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

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Abstract

The ultimate goal of development in developing countries is to reduce poverty that can be achieved through increasing welfare. Poverty is a multidimensional phenomenon that become a major challenge in all countries. To reduce poverty and increase community welfare, government intervention programs are needed. One of them is through the provision of cash assistance. The CCT/Conditional Cash Transfer program has been widely implemented in some countries. In Indonesia, this program is called the Program Keluarga Harapan *(PKH). This cash transfer program has a lot of debate as an anti-poverty program. This research wants to see the impact of PKH on reducing poverty and increasing welfare in Indonesia. It used raw data from Susenas and analyzed by SEM-PLS method. The findings of this research show that PKH has a negative-significant effect on poverty and a positive-significant impact on welfare in Indonesia. In addition, the findings of the research also show that poverty has a negative-significant influence on people's welfare in Indonesia.*

Abstrak

Tujuan akhir pembangunan di negara berkembang adalah mengurangi kemiskinan yang dapat dicapai melalui peningkatan kesejahteraan. Kemiskinan merupakan fenomena multidimensi yang menjadi tantangan utama di seluruh negara. Untuk mengurangi kemiskinan dan meningkatkan kesejahteraan diperlukan program intervensi pemerintah. Salah satunya adalah melalui pemberian bantuan tunai. Program transfer tunai bersyarat/Conditional Cash Transfer (CCT) telah banyak diterapkan di beberapa negara. Di Indonesia, program CCT dinamakan Program Keluarga Harapan (PKH). Dalam pelaksanaannya, program transfer tunai ini memiliki banyak perdebatan sebagai program anti kemiskinan. Penelitian ini ingin melihat pengaruh program intervensi pemerintah (PKH) yang telah dilaksanakan terhadap penurunan kemiskinan dan peningkatan kesejahteraan kabupaten/kota di Indonesia. Penelitian menggunakan raw data Susenas Tahun 2019 dan dianalisis menggunakan metode SEM-PLS. Hasil penelitian memperlihatkan bahwa PKH berpengaruh negatif dan signifikan terhadap kemiskinan serta berpengaruh positif dan signifikan terhadap kesejahteraan masyarakat di Indonesia. Selain itu, hasil analisis juga memperlihatkan bahwasanya kemiskinan memiliki pengaruh negatif dan signifikan terhadap kesejahteraan masyarakat di Indonesia.

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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 that involves government intervention or gives social protection is called the Conditional Cash Transfer/CCT (Patel-Campillo & García, 2022). This program has been implemented in many countries in Africa and Latin America. It provide 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 this recent years by policy makers or researchers in many countries to know wether this policy can reduce poverty and improve welfare (Fukayama, 2017). 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 therefore, 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 help to 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, according to Suradi et al. (2020), 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. The program seems effective only in the short term, not for a long term. Parijs & Vanderborght (2017) state that the scheme of CCT program only relies on welfare without regard to sustainable economic rights. 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:

1. How is the impact of the Family Hope Program on poverty and welfare in districts/cities in Indonesia on 2019?
2. How is the impact of poverty on the people's welfare in districts/cities in Indonesia on 2019?

RESEARCH METHOD

The type of this study is quantitative-exploratory research, which describes a phenomenon where the researcher does not yet have a direction or explanation about it and is presented in the form of numbers to test hypotheses. It use 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 Program Keluarga Harapan (PKH) in 2019. 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. SEM-PLS method can process small samples data and have different types of scales ranging from the measurement model (outer model), structural model (inner model) and research hypothesis test (Abdillah & Hartono, 2015). The following are definitions and operational concepts of research variables.

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 : the percentage of pregnant women receiving PKH who checked their wombs at health facilities (KES) →**X1**	%
	2. Births assisted by medical personnel : the percentage of pregnant women receiving PKH who gave birth assisted by medical personnel (LAHIR) → **X2**	%
	3. Children's health checks : the percentage of children under five years old receiving PKH who get immunizations (IMUNISASI) → **X3**	
	II. Participation in education sector (Nainggolan et al., 2012)	%
	4. Preschool participation : the percentage of preschool age children receiving PKH who attend preschool education (PRASEKOLAH) → **X4**	%
	5. School participation : the percentage of school-age children receiving PKH who attend education/school (SEKOLAH) →**X5**	%
	6. 12 years of compulsory education : the percentage of children receiving PKH who complete 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,	**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**	Year
	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**	Year

Construct and Definition	Indicator and Concept	Scale
spiritual, and social needs so that they can live properly and develop their own quality in carrying out social functions. Welfare depends on satisfaction in many areas of life such as income, age, education level, health, type of work, place of residence and so on (Rojas, 2009).	**3. Average Length of Schooling (RLS) :** the number of years used by the population in undergoing formal education.Someone who finished elementary school was calculated for 6 years of schooling, 9 years of junior high school, and 12 years of high school graduation without taking into account whether they had stayed in class or not (Badan Pusat Statistik, 2020a) →**Y2.3**	Year
	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**	Rupiah

RESULTS AND DISCUSSION

RESULTS

Descriptive Analysis of Research Results

Before discussing the empirical results of this study, a descriptive statistical analysis was done in order to determine the characteristics of the sample used. The analysis includes the number of observations, the average value of the sample, the mean, the level of deviation and spread of the data as well as the maximum and minimum values of each indicator. Descriptive analysis aims to describe research results in general relating to the indicators used. The results of descriptive statistics from this study are as follow:

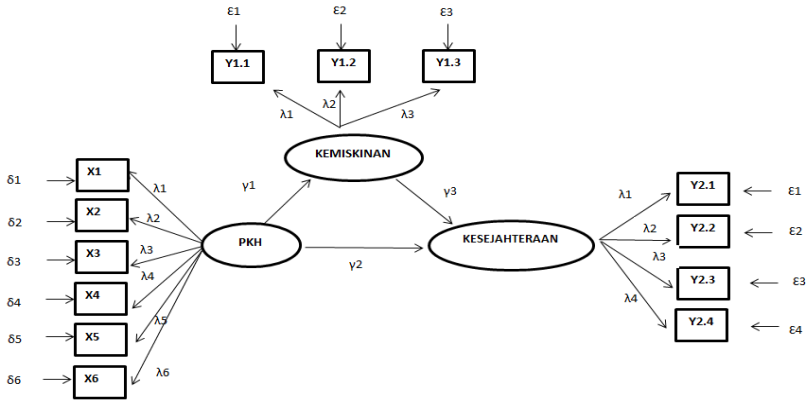
Table 2.
Descriptive Statistics of Research Results

Indicator	Average	Median	Min	Max	Standard Deviation	Number of Observation
KES (X1)	0,705	0,801	0	1,003	0,318	514
LAHIR (X2)	0,847	0,999	0	1,005	0,265	514
IMUNISASI (X3)	0,429	0,432	0	1	0,254	514
PRASEKOLAH (X4)	0,423	0,425	0	1	0,217	514
SEKOLAH (X5)	0,854	0,887	0	1	0,168	514
WAJAR (X6)	0,207	0,197	0	1	0,143	514
P0 (Y1.1)	11,645	9,62	0,24	43,65	8,042	514
P1 (Y1.2)	2,014	1,37	0,04	16,35	2,136	514
P2 (Y1.3)	4,179	0,35	0,02	81,62	15,631	514
AHH (Y2.1)	66,176	69,19	5,99	77,55	13,767	514
HLS (Y2.2)	8,435	8,19	0,97	14,19	1,904	514
RLS (Y2.3)	12,897	12,82	3,29	17,39	1,364	514
PKP (Y2.4)	10.443,1	10.298	4.181	23.851	2.709,458	514

Source: Research Results (Processed Data), 2022

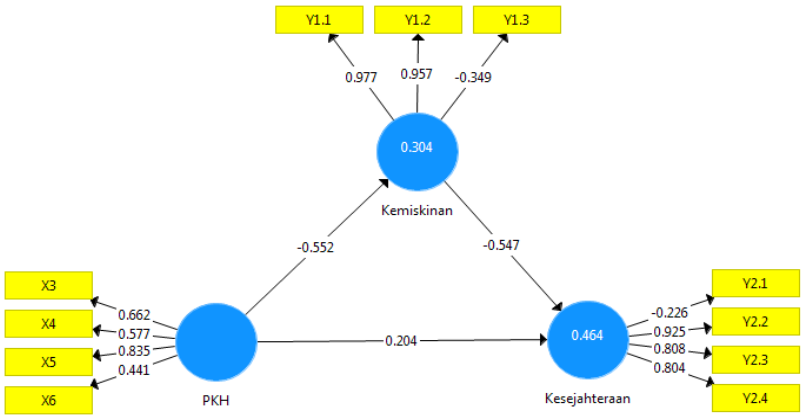
Evaluation of Research Structural Equation Model

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 percentage of variance for each indicator or manifest variable that can be explained through the latent variable. The measurement model shows which indicators dominate in the formation of latent variables. 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). The measurement models that will be tested in this study are as follows:



Pictures 1. Research Structural and Measurement Model

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 as follows:



Source: Research Results (Processed Data), 2022

Pictures 2. Path Diagram of Initial Empirical Research Results

The results of the measurement and structural model test of the empirical research model are as follows:

1. Measurement Model Test Results

The results of the measurement model test are used to specify the relationship specification between the latent variable and the manifest variable. This tests include convergent validity, discriminant validity and reliability.

a. Convergent Validity

The convergent validity test describes the magnitude of the correlation between every measurement item and the construct. The point is that the manifest variables of a construct should be highly correlated. This test can be observed from the loading factor value for every indicator/variable manifest construct. 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”. It can be said that the indicator is significant to measures the construct. In addition, the Average Variance Extracted (AVE) and communality values must be bigger than 0.5 (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 they had to be removed from the model. Next, confirmatory analysis is performed to exclude invalid indicators. This stage aims to increase the model measurement score (outer loading) of each indicator (Chin, 2010). The results of this test can be seen in the following table.

Table 3.
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**		**Invalid**
WELF	Y2.1	**-0,226**	0,5	**Invalid**
	Y2.2	0,925		Valid
	Y2.3	0,808	0,5	Valid
	Y2.4	0,804	0,5	Valid

Source: Research Results (Processed Data), 2022

The results of the final validity test are as follows:

Table 4.
Manifest Variable Final Loading Factor

Latent Variabel	Manifest Variabel	*Loading Factor*	*Critical Value*	Conclusion
PKH	X3	0,698	0,5	Valid
	X4	0,587	0,5	Valid
	X5	0,853	0,5	Valid
POV	Y1.1	0,978	0,5	Valid
	Y1.2	0,977	0,5	Valid
WELF	Y2.2	0,882		Valid
	Y2.3	0,842	0,5	Valid
	Y2.4	0,838	0,5	Valid

Source: Research Results (Processed Data), 2022

After doing the confirmation analysis by removing invalid indicators and retesting, all valid indicators were obtained. It means that the indicators used in this research can be continued to the next stage. From the results of the last convergent validity test, 8 indicators were found that were feasible to use. The path analysis that will be used in this study is based on these valid indicator variables. Furthermore, the model that has passed the validity test will be tested for discriminant validity.

b. Discriminant Validity

According to this test, a different constructs must not be highly correlated with other manifest variables. This test can be observed from the cross loading value, Cross loading value is a comparison of the indicators correlation and their latent variables. Beside that, discriminant validity test can also been conducted by comparing the square root of the AVE (Average Variance Extracted) for every construct with the correlation value between the constructs in the model. The criteria for the square root value of AVE must be bigger than 0.5 and 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 the following table:

Table 5.
Cross Loading Indicator Correlation with Latent Construct

Manifest Variabel	PKH	POV	WELF	Conclusion
X3	0,898	0,808	0,808	Valid
X4	0,787	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	0,729	0,854	0,842	Valid
Y2.4	0,717	0,789	0,838	Valid

Source: Research Results (Processed Data), 2022

c. Reliability

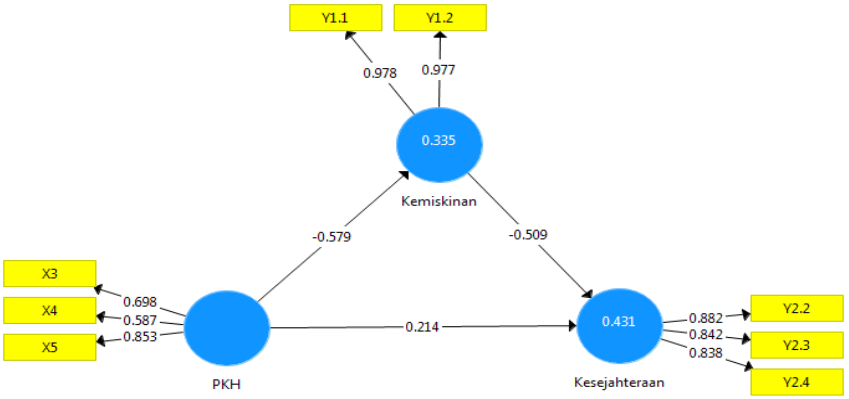
Reliability test aims to prove the accuracy and consistency of the instrument in calculating variables. It uses the Cronbach's Alpha test. If the Cronbach's Alpha value is > 0.7 then the manifest variable has good consistency and accuracy of latent indicators in measuring latent constructs (Chin, 2010). The outcomes of the reliability test of the measurement model in this study are shown in the following table:

Table 6.
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: Research Results (Processed Data), 2022

From the test results, it was found that all of the construct variables were reliable to use in this research. This means that all of the manifest variables of the latent construct of PKH, poverty and community welfare are proven to have accuracy and consistency in measuring the construct 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 follows:



Source: Research Results (Processed Data), 2022

Pictures 3. Path Diagram of the Final Results of Empirical Research

d. Significant Weight

This test is used to see whether the indicators affect the variables. The condition for an indicator that builds a variable is said to be significant if the P value < 0.05. If it > 0.05, the indicator is not significant to the variables used. Another way is by looking at the value of the T table against the T statistic. T value > 1.65 (significance level = 10%), > 1.96 (significance level = 5%), and > 2.58 (significance level = 1%) (Chin, 2010). The results of the significant weight measurement are as follow:

Table 7.
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: Research Results (Processed Data), 2022

From the table above, we can see the effect of indicators on latent constructs. The P values obtained for all indicators of the built variables are 0.000 or smaller than 0.05. It can be said that all indicators used to build the latent construct affect the variables used significantly. Another way to strengthen this findings is to look at the value of the T statistic against the T table. From the table above, it can be concluded that all T statistical values are > 1.65 (significance level = 10%), > 1.96 (significance level = 5%), and > 2.58 (significance level = 1%). It can be said that all indicators affect the variables they build at the level of 1%, 5% and 10%.

e. Multicollinearity

Multicollinearity 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 the following table:

Table 8.
Research Multicollinearity Test

Manifest Variabel	VIF
X3	1,141
X4	1,177
X5	1,183
Y1.1	5,896
Y1.2	5,896
Y2.2	2,122
Y2.3	1,877
Y2.4	1,624

Source: Research Results (Processed Data), 2022

2. Structural Model Test Results

Structural model test aims to see the results of the significance relationship test between constructs or latent variables. This can be observed from the path coefficient which describes the strength of the relationship between constructs or latent variables (Chin, 2010). Structural model test of this research are as follows:

a. Q-Square Predictive Relevance (Q^2)

This 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). The results of the research Q^2 test obtained the following results:

Table 9.
Q^2 Value of Endogenous Latent Construct

Latent Construct	SSO	SSE	Q^2 (=1-SSE/SSO)
POV	1028	701,217	0,318
WELF	1542	1065,592	0,309

Source: Research Results (Processed Data), 2022

In the table above, we can see the Q^2 values is 0.318 and 0.309. It means that the research model used has good predictive relevance and fits the data.

b. R-Square

R-Square test is aims to observed whether the model used is strong and able to explain all the variables in the model. According to Chin (2010), if the R-Square value is 0.67; 0.33 and 0.19; it indicate a strong, moderate and weak model, while according to Joseph F. Hair et al. (2015), if the value is 0.75; 0.50 and 0.25; it indicate a strong, moderate and weak model. The larger the R-Square value, the better the resulting model is. The following table will display the results of the R-Square test in this study.

Table 10.
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: Research Results (Processed Data), 2022

Based on the table above, it can be observed that the R-Square value of the latent construct 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 changes in PKH by 33.5% and variations in changes in community welfare can be explained by variations in changes in PKH by 43.1%, while the rest is explained by other constructs outside the model.

Research 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 indicate a 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. If the T statistic is greater than the T table, then the variables used are feasible to be analyzed or used in this study. In addition, it is also seen from the P (probability) value to see how much influence between variables. If P value < 0.05 then the variable significantly affects other variables and if > 0.05 then the variable does not significantly affect other variables (Joseph F. Hair et al., 2015). To get how much influence is obtained, it can be seen from the coefficient value/original sample. The following are the results of the research hypothesis test that has been carried out:

Table 11.
Research Hypothesis Test Results

Latent Construct	Original Sample	Average	Standard Deviation	T Statistic	P Values	*Cut Off*	Conclusion
PKH -> POV	-0,579	-0,572	0,053	10,88	0,000	0,05	Significant
PKH -> WELF	0,214	0,21	0,049	4,372	0,000	0,05	Significant
POV -> WELF	-0,509	-0,509	0,037	13,59	0,000	0,05	Significant

Source: Research Results (Processed Data), 2022

Based on the table above, it can be observed that the path way between 3 latent constructs namely PKH, poverty and community welfare in the structural model is significant at the cut off (α) 5% with the following details:

1. Hypothesis 1: it is suspected that the Family Hope Program has a negative 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 greater than T table and P values is smaller than 0.05. It can be said that PKH has a significant effect on poverty. The coefficient value of -0.579 means that if PKH increases by 1%, poverty will decrease by 0.579% (the hypothesis is accepted).
2. Hypothesis 2: it is suspected that the Family Hope Program has a positive 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 greater than T table and P values is small than 0.05. It can be said that PKH has a significant effect on the welfare of the community. The coefficient value of 0.214 means that if PKH increases by 1%, the welfare of the community will increase by 0.214% (the hypothesis is accepted).
3. Hypothesis 3: it is suspected that poverty has a negative effect on people's welfare.
   From the path way between poverty and the welfare of the community, the T statistic value

is greater than T table and the P value is smaller than 0.05, so it can be said that the poverty variable has a significant effect on welfare. The coefficient value of -0.509 means that if poverty increases by 1% it will reduce welfare by 0.509% (the hypothesis is accepted).

Discussion

The empirical findings of the research show 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. Becker defines human investment as an activity that requires cost and time sacrifices but can provide the skills needed to increase productivity and income. According to (Todaro & Smith, 2003), the process of forming human capital is a change from raw resources to become a productive human resources through educational, health and moral values. This is in line with PKH's goal, that is 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. As part of poverty alleviation efforts, PKH is expected to be able to help reduce the burden of spending. The low income causes poor families unable to meet even the minimum level of health and education needs. Health services during pregnancy, childbirth and the postpartum period are very important for the survival of mothers and babies (Kementerian Sosial, 2019). Likewise, health checks for infants and toddlers to ensure their growth and development in the future. In terms of education, the high dropout rate causes a low ranking of the human development index. Therefore, encouraging children to stay in school at a young age should be a major concern.

In general, it can be said that PKH is proven to reduce poverty in Indonesia. This is the same with research conducted by Debowicz & Golan (2014), Dimova & Wolff (2008), 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 that has been created, 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 is an effort to save the younger generation from re-entering the trap of sustainable poverty.

PKH assistance covers the fulfillment of basic human needs such as education and health. Education is one of the factors that can improve welfare. The higher a person's education, the greater the opportunity to get a better job with a greater income. Low education causes a person to be unable to work properly and the results obtained cannot be sufficient for his daily life. 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. Research conducted by (Bourguignon et al., 2003) noted that around 60% of poor children aged 10-15 years who are not in school can attend school after receiving program assistance.

In addition to education, the health aspect is no less important in influencing the quality of human resources. The socioeconomic conditions of a family affect the live births of women in health facilities. The higher the income of a family, the higher the percentage of live births for women in health care facilities. Likewise for the survival of infants, toddlers and children. The

findings of the research by (Cahyadi et al., 2020) stated that there was an increase in the utilization of health facilities, childbirth assisted by health workers and a reduction in stunting cases after receiving PKH.

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.

CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the empirical results of the research, there are several things that can be concluded, first the results of the analysis using the SEM-PLS method showing that 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 of the analysis 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.

The conditional cash transfer program is considered as an effective way to provide social assistance by means of investing in human development. The main requirement of the conditional cash transfer program is the recipients have commit to change their behavior, such as enrolling children and maintaining school attendance rates, getting pre-natal and post-natal health care, encouraging children to undergo growth monitoring, immunization, and periodic checks. The provision of social services for education and health as well as income transfer is expected to provide a major change in human capital investment.

Suggestions

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. Socialization can be carried out by all parties who participate in the implementation of PKH, from the smallest level to the local government. The role of PKH facilitators is very important in ensuring participant compliance in carrying out obligations as described in the indicators of this study. 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. Thus, it is hoped that it will reduce the probability of a child dropping out of school. In the health sector, it is hoped that it will reduce maternal and newborn deaths and ensure good child development. 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 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. Thus a person's opportunity to go to school and receive health services in rural areas will be even greater.

This research also has limitations in terms of determining the object of study, research methods, and the scope of the variables used. This can be improved for further research.

However, the empirical results found are certainly very relevant to the conditions of PKH implementation and the current state of poverty in Indonesia. For further studies, various relevant and more contributive variables can be added, 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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