Jurnal Samudra Ekonomi & Bisnis
Volume 14, Nomor 2, Mei 2023

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

Program Keluarga Harapan: Can It Reduce Poverty and Increase Welfare in Indonesia? Household Level Evidence from Districts/Cities in Indonesia on 2019

Program Keluarga Harapan: Dapatkah Menurunkan Kemiskinan dan Meningkatkan Kesejahteraan di Indonesia? Studi Tingkat Rumah Tangga Kabupaten/Kota di Indonesia Tahun 2019

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Article Info

Article History :
Received: 25 August 2022
Accepted: 7 May 2023
Published: May 2023

DOI Number :
10.33059/jseb.v14i2.6126

How to Cite :
Resina, D., Kamarni, N., & Putra, F. P. (2023). Program keluarga harapan: Can it reduce proverty and increase welfare in Indonesia? Household level evidence from districts/cities in Indonesia on 2019. *Jurnal Samudra Ekonomi dan Bisnis*, *14*(2), 277-289. doi: 10.33059/jseb.v14i2.6126.

Abstract

Poverty is a multidimensional phenomenon which is a major challenge in all countries. To reduce poverty and improve welfare, government intervention programs are needed. Conditional cash transfer programs are widely implemented in several countries. In Indonesia, there is Program Keluarga Harapan (PKH). This program has many debates as an anti-poverty program. This research looks at the effect of PKH on poverty and welfare in Indonesia. It used the 2019 Susenas raw data and analyzed by SEM-PLS method. The findings showed that PKH had a negative-significant effect on poverty and a positive-significant effect on welfare in Indonesia. In addition, poverty has a negative and significant effect on welfare in Indonesia. The research results are expected to be input for the central and regional governments in making policies for the sustainability of PKH implementation in reducing poverty and increasing welfare.

Keywords: Poverty, Program Keluarga Harapan, Welfare.

Info Artikel

Riwayat Artikel :
Diterima: 25 Agustus 2022
Disetujui: 7 Mei 2023
Dipublikasikan: Mei 2023

Nomor DOI :
10.33059/jseb.v14i2.6126

Cara Mensitasi :
Resina, D., Kamarni, N., & Putra, F. P. (2023). Program keluarga harapan: Can it reduce proverty and increase welfare in Indonesia? Household level evidence from districts/cities in Indonesia on 2019. *Jurnal Samudra Ekonomi dan Bisnis*, *14*(2), 277-289. doi: 10.33059/jseb.v14i2.6126.

Abstrak

Kemiskinan merupakan fenomena multidimensi yang menjadi tantangan utama di seluruh negara. Untuk mengurangi kemiskinan dan meningkatkan kesejahteraan diperlukan program intervensi pemerintah. Program transfer tunai bersyarat banyak diterapkan di beberapa negara. Di Indonesia, ada Program Keluarga Harapan (PKH). Program ini memiliki banyak perdebatan sebagai program anti kemiskinan. Penelitian ini melihat pengaruh PKH terhadap kemiskinan dan kesejahteraan di Indonesia. Penelitian menggunakan raw data Susenas Tahun 2019 dan dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan PKH berpengaruh negatif dan signifikan terhadap kemiskinan serta berpengaruh positif dan signifikan terhadap kesejahteraan di Indonesia. Selain itu, kemiskinan berpengaruh negatif dan signifikan terhadap kesejahteraan di Indonesia. Hasil penelitian diharapkan menjadi masukan bagi pemerintah pusat dan daerah dalam mengambil kebijakan untuk keberlanjutan pelaksanaan PKH dalam penurunan kemiskinan dan peningkatan kesejahteraan.

Kata Kunci: *Program Keluarga Harapan, Kemiskinan, Kesejahteraan.*

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P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

INTRODUCTION

The concept of inclusive growth is currently develop as a main development agenda in many developing countries, with the ultimate goal is to reduce poverty (Son, 2008). To reduce poverty and increase welfare, a program with systematic, integrated and comprehensive handling steps is needed (Khomaini, 2020). One of the program is the Conditional Cash Transfer (CCT) (Patel-Campillo & García, 2022). It provides social services for poor families by giving direct cash transfers related to certain conditions such as education and health (Delgado *et al*., 2018).

The implementation of CCT programs has been evaluated widely in these recent years by policy makers or researchers in many countries to know wether this policy can reduce poverty and improve welfare. Several studies have shown positive results on social indicators such as health, education, household consumption, poverty, and inequality (Giang & Nguyen, 2017). It also make the incidence and intensity of multidimensional poverty declined (Borga & D'Ambrosio, 2021). However, there are still debates about CCT as an anti-poverty program (Delgado *et al*., 2018).

Debowicz & Golan (2014) argue that the CCT program can increase the education and health participation of the poor family, so it should be a permanent social protection program in developing countries. This is the same with studies done by Fernald *et al*. (2008) and García *et al*. (2019) which stated that there was an enhancement in education and health aspects after the poor family received assistance. Other studies also found that CCT program has been succeeded in reducing poverty levels and inequality (Suryahadi *et al*., 2018), although the percentage was very small (Bourguignon *et al*., 2003). According to Uchiyama (2019), CCT assistance can reduce household vulnerability in facing income shocks and it has an even distribution effect on consumption so it can improve household welfare in the long term. Meanwhile, CCT program still has a number of deficiencies, for example, there has been no significant changes in behavior and socio-economic conditions from the beneficiaries (Suradi *et al*., 2020). Other research also states that the program does not have a significant impact in reducing poverty, especially for those who live in rural areas (Musa *et al*., 2019).

The Indonesian government through the Ministry of Social Affairs launched a CCT-like program, namely the Program Keluarga Harapan (PKH) as an effort to provide social protection for poor families (Kementerian Sosial, 2019). Poverty reduction efforts in Indonesia have experienced a paradox. Somehow, various programs have been launched but, on the other hand, the poverty rate has not been reduced significantly (Setiadi & Maisah, 2018). So far, the programs that have been implemented do not have a big impact in reducing poverty so that the national development goals related to improve people's welfare are still a protracted problem (Roidah, 2016). Whereas, PKH is expected to make significant contribution in lowering the number of lack people and inequality as well as improving the Human Development Index (HDI) (Kementerian Sosial, 2019).

Based on this, it is important to do a research related to the performance of government intervention programs or social protection (in this case PKH) on poverty and welfare. This research is expected to prove the benefits and impacts of the programs that have been carried out so it is hoped that the next program can be implemented more. The questions need to be answered through this research are how is the impact of the PKH program on poverty and welfare in districts/cities in Indonesia on 2019? And how is the impact of poverty on the people's welfare in districts/cities in Indonesia on 2019?

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

LITERATURE REVIEW

According to the theory of human capital, human is a form of capital beside physical capital which is needed in the production process. It can be in the form of skills, talents, health and level of expertise (Goldin, 2016). The quality of human capital can be improved through investment activities such as education, job training and health promotion that provides a return on expenditures in these activities. Human capital theory emphasizes that high productivity and efficiency of workers can be obtained through increasing economically productive human capabilities, which are the result of innate and investment in humans (Becker, 2009). The process of forming human capital is a change from raw resources become a productive human resources through educational, health and moral values (Todaro & Smith, 2003).

Poverty has a definition and concept that is difficult to formulate because it has different nature and causes in each region and country (Ilemona *et al*., 2013). Todaro & Smith (2003) define poverty as a condition in which there is insufficient income to meet the necessities of life such as food, clothing and housing. Ilemona *et al*. (2013) argue that poverty is not only related to lack of income, but also associated with insecurity, inequality, poor health and illiteracy. Poverty can be seen from many dimensions or it called "plural poverty", namely the inability of the community to access all basic needs that are important for themselves (Permana *et al*., 2018). This is in line with the opinion of Alkire *et al*. (2015) which states that poverty is a multidimensional phenomenon and is not always limited to a lack of income. The concept or approach used by BPS regarding poverty is the inability from an economic point of view to meet basic food and non-food needs as measured from the expenditure side. The poor are people who have an average monthly per capita expenditure below the poverty line (Badan Pusat Statistik, 2020b).

Based on several previous theoretical and empirical findings, three main hypotheses were developed in this study as follows:

H1: PKH has a significant effect on poverty in districts/cities in Indonesia.

H2: PKH has a significant effect on improving people's welfare in Indonesia.

H3: Poverty has a significant effect on people's welfare in Indonesia.

METHOD

This quantitative-exploratory study uses a secondary data taken from the Central Statistics Agency (BPS), namely National Socio-Economic Survey (Susenas). The scope of the study is focused on the implementation of the PKH in 2019 because this is the final year of the *Rencana Pembangunan Jangka Menengah Nasional* (RPJMN) 2015-2019 period. The unit of analysis is districts/cities in Indonesia (aggregation data from micro raw data of Susenas). The data was analyzed by using the Structural Equation Modeling (SEM) method through the Partial Least Square (PLS) approach because this method is able to analyze latent variables that are not directly measurable estimated indicators or parameters. Table 1 summarizes the definitions and operational concepts of research variables.

RESULTS

Evaluation of Research Structural Equation Model

In Structural Equation Modeling (SEM), there are two kinds of models formed namely the measurement/outer model and the structural/inner model. The measurement model explains the

P-ISSN 2089-1989
E-ISSN 2614-1523
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percentage of variance for each indicator or manifest variable that can be explained through the latent variable. After the measurement model is described for each latent variable, a structural model is described then. It will calculate the effect of each exogenous latent variable on the endogenous latent variable (Chin, 2010). Based on the analysis of SEM-PLS approach, it was found that the X1 and X2 indicators could not be used in this research because they did not have a good correlation so it had to be removed from the model. The calculation results of the entire model using the Smart PLS statistical program are showed in Figure 2.

The results of the measurement and structural model test of the empirical research model are summarized in Table 2 and Table 3. Table 2 shows about the initial manifest variable loading factor value, and Table 3 states about the manifest variable final loading factor.

Table 1. Definition and Operational Concepts of Research Variables

Construct and Definition	Indicator and Concept	Scale
Family Hope Programme (PKH) = *construct latent exogenous* → ξ: A program that provide conditional cash assistance to underprivileged families and has components as requirements that are set as PKH participants (Kementerian Sosial, 2019)	I. **Participation in the health sector** (Nainggolan *et al*., 2012) 1. Obstetric examination of pregnant women (KES) →X1 2. Births assisted by medical personnel (LAHIR) → X2 3. Children's health checks (IMUNISASI) → X3 I. **Participation in the health sector** (Nainggolan *et al*., 2012) 4. Preschool participation (PRASEKOLAH) → X4 5. School participation (SEKOLAH) → X5 6. 12 years of compulsory education (WAJAR) → X6 *Note: This is an aggregation data from micro raw data of Susenas per district/city in Indonesia	% % % % % %
Poverty (POV) = *construct latent endogenous* → η1 : the inability from economic side to fulfill basic food and non-food needs, measured from the expenditure side (Badan Pusat Statistik, 2020b)	1. **Percentage of the poor (P0):** The percentage of people identified living under the poverty line (Badan Pusat Statistik, 2020b) → **Y1.1** 2. **Poverty depth index (P1)**: a degree of the common expenditure hole of every poor populace towards the poverty line (Badan Pusat Statistik, 2020b) → **Y1.2** 3. **Poverty severity index (P2)**: describe the distribution of expenditure among the poor (Badan Pusat Statistik, 2020b) → **Y1.3**	% % %
Social Welfare (WELF) = *construct latent endogenous* → η2 : According to the Law on Social Welfare No. 11 of 2009, welfare is a condition of being satisfied with the material, spiritual, and social needs so that they can live properly and develop their own quality in carrying out social functions.	1. **Life Expectancy (AHH) :** the average years of life that will still be lived by someone who has succeeded in reaching age x in a certain year, in a mortality situation prevailing in his community (Badan Pusat Statistik, 2020a) → **Y2.1** 2. **Expected Length of Schooling (HLS) :** the length of schooling (in years) that is expected to be felt by children at a certain age in the future (Badan Pusat Statistik, 2020a) → **Y2.2** 3. **Average Length of Schooling (RLS) :** the number of years used by the population in undergoing formal education (Badan Pusat Statistik, 2020a) → **Y2.3** 4. **Expenditures per Capita (PKP) :** prices incurred for the intake of all family members for a month, each from purchases, gifts and personal manufacturing divided by the number of household members in the family (Badan Pusat Statistik, 2020a) → **Y2.4**	% % % %

Source: Primary data (processed), 2022.

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

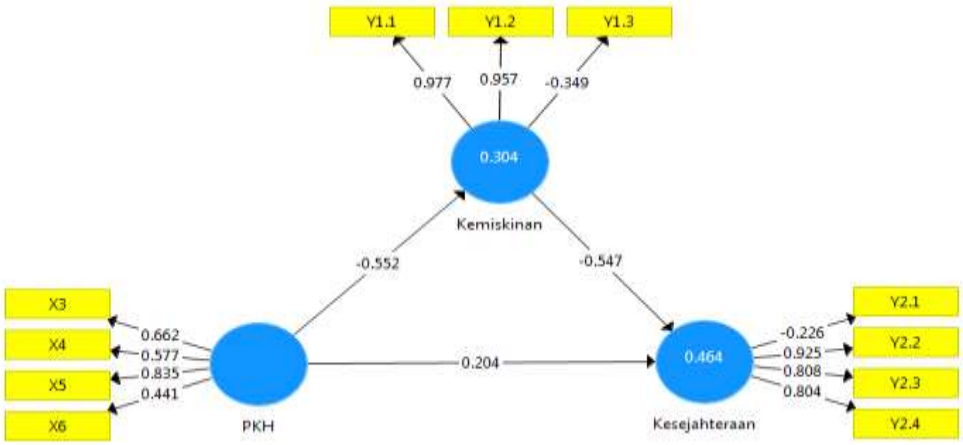


Figure 1. Path Diagram of Initial Empirical Research Results
Source: Primary data (processed), 2022.

Table 2. Results of Initial Manifest Variable Loading Factor Value

Latent Variabel	Manifest Variabel	Loading Factor	Critical Value	Conclusion
PKH	X3	0.662	0.5	Valid
	X4	0.577	0.5	Valid
	X5	0.835	0.5	Valid
	X6	**0.441**	0.5	**Invalid**
POV	Y1.1	0.977	0.5	Valid
	Y1.2	0.957	0.5	Valid
	Y1.3	**-0.349**	0.5	**Invalid**
WELF	Y2.1	**-0.226**	0.5	**Invalid**
	Y2.2	0.925	0.5	Valid
	Y2.3	0.808	0.5	Valid
	Y2.4	0.804	0.5	Valid

Source: Primary data (processed), 2022.

Table 3. Results of Manifest Variable Final Loading Factor

Latent Variabel	Manifest Variabel	Loading Factor	Critical Value	Conclusion
PKH	X3	0.662	0.5	Valid
	X4	0.577	0.5	Valid
	X5	0.835	0.5	Valid
POV	Y1.1	0.977	0.5	Valid
	Y1.2	0.957	0.5	Valid
WELF	Y2.2	0.925	0.5	Valid
	Y2.3	0.808	0.5	Valid
	Y2.4	0.804	0.5	Valid

Source: Primary data (processed), 2022.

The convergent validity test describes the magnitude of the correlation between every measurement item and the construct. This test can be observed from the loading factor value for every indicator. If the loading factor value is between 0.5 - 0.6, it is categorized as "*sufficient*" and if it is bigger than 0.7 is categoried as "*high*" (Chin, 2010). Based on the validity test, it was found that X6, Y1.3 and Y2.1 did not meet the requirements because the loading factor value is < 0.5, so

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

they had to be removed from the model. The results of this test can be seen in Table 2. After doing the confirmation analysis by removing invalid indicators and retesting, all valid indicators were obtained, which they all have a loading factor value above 0.5. It means that the indicators used in this research can be continued to the next stage (Chin, 2010). The results of the final validity test are showed in Table 3.

The discriminant validity test can be observed from the cross loading value. The criteria for the cross loading value is bigger than 0.7 (Chin, 2010). The outcomes of the discriminant validity test of the measurement model in this study are shown in Table 4. Based on the table, it can be seen that all indicators have a value greater than 0.7, meaning that the existing variables are valid for use in this study. Next, reliability test aims to prove the accuracy and consistency of the instrument in calculating variables. It uses the Cronbach's Alpha test. If the Cronbach's Alpha value is > 0,7 then the manifest variable has good consistency and accuracy of latent indicators in measuring latent constructs (Chin, 2010). The outcomes of the reliability test of the measurement model in this study are shown in Table 5. The final test results using Cronbach's Alpha found that all construct variables can be used or are reliable for research because they have a value of > 0.7. That is, all the manifest variables from the latent constructs of PKH, poverty and social welfare are proven to have consistency and accuracy in measuring the constructs properly.

After doing the convergent validity, discriminant validity and reliability test, the final model used in this study can be concluded. The path diagram of the final research model can be described as Figure 2.

The significant weight test is used to see whether the indicators affect the variables. In this next test, the indicator that builds a variable is said to be significant if *p*-value < 0,05; whereas if *p* > 0,05 the indicator is not significant to the variables used (Chin, 2010). The results of the significant weight measurement are summarized in Table 6.

Table 4. Results of Cross Loading Indicator Correlation with Latent Construct

Manifest Variabel	PKH	POV	WELF	Conclusion
X3	0.898	0.808	0.808	Valid
X4	0787	0.732	0.867	Valid
X5	0.853	0.832	0.717	Valid
Y1.1	0.733	0.978	0.855	Valid
Y1.2	0.799	0.977	0.783	Valid
Y2.2	0.865	0.771	0.882	Valid
Y2.3	0729	0.854	0.842	Valid
Y2.4	0.717	0.789	0.838	Valid

Source: Primary data (processed), 2022.

Table 5. Results of Latent Construct Reliability Test

Latent Construct	Cronbach's Alpha	Critical Value	Conclusion
POV	0.954	0.7	Reliabel
WELF	0.815	0.7	Reliabel
PKH	0.867	0.7	Reliabel

Source: Primary data (processed), 2022.

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

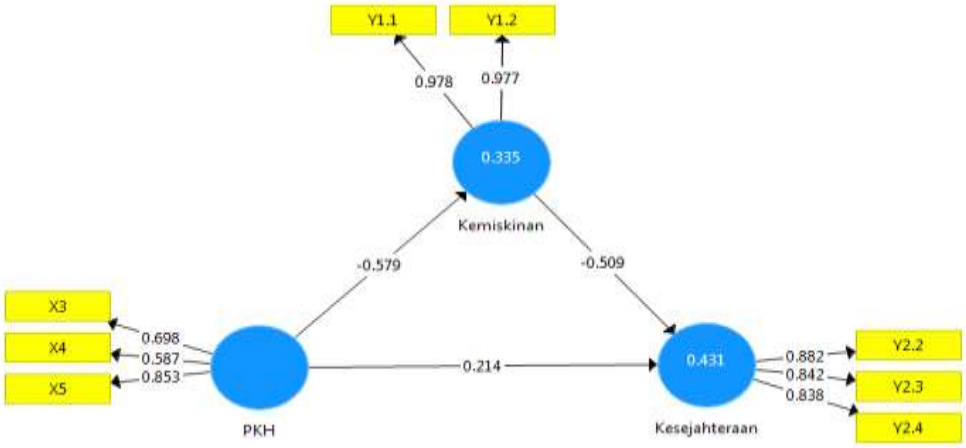


Figure 2. Path Diagram of the Final Results of Empirical Research
Source: Primary data (processed), 2022.

Table 6. Results of Value Significant Weight of Outer Research Model

Correlation of Variabel-Indicator	Original Sample	Sample Average	Standard Deviation	t-Statistic	p-Values
X3 <- PKH	0.442	0.447	0.046	9.592	0.000
X4 <- PKH	0.246	0.243	0.041	5.954	0.000
X5 <- PKH	0.641	0.64	0.036	17.933	0.000
Y1.1<- POV	0.514	0.515	0.008	66.136	0.000
Y1.2<- POV	0.509	0.508	0.009	59.164	0.000
Y2.2<- WELF	0.392	0.392	0.013	31.283	0.000
Y2.3<- WELF	0.366	0.361	0.022	16.413	0.000
Y2.4<- WELF	0.413	0.419	0.025	16.276	0.000

Source: Primary data (processed), 2022.

The p-values obtained for all indicators of the variables it constructs are 0.000 or less than 0.05. It can be said that all indicators used to construct latent constructs significantly influence the variables used. Another way to strengthen the results is to look at the t-statistic against the t-table. From Table 6 it can be seen that all statistical t-values are > 1.65 at a 10% significance level, > 1.96 at a 5% significance level, and > 2.58 at a 1% significance level. From Table 6, we can see that all indicators used to build the latent construct affect the variables used significantly.

Multicollinearity test was calculated using the Variance Inflation Factor (VIF). If VIF < 10 then there is no multicollinearity in the data (Ghozali & Latan, 2015). The outcomes of the research multicollinearity test can be shown in Table 7. Based on the table, it can be seen that the VIF value of each manifest variable is less than 10. It can be concluded that there is no multicollinearity in the research model.

After carrying out the measurement model test, we run the structural model test. Q-square predictive relevance (Q^2) test is used to see the validation of the model's predictive ability. If the Q^2 value is close to 1, it can be concluded that the structural model fits the data or has relevant predictions (Ghozali & Latan, 2015). Based on the test results in Table 8, it can be seen that the Q^2 value is 0.318 and 0.309, which is greater than 0 and close to 1. It can be said that the research model used has good predictive relevance and fits the data.

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E-ISSN 2614-1523
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Table 7. Results of Multicollinearity Test

Manifest Variabel	VIF	Manifest Variabel	VIF
X3	1.141	Y1.1	5.896
X4	1.177	Y1.2	5.896
X5	1.183	Y2.2	2.122
		Y2.3	1.877
		Y2.4	1.624

Source: Primary data (processed), 2022.

Table 8. Results of Q-Square Value of Endogenous Latent Construct

Latent Construct	SSO	SSE	Q^2 (=1-SSE/SSO)
POV	1028	701.217	0.318
WELF	1542	1,065.592	0.309

Source: Primary data (processed), 2022.

Table 9. Results of R-Square Value of Endogenous Latent Construct

Latent Construct	R-Square	Adjusted R-Square	Conclusion
POV	0.335	0.334	Moderat
WELF	0.431	0.429	Moderat

Source: Primary data (processed), 2022.

R-Square test is aims to observe whether the model used is strong and able to explain all the variables in the model. The larger the R-Square value, the better the resulting model is (Chin, 2010). Based on Table 9, it can be seen that the R-Square value of the latent constructs of poverty and community welfare in this research model is in the moderate category. In other words, variations in changes in poverty can be explained by variations in PKH changes of 33.5% and variations in changes in social welfare can be explained by variations in changes in PKH of 43.1%, and the rest is explained by other constructs outside the model.

Hypothesis Test Results

Hypothesis test will determine whether a latent variable or construct influences each other or not and needs to be analyzed or not. If the hypothesis test indicates an insignificant variable, it means that the variable is not suitable for further analysis even though the relationship obtained is in accordance with the theory. Hypothesis test in this model is done by comparing the t-table with t-statistics and from the p-value (probability) to see how much influence between variables (Hair *et al*., 2015). Based on Table 10, it can be observed that the path way between three latent constructs namely PKH, poverty and community welfare in the structural model, is significant at the cut-off (α) 5% with the following details:

- Hypothesis 1 argued that it is suspected the PKH has a significant influence on poverty in districts/cities in Indonesia. From the path way between the latent construct of PKH and poverty, the t-statistic value is showed greater than t-table and p-values is smaller than 0.05. Thus it can be stated that PKH was proved to have a significant effect on poverty; or this first hypothesis is accepted.
- Hypothesis 2 argued that it is suspected the PKH has a significant influence in improving the welfare of the people in Indonesia. From the path way between the latent construct of PKH and the welfare of the community, the t-statistic value is showed greater than t-table and p-values is

P-ISSN 2089-1989
E-ISSN 2614-1523
Terakreditasi (SK No. 225/E/KPT/2022)

smaller than 0.05. Thus it can be stated that PKH was proved to have a significant effect on the welfare of the community; or this second hypothesis is accepted.

- Hypothesis 3 argued that it is suspected the poverty has a significant influence on improving the welfare of the people in Indonesia. From the path way between the latent construct of poverty and the welfare of the community, the t-statistic value is showed greater than t-table and p-values is smaller than 0.05. Thus it can be stated that poverty was proved to have a significant effect on the welfare of the community; or this third hypothesis is accepted.

Discussion

The empirical findings of this research showed that PKH has a negative and significant effect on poverty as well as a positive and significant effect on people's welfare. That is, if PKH participants can carry out their obligations more by participating or carrying out predetermined requirements in the fields of education and health, poverty in Indonesia can decrease and people's welfare will increase. This can also be seen from the findings of research which show that poverty has a negative and significant effect on people's welfare. If poverty is reduced, people's welfare will increase, and vice versa. This is the same with the research of Widyastuti (2012) which states that welfare is the other side of poverty.

The concept of implementing PKH is in line with the theory of human capital introduced by Becker. According to Becker (2009), the quality of human capital can be improved through investment activities such as education and health promotion that provide a return on expenditures in these activities. The process of forming human capital is a change from raw resources to become a productive human resources through educational, health and moral values (Todaro & Smith, 2003). This is in line with PKH's goal, to reduce intergenerational poverty through investment in health and education so as to upgrade the quality of human resources in the future. Through PKH assistance, it is hoped that it can encourage behavior change from poor families who receive PKH to go to school and increase access to health facilities (Kementerian Sosial, 2019).

Several studies about the implementation of cash transfer program have shown positive results on social indicators such as health, education, household consumption, poverty, and inequality (Giang & Nguyen, 2017). It also made the incidence and intensity of multidimensional poverty declined (Borga & D'Ambrosio, 2021). However, there are still many debates about this anti-poverty program (Delgado *et al*., 2018). Debowicz & Golan (2014) argued that the cash transfer program can increase the education and health participation of the poor family. This is the same with studies done by Fernald *et al*. (2008) and García *et al*. (2019) which stated that there was an enhancement in education and health aspects after the poor family received assistance. Other studies also found that CCT program has been succeeded in reducing poverty levels and inequality (Suryahadi *et al*., 2018; Cahyadi *et al*., 2020), although the percentage was very small (Bourguignon *et al*., 2003). CCT assistance can reduce household vulnerability in facing income shocks and it has an even distribution effect on consumption so it can improve household welfare in the long term (Uchiyama, 2019). Meanwhile, CCT program still has a number of deficiencies, for example, there has been no significant changes in behavior and socio-economic conditions from the beneficiaries (Suradi *et al*., 2020). Other research also states the program does not have a significant impact in reducing poverty, especially for those who live in rural areas (Musa *et al*., 2019).

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In general, it can be said that PKH is proven to reduce poverty in Indonesia. This is the same with research conducted by Dimova & Wolff (2008), Debowicz & Golan (2014), Musa *et al*. (2019), and Giang & Nguyen (2017). The results of their research found that the cash transfer program succeeded in reducing poverty, reducing inequality, increasing educational attainment and improving the health status of the poor. From the findings of study, it can be seen that the participation or compliance of beneficiary families (KPM) to fulfill their obligations as PKH participants is very important in determining the success of PKH to reduce poverty and enhance community welfare. This is as stated by Kamarni *et al*. (2019) that community participation both moral and material is needed in development.

PKH assistance covers the fulfillment of basic human needs such as education and health. Education is one of the factors that can improve welfare. According to Sihite *et al*. (2019), high human growth will affect economic growth. The higher of Human Development Index of a region, the better of the economic growth so that the poverty rate will decrease and the level of welfare will increase. In addition to education, the health aspect is no less important in influencing the quality of human resources. It can be said that PKH provides very significant support for "very poor household" (rumah tangga sangat miskin/RTSM) so as not to produce the next generation that is malnourished and uneducated. This program is very helpful for them in managing the family's economic situation by helping to reduce spending on education and health services. Economists notice welfare as an indication of individual income (flow of income) and purchasing power of society. The better the economy of a family or the more income earned, the better the life of the family will be. A prosperous family can increase the number of prosperity in an area so that later it can reduce the amount of poverty in that area.

CONCLUSION

Based on the empirical results of the research, there are several things that can be concluded. The Family Hope Program (PKH) has a negative and significant effect on poverty in Indonesia as well as a positive and significant influence on the welfare of the people in Indonesia in 2019. In addition, the results also show that poverty has a negative and significant influence on people's welfare in Indonesia. PKH is a form of investment activity carried out by the government on Indonesian human resources, especially in the fields of education and health. By investing in education and health sectors, it will be able to upgrade the quality of human resources so that in the end people can get better welfare and get out of poverty. The various indicators used in the research show that the fulfillment of basic needs in the fields of education and health, especially for the very poor and vulnerable households really needs to be improved.

It is suggested to PKH participants to increase their compliance in carrying out their obligations because the success of PKH to reduce poverty and improve welfare is strongly influenced by the compliance of these PKH participants. For this reason, socialization can be carried out to participants so that they always fulfill the obligations that have been set. The government should be able to increase the distribution of cash transfer program assistance such as PKH to poor families because it can ease the burden on these poor families to cover household expenditure needs for health and education. Beside that, the government should also increase the distribution of development between rural and urban areas. Equitable development is deemed necessary because with the availability of public facilities, especially in the fields of education and

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health, as well as an equitable increase in the economy, it will improve the welfare of the community and make it easier for the community to gain access to education and health services.

This research also has limitations both in terms of object selection and research methods as well as the scope of the variables used. This can be corrected for further research. However, the empirical results found are certainly very relevant to the current conditions of PKH implementation and the current condition of poverty in Indonesia. For further studies, it is possible to add various relevant and more contributive variables, the unit of analysis to be studied and the time period to be studied. Thus the estimation results may be better and provide a better picture of the impact and success of PKH in reducing poverty and increasing welfare.

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