

Abstract

The research explores the impact of enrollment into religious education at the secondary level, on individual monthly wage and monthly income; applying an instrument variable estimation to deal with the endogenous independent variable, in addition to a basic OLS model. The results from the research provide further insight into the dichotomous nature of religious education in Indonesia, along with its return to education. Comparing three different educational switching schemes, the research highlighted how different enrollment plans resulted in different outcomes for the individuals, particularly when compared to individuals who did not enroll in a religious school throughout their secondary education.

Within the research, from a sample of 1017 observations, enrollment into a religious school either in SMP, SMA, or both resulted in a decrease in both monthly wages and monthly income. The results obtained from the OLS estimation indicated a strong negative correlation between enrollment into religious schools with monthly income and wage, all of which were statistically significant. IV results were generally similar in nature, however displayed a lower magnitude compared to OLS results, and were less statistically significant, thus leading to less conclusive results. The results from the research generally align with findings found from similar research, such as those conducted by Elfindri et al., (2022), expressing a similar low rate of return among religious school graduates.