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The Impact of The Joint Enterprise Group (KUBE) Program on Employment

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Abstract

One of the community-based government initiatives aimed at expanding employment opportunities in Indonesia is the Joint Enterprise Group (KUBE). This study examines the impact of KUBE on individual employment outcomes using two waves of the Indonesia Family Life Survey (IFLS) data from 2007 and 2014. Taking 254 communities and employing the Difference-in-Difference (DID) technique for 22,972 individuals observation, the analysis finds that the presence of KUBE in a community is associated with a higher probability of adults gaining employment. However, the positive effect is concentrated in the category of casual workers, while no significant effect is observed for other employment types such as self-employment or formal wage work. Interestingly, the existence of KUBE is also associated with a lower probability of individuals working as unpaid family labor. These findings suggest that KUBE has the potential to promote labor absorption in poor communities, particularly in informal sectors. Therefore, expanding KUBE's coverage and integrating it with complementary policies could enhance its role in stimulating economic activity and improving community welfare.

Keywords: KUBE, Difference-in-Difference, Employment, Casual Worker, Welfare

Abstrak

Salah satu program pemerintah berbasis komunitas yang bertujuan untuk memperluas kesempatan kerja di Indonesia adalah Kelompok Usaha Bersama (KUBE). Studi ini mengkaji dampak keberadaan KUBE terhadap status ketenagakerjaan individu dengan menggunakan dua gelombang data Indonesia Family Life Survey (IFLS) tahun 2007 dan 2014. Dengan menggunakan 254 komunitas dan menerapkan teknik Difference-in-Difference (DID) pada 22.972 observasi individu, hasil analisis menunjukkan bahwa keberadaan KUBE di suatu komunitas berkorelasi positif dengan peningkatan probabilitas orang dewasa memperoleh pekerjaan. Namun, dampak positif ini hanya terlihat pada kategori pekerja lepas, sementara tidak ditemukan pengaruh signifikan pada jenis pekerjaan lainnya seperti pekerja mandiri atau pekerja formal. Menariknya, keberadaan KUBE juga terkait dengan penurunan probabilitas individu bekerja sebagai pekerja keluarga tidak dibayar. Temuan ini mengindikasikan bahwa KUBE memiliki potensi dalam mendorong penyerapan tenaga kerja di komunitas miskin, terutama di sektor informal. Oleh karena itu, perluasan cakupan program KUBE dan integrasinya dengan kebijakan pendukung lainnya dapat memperkuat perannya dalam mendorong aktivitas ekonomi dan meningkatkan kesejahteraan masyarakat.

Kata Kunci: KUBE, *Difference-in-Difference*, Ketenagakerjaan, Pekerja Lepas, Kesejahteraan

INTRODUCTION

The Government of Indonesia first implemented the Joint Enterprise Group (Kelompok Usaha Bersama/KUBE) program in 1983. KUBE is the only community-based poverty alleviation program in Indonesia. One of the main goals of the program is to provide job opportunity through the establishment of productive economic enterprise that could affect the well-being of household living in poverty. Each KUBE consists of 5 to 20 households who can receive enterprise assistance at a minimum of IDR 10 million per group or IDR 2 million per family. The budget used to implement the KUBE program represents in government expenditure for social empowerment. In 2019, the Indonesian government spent quite significantly for social empowerment that is IDR 2.89 trillion or 3.42 percent of the total social assistance spending. The KUBE program has been in place for 37 years, with enterprise groups operating in both urban and rural areas. In spite of the significance of the program, there is a little evidence of the program's impact on job creation in Indonesia.

The KUBE program has significant potential in creating jobs through micro, small and medium enterprises (MSMEs) scheme. In some developing countries, MSMEs play an essential role in generating income and facilitating jobs (Adviento et al., 2022; Kumari & kumari, 2024; Nursini, 2020; Shifa Fathima, 2020; Sunaryono et al., 2024; Supriyo Das et al., 2020; Uma & Anbuselvi, 2023; Weldeslassie et al., 2019). The report of the Ministry of Cooperatives and Small and Medium Enterprises in 2020 shows that the MSME sector absorbs more than 95 percent of the workforce during 2015-2019 on average, while the large enterprise sector absorbs only about 5 percent per year (Figure 1). In other words, it can be said that the KUBE program has potential to absorb a large number of workforce.

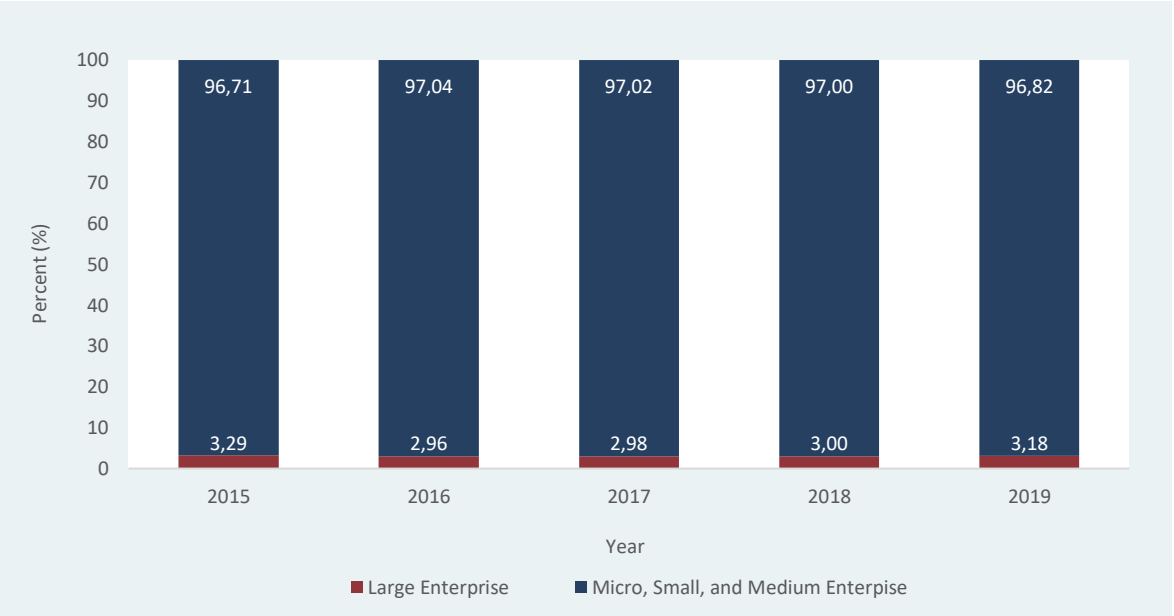

Figure 1.
The Percentage of Labor by Enterprise Sector
Source: Ministry of Cooperatives and Small and Medium Enterprises (2020)

Nonetheless, studies about the impact of the KUBE program on job opportunities are still limited. Most of the research related to KUBE program focuses on the effectiveness of managing certain enterprise groups in certain regions (Amalia et al., 2024; Asrudi et al., 2019; Azki, 2024; Gunanta,

2019; Imandasari & Anadza, 2022). Some of them used qualitative approach to confirm the effectiveness of the program in term of empowerment implementation (Achmad, 2022; Asrudi et al., 2019; Mahdi & Taqwa, 2023; Rachaju & Hery, 2023; Tampubolon, 2023). In this study, we investigate the causal impact of KUBE program on job opportunity in Indonesia. The study contributes to enrich the literature on the impact of community-based poverty alleviation programs that concern on enterprise and employment issues (Chombo & Minja, 2020; Kehinde & Alabi, 2025; Singh & Chudasama, 2020; Zezza et al., 2010), also in terms of productive activities and business assets (Chen et al., 2024; Falentina & Resosudarmo, 2019; Fuseini et al., 2019; Wang & Jie, 2025).

Low access to employment is a constraint faced by poor households in generating income. Moreover, workers from weak household socio-economic backgrounds tend to have limited skills and qualifications to compete in labor market. The KUBE program is an initiative that strategically copes with labor constraint of poor households, as well as becoming a community empowerment program aimed at developing the local economy. Arejiogbe et al. (2023); Klimczuk et al. (2022) explain that empowerment and enterprise training programs for the community tend to be effective in poverty alleviation in the medium and long term. Conceptually, the KUBE program is designed like CCT program, with Community-Based Targeting Mechanisms (CBTMs) as its distribution form. The Conditional Cash Transfer (CCT) program is a social assistance mechanism designed to reduce poverty and improve human capital development by providing direct cash transfers to eligible households, contingent upon the fulfillment of certain behavioral conditions. In several literatures, CBTMs is also referred to Social Cash Transfer (SCT). Several developing countries are also implementing similar programs.

In Ghana, the Livelihood Empowerment Against Poverty (LEAP) Program aims to reduce poverty and to promote human capital development. This program provides assistance in cash and non-cash for the poor group aged over 65 years and disability group. Fuseini et al. (2019) revealed that only a small portion of LEAP funds were used for investment, both in the agricultural and non-agricultural sectors. This illustrates the positive effect of LEAP on increasing the productive asset and activities of farmer households. Osei and Henman (2024) found that households led by women experience greater improvements in well-being compared to those led by men when LEAP payments are distributed consistently. Consistent LEAP disbursements also help narrow the well-being gap between genders. The impact evaluation of the LEAP Program conducted by Handa et al. (2014) reveals that cash transfers have not been sufficient to increase poor households' participation in paid employment, either in the formal or informal sector. Instead, the program significantly boosts family members' involvement in unpaid labor on their own farmland, particularly among female-headed and smaller households. Beneficiaries experienced up to 13 additional workdays per season, reflecting strengthened internal productive capacity through the intensification of subsistence farming. Considering these findings, we predict that the KUBE program also has the potential to improve the well-being of low-income household groups, and even generating job opportunities in the intervention areas through MSME schemes.

Meanwhile, in Malawi and Kenya, Zezza et al. (2010) evaluate the impact of Social Cash Transfer programs using DiD technique. The study found that SCT beneficiary households in Malawi had less time working as *ganyu* (casual agricultural labor) than the control group. In addition, it was found that beneficiary households tend to invest a part of SCT funds for agricultural and livestock equipment spending. Meanwhile, in Kenya, it was found that beneficiaries tended to spend aid funds on durable goods and significantly decreased the participation of child worker in their family's farm. Covarrubias et al. (2012) conducted an impact evaluation design experiment found

that the SCT program in Malawi contributed to the increasing of agricultural asset ownership, reducing the working time of unskilled workers, and limiting the participation of child labor in the public sector (outside the home). Beside of the community-based poverty alleviation program, (Del et al., 2016) observed a CCT program for disaster-affected families in Nicaragua. The program operated from November 2005 to December 2006 with the aim of creating economic resilience for the affected residents through the establishment of businesses. The program facilitates job training for residents aged 16 years and over and also provides enterprise assistance aid. The researcher found that this program had an impact on increasing work participation and increasing the number of enterprises, especially in small trade and retail sectors.

Furthermore, the impact of youth skill aid in Uganda was able to increase micro-enterprise ownership and small-scale trade income. After nine years, these initial outcomes had faded. The investments made by grant recipients stopped growing, while individuals in the control group gradually raised their incomes through small businesses and casual labor. As a result, both groups eventually showed similar levels of employment, earnings, and consumption (Blattman et al., 2020). Gobin et al. (2017) evaluating the impact of the randomized cash transfer program on enterprise in Northern Kenya found that there was an increase in the number of small-scale trade established. The majority of those enterprises are driven by women from low well-being status. Falentina & Resosudarmo (2019) examined the impact of the Program Keluarga Harapan (PKH) on the performance of micro-small enterprises. This study uses census data on Village Potential (PODES) by utilizing information related to enterprise and industrial groups based on the sub-district level in Indonesia. The finding reveals PKH program has a positive impact on enterprise sustainability and the labor productivity in the medium term. The effect occured in urban area, villages around urban area, and other areas other the coast. This indicates the contribution of PKH to business sustainability, at least for 5 consecutive years of aid distribution. The researcher states that PKH could affect the business continuity of beneficiaries in the medium term of the program. From the numerous studies on cash assistance and microenterprise support programs previously elaborated, there is no literature has been found that provides empirical evidence of the KUBE program's impact on employment opportunity. This article seeks to fullfil that gap by utilizing longitudinal data from the Indonesian Family Life Survey (IFLS).

METHODOLOGY

This study employs a longitudinal household survey approach to analyze the impact of the Joint Enterprise Group (Kelompok Usaha Bersama—KUBE) program in Indonesia. Specifically, it utilizes data from the Indonesia Family Life Survey (IFLS), a comprehensive and widely used household panel dataset that allows researchers to track socioeconomic changes over time at the individual and household levels. For this study, we combine IFLS wave 4, conducted in 2007, and IFLS wave 5, conducted in 2014, in order to construct a balanced panel of individuals and households. This panel dataset enables us to observe changes in employment outcomes both prior to and following the implementation of the KUBE program.

The IFLS is a large-scale longitudinal survey initiated in 1993 (IFLS 1), with subsequent waves conducted in 1997 (IFLS 2), 1998 (IFLS 2+), 2000 (IFLS 3), 2007 (IFLS 4), and 2014 (IFLS 5). The survey was designed to be representative of approximately 83 percent of the Indonesian population in 1993, covering 13 provinces that span a wide range of demographic, economic, and geographic conditions. By 2014, IFLS 5 successfully re-interviewed a large portion of the original sample, capturing data from 15,902 households and approximately 50,000 individuals. The strength of the IFLS lies in its panel structure, which tracks the same households and individuals over an extended period of time, thereby enabling robust analysis of causal relationships and

long-term program impacts. Although the IFLS data is relatively dated, it remains the most recent publicly available longitudinal dataset with rich socioeconomic and demographic information at the household and individual levels in Indonesia. Moreover, the primary objective of this study is to identify causal relationships rather than to describe current conditions. Therefore, the use of IFLS data is still highly relevant, as the underlying behavioral mechanisms and causal patterns explored in this study are expected to remain valid over time.

To estimate the effect of KUBE, we apply a Difference-in-Differences (DiD) estimation technique, which is a quasi-experimental method widely used in program evaluation studies. This method compares changes in outcomes over time between a treatment group—individuals or households located in areas where the KUBE program was implemented—and a control group—those in areas where the program was not present. The DID approach is particularly useful in the context of observational data, where randomized controlled trials are not feasible, as it helps to address issues of endogeneity and omitted variable bias. By exploiting the temporal variation in program exposure, DID effectively controls for unobserved, time-invariant factors that may otherwise confound the estimation of program impacts (Boedeker, 2023).

This study uses the DiD approach because it can isolate the causal impact of the KUBE program by comparing the differential changes between treatment and control groups before and after program implementation. Moreover, the DiD framework allows us to capture the average treatment effect on the treated (ATT) while accounting for baseline differences between groups and common time trends. In the context of social protection programs like KUBE, where selection into treatment is often non-random and driven by policy targeting, DiD provide a credible empirical strategy to identify program impacts under the assumption of parallel trends—that is, in the absence of the program, both groups would have followed similar trajectories over time.

Moreover, by constructing a panel data structure, this study is able to address the challenges commonly associated with cross-sectional data, such as selection bias and reverse causality. Panel data allow for the inclusion of individual or household fixed effects, which control for unobservable characteristics that are constant over time but potentially correlated with the treatment variable. This is crucial in the context of KUBE, as the program is targeted at poor households, and selection into the program may not be random. The DID technique, combined with panel data, provides a credible identification strategy for estimating the causal effect of KUBE on employment outcomes.

In addition, the use of two distinct time points—2007 (pre-intervention) and 2014 (post-intervention)—enables this study to capture medium-term effects of the program, rather than short-term fluctuations. This is particularly important when evaluating interventions such as KUBE, which are designed to foster sustainable income-generating activities and may not yield immediate impacts. The time lag also allows us to observe whether initial program benefits persist, fade, or evolve over time.

In this study, the treatment group is an individual who is in a community that has a KUBE program, while the control group is an individual who lives in a community that does not have a KUBE program. We use individual level rather than household level because the working status related to each individual. Furthermore, because the KUBE was implemented in community level, then the individual which live in the community that has KUBE will be assigned as treatment, otherwise they will be as a control group. The years 2007 and 2014 are considered as the period before and after KUBE, respectively.

In the IFLS data, there is information about the existence of the KUBE program in the community, as well as information about the employment status of household members which will be used as the dependent variable to measure the success of KUBE. This study can also control the socioeconomic background of individuals, households and communities, thus a more accurate estimation of the impact of KUBE could be obtained. The empirical equation can be written as follows.

$$working\ status = a + b_1\ d2014 + \ b_2\ dKUBE + \ b_3\ dKUBE + X\ c' + e \qquad (1)$$

Where:

- Working status = dummy variable indicating individual employment status, where *1* = *working* and *0* = not *working*.
- D2014 = dummy variable for the time period, where *1* = *year 2014* (after KUBE implementation) and *0* = *year 2007* (before KUBE implementation).
- dKUBE = dummy variable indicating whether the individual resides in an area where the KUBE program was implemented, where *1 = lives in KUBE community* and *0 = does not live in KUBE community*.
- D2014 × dKUBE = interaction term between *D2014* and *dKUBE*, capturing the Difference-in-Differences estimator, i.e., the causal effect of the KUBE program on working status.
- X = vector of individual, household, and community control variables that may influence working status (log per capita expenditure, year schooling, age, male, married status, living in rural area, access to public transport)
- e = error term.

DISCUSSION AND FINDINGS

Table 1 shows a descriptive statistics of variables used in the study. There were 311 communities in IFLS 5 of which 182 communities had received the KUBE program. Among the 182 communities, there were 57 communities that had received the KUBE program before 2008 (2007 and below). In order to develop an accurate DID model, the 57 communities were dropped from observation, and we obtain 125 communities as treatment group. On the other side, 129 communities had never received the KUBE program until 2014. Therefore, we observe 254 communities in this study.

The number of adults in the community with KUBE was 11,434 or 49.8 percent of the total observations, while those without KUBE were 11,538 or 50.2 percent of the total observations. Then, the number of the treatment observations is almost similar with the control observations. In Table 1, it is also shown that the percentage of respondents working was 75.5 percent in for all years, and increased from 73.9 percent in 2007 to 77 percent in 2014. Based on the employment status, the percentage of observations who work is also has increased for all status, except for the unpaid workers. The positive trend shows that the employment opportunities in 2014 were generally better than in 2007. Several characteristics such as log of PCE, years of schooling, the availability of public transport and industrial activities in community are also increase during 2007 – 2014. These characteristics tend to have positive correlation with performance of employment.

Table 1.
Summary Statistics

	2007 and 2014		2007		2014	
	Number of Observation	Mean / Proportion	Number of Observation	Mean / Proportion	Number of Observation	Mean / Proportion
Working dummy						
No	5637	24,5%	2996	26,1%	2641	23%
Yes	17335	75,5%	8490	73,9%	8845	77%
Dummy self-employed						
No	15629	68%	8000	69,7%	7629	66,4%
Yes	7343	32%	3486	30,3%	3857	33,6%
Dummy government / private worker and self-employed with permanent worker						
No	17533	76,3%	9009	78,4%	8524	74,2%
Yes	5439	23,7%	2477	21,6%	2962	25,8%
Dummy casual worker in agriculture and non-agriculture						
No	20998	91,4%	10555	91,9%	10443	90,9%
Yes	1974	8,6%	931	8,1%	1043	9,1%
Dummy unpaid worker						
No	20393	88,8%	9890	86,1%	10503	91,4%
Yes	2579	11,2%	1596	13,9%	983	8,6%
Dummy KUBE						
No	11538	50,2%	NA	NA	5769	50,2%
Yes	11434	49,8%	NA	NA	5717	49,8%
Dummy 2014	22972	50%	NA	NA	NA	NA
Log PCE	22972	13.2	11486	12.817	11486	13.582
Year schooling	22972	7.106	11486	7.019	11486	7.194
Age	22972	42.439	11486	39.017	11486	45.86
Gender status						
Female	12555	54,7%	6277	54,6%	6278	54,7%
Male	10417	45,3%	5209	45,4%	5208	45,3%
Married Status						
Not yet married	5670	24,7%	3031	26,4%	2639	23%
Ever married	17302	75,3%	8455	73,6%	8847	77%
Location status						

	2007 and 2014		2007		2014	
	Number of Observation	Mean / Proportion	Number of Observation	Mean / Proportion	Number of Observation	Mean / Proportion
Urban	11145	48,5%	5102	44,4%	6043	52,6%
Rural	11827	51,5%	6384	55,6%	5443	47,4%
Dummy public transportation						
No	8435	36,7%	3851	33,5%	4584	39,9%
Yes	14537	63,3%	7635	66,5%	6902	60,1%
Dummy agriculture in community						
No	3818	16,6%	1979	17,2%	1839	16%
Yes	19154	83,4%	9507	82,8%	9647	84%
Dummy industry in community						
No	10400	45,3%	6255	54,5%	4145	36,1%
Yes	12572	54,7%	5231	45,5%	7341	63,9%
Dummy infrastructure project						
No	7491	32,6%	3999	34,8%	3492	30,4%
Yes	15481	67,4%	7487	65,2%	7994	69,6%

Source: IFLS 4 and 5 (2007 and 2014), data processed

Figure 2 shows the proportion of employment status in each category both in community with KUBE and without KUBE for both 2017 and 2014. For the self-employed category, the proportion of respondents in communities with KUBE and without KUBE respectively increased, as well as in government/private/self-employed with permanent workers category. However, the figure shown that the increase in the two categories of work status occurred proportionally. In contrast, there is an increase proportion to be casual worker in the community with KUBE, while in the community without KUBE it tends to be constant. Furthermore, the unpaid worker category experienced a decrease in the proportion in communities both with and without KUBE, but with a significant drop in community with KUBE. From this chart, in general, community with KUBE tend to have good performance in employment compared to community without KUBE. This indicates the positive impact of KUBE on employment performance, especially by increasing casual workers and a significant decrease of unpaid workers.

Using 22,972 observations from IFLS 2007 and 2014, our findings reveal that participation in the KUBE program increases the probability of being employed by approximately 2 percentage points. Considering that the baseline employment rate in 2007 was 73.9 percent, this effect corresponds to a 2.7 percent relative increase in the likelihood of employment. Although the magnitude is modest, it suggests that KUBE contributes positively to expanding labor market participation among low-income individuals. In addition, the program raises the likelihood of becoming a casual worker by 2 percentage points. With a baseline rate of 8.1 percent, this translates to a 24.7 percent relative increase, implying that KUBE may initially enhance employment opportunities through informal or casual work arrangements, which could serve as a transitional phase toward more stable income sources. This finding is consistent with the main goal of KUBE, which is to promote productive economic activities and thus expand job opportunities, particularly for local communities. This demonstrates that the program provides positive effects in increasing job opportunities within the casual labor segment, in line with study

conducted by Zezza et al. (2010). According to Indonesia Statistics, a casual worker is who works for another person/employer/institution that is not permanent (more than one employer in the last one month) in an agricultural or non-agricultural business, either in the form of a household business or not a household business, and receives wages or rewards in the form of money or goods as remuneration, either by daily or lump-sum payment system.

Figure 2.
Proportion of working status based on KUBE status in 2007 and 2014
Source: IFLS 4 and 5 (2007 and 2014), data processed

Moreover, our empirical findings also indicate that KUBE has the potential to reduce the probability of individuals becoming unpaid family workers by 1 percentage point. Given that the baseline proportion of unpaid family workers in 2007 was 13.9 percent, this reduction corresponds to a 7.2 percent relative decline. This finding suggests that KUBE may help individuals transition from unpaid or subsistence family work into more productive and income-generating forms of employment, thereby contributing to improved household economic independence. This result emphasizes the findings of Handa et al. (2014), which showed an increase in the involvement of unpaid labor on their own farmland after becoming beneficiaries of the LEAP program in Ghana. On the other hand, there is no evidence that the KUBE program affects the likelihood of individuals being self-employed as well as employed in government, private, or self-owned businesses as permanent workers.

In general, the finding regarding the impact of KUBE on employment opportunities are also consistent with several previous studies which found that enterprise assistance for community can increase productive activities (Ayoungman et al., 2025; Chen et al., 2024; Falentina & Resosudarmo, 2019; Fuseini et al., 2019; Osei & Henman, 2024; Wang & Jie, 2025). The positive impact of KUBE on employment creation can be attributed to its design, which promotes productive self-employment and microenterprise development. Through the provision of seed capital, group-based organization, and mentoring, KUBE reduces entry barriers to economic

activities and encourages participants to engage in income-generating work. These features enable KUBE to stimulate local labor absorption and livelihood diversification, especially in areas where formal employment opportunities are limited.

Table 2.
The Result of DiD Regression

Variables	Work	Self-employed	Government/private worker/self-employed with permanent worker	Casual worker	Unpaid worker
Dummy KUBE	-0.02***	-0.02**	0.01*	-0.00	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Dummy 2014	0.01	-0.02**	0.03***	0.03***	-0.02***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Dummy KUBE#Dummy 2014	**0.02****	**0.00**	**-0.01**	**0.02*****	**-0.01***
	(0.01)	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**
Log PCE	0.02***	0.04***	0.02***	-0.03***	-0.01***
	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Year schooling	0.00	-0.01***	0.02***	-0.01***	-0.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age	-0.00**	0.00***	-0.00***	-0.00***	-0.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Male	0.24***	0.17***	0.11***	0.07***	-0.12***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Married	0.11***	0.10***	0.01**	-0.01**	0.02***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Rural	0.06***	0.07***	-0.09***	-0.02***	0.09***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Public transport	-0.01	0.00	-0.02***	-0.00	-0.00
	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Agriculture	0.02***	0.03***	-0.01	0.02***	-0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Industry	-0.02***	-0.02***	0.03***	-0.01**	-0.02***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Infrastructure project	-0.01**	0.00	-0.01**	-0.00	-0.00
	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Observations	22,972	22,972	22,972	22,972	22,972

Robust Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Source: IFLS 4 and 5 (2007 and 2014), data processed

The impact significantly affect the probability of casual and unpaid worker to achieve greater well-being. The findings of this study have important implications for social protection and local economic development policy in Indonesia. The result that KUBE significantly increases employment opportunities, particularly in the casual labor segment, highlights the relevance of continuing and scaling up community-based livelihood programs for poor households. The stronger impact of KUBE in the informal sector can be attributed to the inherent characteristics of the program and the structure of the Indonesian labor market. KUBE provides relatively limited capital support and operates through group-based mechanisms, which are more suitable for small-scale, low-entry-barrier economic activities such as petty trade, home production, and casual labor. These features make it easier for participants to engage in informal employment, where entry costs are minimal, skill requirements are lower, and market access is more flexible

compared to formal wage employment. As a result, KUBE participants are more likely to experience immediate improvements in income-generating opportunities within the informal sector. Given that KUBE tends to benefit informal and micro-scale economic activities, efforts should be made to integrate KUBE with broader employment and entrepreneurship programs to strengthen its long-term impacts.

The finding that KUBE reduces the probability of individuals becoming unpaid family workers also underscores the potential of such programs to transform informal and unpaid labor into income-generating activities. This suggests a policy opportunity to enhance the design of KUBE by including more structured support for business development, marketing access, and financial literacy for members. Moreover, this transition could be made more feasible if KUBE members are integrated with microenterprise program and guided by MSME's facilitators to adopt formal business structures, such as registering as limited partnership (CV) or cooperatives, thereby enabling participants to operate within the formal economy and gain access to banking credit for long-term business affairs, e-commerce platform, and regulatory benefits. Furthermore, considering that KUBE primarily benefits poor and vulnerable groups, targeting mechanisms should be strengthened to ensure equitable access and impact across different regions.

CONCLUSION

KUBE is one of the community-based government programs to generate job opportunity by stimulating a productive activity in the local community. This study found that the presence of KUBE in the community can increase the probability of adult individuals to work. In detail, this positive relationship is only seen in the status of casual workers. On the other hand, the existence of KUBE can reduce the probability of unpaid workers. However, this study does not examine the impact of the KUBE program on other aspects of welfare, such as income generation, consumption, asset ownership, education, or health. Future research is needed to explore these dimensions in order to provide a more comprehensive evaluation of the overall outcomes and effectiveness of the KUBE program. Considering that the KUBE program is still running today, to improve employment outcomes more broadly, KUBE could be linked with vocational training and capacity-building programs that expand beneficiaries' skills beyond casual labor, fostering pathways toward more sustainable and formal employment.

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