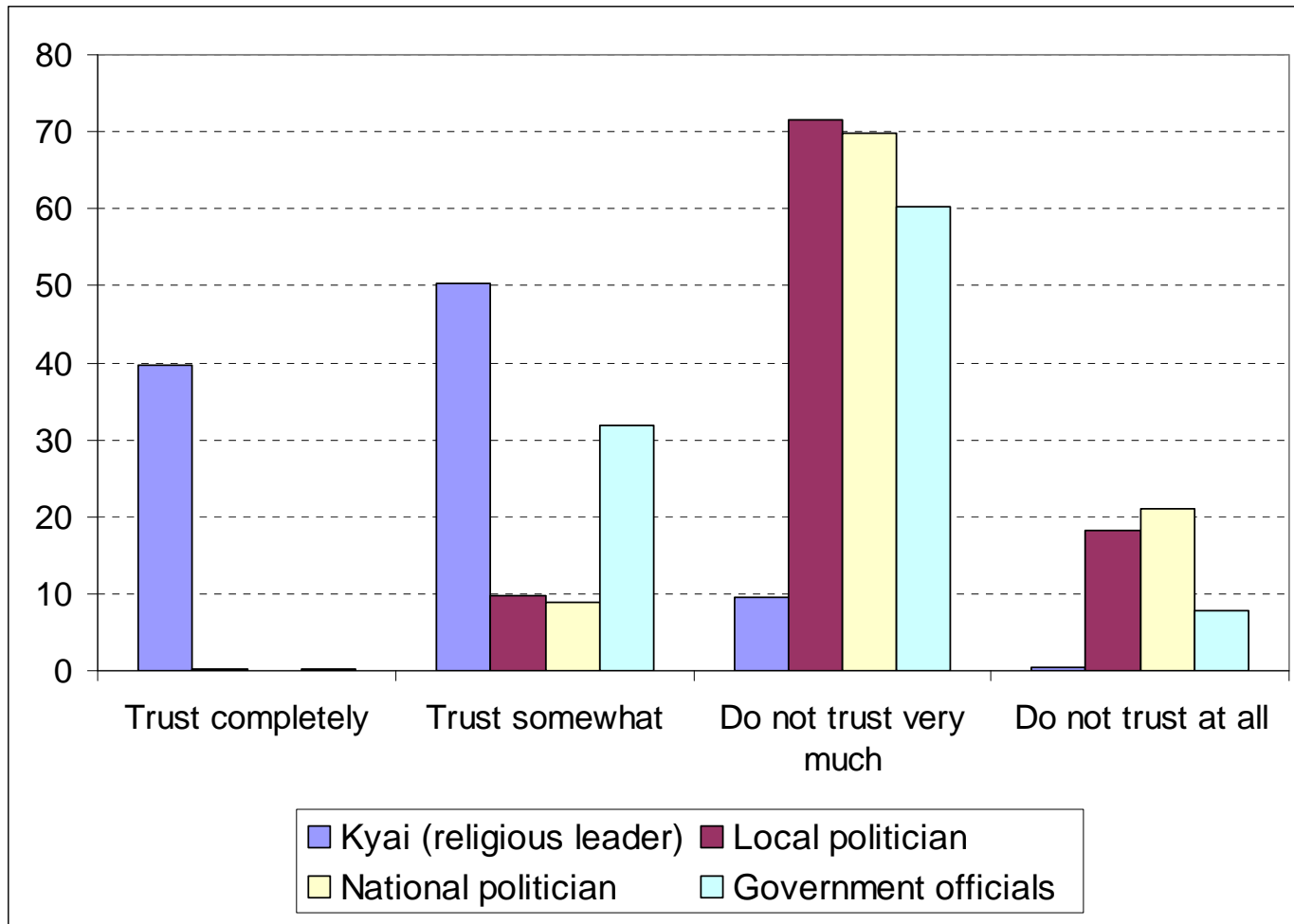
- Madrassahs serve as a spring of social capital for rural communities.
  - By cultivating trust and social cohesion and facilitating collective action and knowledge sharing, madrassahs play an important role in shaping local political culture.
  - For this reason, policy makers would be wise to pay closer attention to the potential of madrassahs as partners in policy implementation. As one example, building on local networks and trust, madrassahs might prove to be effective partners in the provision and management of microfinance.
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# Pesantrens surveyed: 9 pesantrens in 3 provinces

Location	Educational System	Affiliation		
		NU and similar ideology	Muhammadiyah and similar ideology	Others
				(Revivalist, etc)
Jakarta	Traditional			
	Modern (School System)		• PP Darun-Najah	• PP Hidayatullah
	Combination	• PP As-Shiddiqiyah		
Banten	Traditional	• PP Cadasari, Pandeglang		
	Modern (School System)		• PP La Tansa, Lebak	
	Combination			
West Java	Traditional	• PP Kempek, Cirebon		
	Modern (School System)	• PP Al-Ittifaq, Bandung		
	Combination	• PP Cipasung, Tasikmalaya		
		• PP Suryalaya, Tasikmalaya		



# The level of trust towards different figures in society





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