Direct Cash Transfer Effect on Children Quality in Women’s Household in Indonesia

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Abstract
Many studies confirm the importance of the role of women in the effectiveness of government programs, especially the programs aimed at improving family welfare. This study aims to examine the effect of the government program of direct cash transfers (BLT) on the human capital of children in households headed by women in Indonesia. Data for the study was obtained from IFLS (wave 5) and analyzed with multiple linear regression. The analysis results show that there is a negative effect of BLT on the education of children. Previous studies state this is due to the changing behavior of the recipient households or the spillover effects on the non-recipient households. This research proposes a different reason, such as social discrimination against households headed by women. The solid patriarchal culture in Indonesia often ignores female-headed households, so the number of households receiving social protection programs is relatively very limited.

Keywords:
cash transfer policy, the human capital of children, gender, household welfare

How to Cite:
INTRODUCTION

Increasing human resources can be regarded as a non-physical investment related to the number of funds spent and the opportunity to earn income during the investment process. The investment process is expected to provide a higher level of income to achieve a higher level of consumption. Such an investment is called human capital investment. The term ‘human capital’ has been known since Gary S. Becker wrote Human Capital in 1964. Becker's human capital theory states that a person can increase their income through increased education (Psacharopoulos & Patrinos, 2018). The concept of the rate of return to investment in education is similar to that in any other sector. There are two conventional methods to measure the rate of return to investment in education from an individual perspective: the entire discounting method and the Mincer earnings function method (Yubilianto, 2020).

The most strategic targets in developing quality human resources are children. Children as family members and the next generation become very important in national development. Education is one of society’s most powerful instruments to reduce poverty and vulnerability. The direct role of education is to provide knowledge and skills, thereby increasing productivity and creating access to employment. The indirect roles of education cover many areas of life, including economic activities, gender equality, maternal health, and skills development. Education is believed to have an essential role in strengthening the ability of humans and countries to absorb and create modern technology and developing their capacity to create sustainable growth and development.

As is known, gender issues emerge as a deconstruction of patriarchal culture. Gender is more emphasized on the different roles and functions that exist and is made by the community. Differences in the roles and functions of women and men are normal as long as they do not cause gender inequality. However, in reality, gender differences often lead to inequalities and injustices for women. These forms of gender injustice are incompatible with human rights. Therefore, in 1993 the United Nations made the Declaration on the Elimination of Violence Against Women. The Government of Indonesia seeks to achieve gender equality through Presidential Instruction No. 9 of 2000 concerning Gender Mainstreaming in National Development.

There is a paradigm shift in which women no longer only work in the domestic sphere but also in the public sphere. Working women have a very dominant function in the household. Women’s education is critical, especially in the current era when gender emancipation and equality are essential things and are being continuously fought for by women. Therefore, education is no longer the monopoly of men. Women must receive education from the lowest level to an adequate level. Many women have the same level of education as that men have, and some women even have a higher level of education than men. Engida (2021) states that women with a high level of education will certainly have a relatively strong power to make decisions in their household, including decisions on their children’s education. Setyari (2013) states that measuring “power” in studies of household decision-making has proven to be complicated. Household members may
obtain power from various sources, some of which are from outside the household. The most prominent source of power is their control over household welfare. Power indicators may vary with social, economic, and cultural contexts. An indicator of power that is commonly used is the income of the wife and husband as a measure of relative power. Another indicator of power that is also commonly used is the parents’ level of education or the head of the household.

Many studies include measures that are considered indicators of women’s power, including asset ownership (Beegle et al., 2001; Quisumbing & Maluccio, 2003). The studies provide empirical evidence of some factors that influence household resource allocation. The assets owned by a woman before marriage may strengthen her position in the household after marriage. (Doss, 2006, 2013) uses the measurement of farmland and broader assets, including savings and businesses, to show that women’s asset ownership is associated with a positive impact on the outcome, for example, a higher share of the budget for food and education in Ghana. (Johnson et al., 2016) considers a broader set of assets, moving beyond physical assets to include social networks to examine their impacts on household outcomes and women’s well-being. A wife who has more assets in the marriage may have more power to “force” her choices in decision-making by controlling the husband’s assets brought into the marriage (Setyari et al., 2018).

Several empirical studies within the framework of intrahousehold resource allocation that have been conducted in Indonesia focused on education as an indicator of welfare. Among them is the study conducted by Quisumbing & Maluccio (2003), which took place in Bangladesh, Ethiopia, Indonesia, and South Africa. The study focused on the patterns of household spending, especially the one on education, and concluded that the share of assets owned by women would increase education spending for their children. However, the framework has not been used much to see the impact of resource allocation in the household on children’s education levels, especially in Indonesia. This condition becomes very important because many decisions that affect economic development results and the development of human capital are taken at the household level.

The level of child welfare cannot be separated from the role of the mother because of using her abilities. A mother can allocate resources owned by the household. This condition depends on the mother’s amount of power to carry out her preferences (Doss, 2013). Therefore, the measurement of power is very important to understand how the parents, especially the mother, allocate resources in the household that will impact the welfare of their children, including their education.

Some aspects of intrahousehold resource allocation issues are significant for policymakers for at least two reasons (Fuwa et al., 2006). First, paying attention to the welfare of individuals rather than the welfare at the household level may influence the policymakers’ views of who and where the poor are. There is a possibility, for example, that some households whose average per capita incomes are above the poverty line may still have household members whose actual living standards are below the poverty line due to an imbalance in the allocation of resources. Second, the way household members allocate
resources among themselves has the potential to affect the effectiveness of policy interventions and lead to unintended consequences for policymakers. Some policy interventions were followed by household responses that policymakers did not anticipate, for example, the introduction of new agricultural technologies and microcredit programs, which led to an increase in the use of child labor in family businesses and a decrease in the school participation of children from the families (Hazarika & Sarangi, 2008; Islam & Choe, 2013).

In 2007, the Government of Indonesia launched Program Keluarga Harapan (PKH) (Hope Family Program), the first conditional cash transfer program in Indonesia. This program seeks to improve the quality of human resources by providing conditional cash transfers to households that have access to certain health care and education services. PKH helps reduce the burden of household/family expenditure on very poor households (direct consumption effect), while investing in future generations through improved health and education (human resource development effect). This combination of short-term and long-term assistance is the government’s strategy to sustainably lift PKH recipients out of poverty (Nazara & Rahayu, 2013). In addition, the government has also issued Bantuan Langsung Tunai (BLT) (Direct Cash Assistance Program) and Bantuan Langsung Sementara Masyarakat (BLSM) (The Program of Temporary Direct Assistance for the Community). The programs will improve the quality of children’s human capital, especially their education. Households who have children and receive the programs can send their children to higher levels of education.

Several studies showed that the effect of the programs seems to vary. A study by Meydianawathi & Setyari (2018) on several household-based programs, including BLT, showed that the programs significantly improved the welfare of households using expenditures as a proxy. However, there has been no testing of the effectiveness of direct cash transfers in increasing children’s human capital in families headed by women. The Central Bureau of Statistics (BPS) defines the head of a household as a person from a group of household members who is responsible for the daily needs of the household or a person who is considered or appointed as the head of the household. In reality, on the ground, the head of the family does not always refer to a man or husband because there are many households whose head is a woman. BPS data in 2018 shows that women head at least 15.5% of the 103 million households. This number increases each year. This paper aims to examine the impact of the BLT program on children’s human capital conditions, seen from their education level. The current study is expected to provide significant inputs for developing future government policy directions, especially those related to poverty alleviation and gender mainstreaming.

METHODS

The data used in this study was taken from the Indonesian Family Life Survey (IFLS) wave 5, which was published in 2014. The objects of the study are households headed by women. Some women became the head of their household because they got divorced. Some women took over the leadership of their household because their husband was no longer the
primary breadwinner. After all, he had a disability or had lost his job. Some women became household heads because their husbands had been away for too long without providing for the family, and they did not get married again but had family responsibilities. Some women became the head of their household because their husbands could not function as their household head due to polygamy, unemployment, or illness. The majority of women became the head of their household because their husbands had passed away. Some of the women who are the head of their household live below the poverty line. They have diverse backgrounds in terms of economic class, social class, and marital status.

The analysis technique used in this study is multiple linear regression, which can be formulated with the following equation:

\[ Y_i = \alpha + \theta_{BLT} + \beta_k X^k_i + \vartheta_{BLT} \times \text{loc}_i + \varepsilon_i \]  

Description:
- \( Y_i \) = children’s human capital
- \( \theta \) = regression coefficient of BLT program
- \( \beta_k \) = regression coefficient of control variables
- \( \vartheta \) = regression coefficient of the interaction between BLT variables and location
- \( X^k_i \) = control variables

\( X^k_i \) (control variables) is a group of variables considered to have an effect on children’s human capital. In the study, the control variables are the power of women heading their household relative to their partners, their place of residence (rural or urban), their access to education, their assets, their age, the age of their spouse, the age of their children, the number of their family members, the order of birth of their children, and the status of their children. The hypothesis proposed here is that there is a positive impact of the BLT program on the human capital of children in the household. The human capital of the children in the households that receive BLT is higher than that in the households that do not receive BLT. It is also important to discuss further the interaction between the BLT program and the location of a household because the location of a household often determines the quality of human resources. Households in urban areas have easier access to basic services and more choices of schools with better school infrastructure. All this causes children in urban areas to have higher levels of education than those in rural areas. It is interesting to see whether children in rural areas still have lower levels of education, compared with children receiving BLT in urban areas, if the variable of the BLT program interacts with the variable of the location.

RESULT AND DISCUSSION

Direct Cash Transfers (BLT), a social protection program, is one of the most common poverty alleviation programs used, especially in developing countries. Humanitarian reasons are behind BLT, and it is believed that the program will improve the living
standards of low-income families by providing opportunities to build more substantial assets to maintain their livelihoods (Sulaiman, 2012).

Indonesia has enjoyed strong and stable economic growth over the past decade and a half, leading to poverty reduction and improvements in living standards. However, economic growth has not benefitted everyone equally, and geographic disparities remain large. Data shows that children, older people, and persons with disabilities experience higher poverty levels than the general population. Development in urban areas has been much faster than that in rural areas. Poverty is concentrated among children and the elderly, with women being more likely to be poor than men at almost all ages. Rural areas are significantly poorer than urban areas. Children from poor and vulnerable households are far less likely to benefit from improvements in public services than their wealthier peers, meaning that they are deprived during a crucial period of cognitive and physical development (OECD, 2019).

The comparison between the characteristics of male-headed households and those of female-headed households, using IFLS data, shows that males' income levels and years of schooling are relatively higher than females'. The characteristics of the respondents in this study show in Table 1.

Table 1. Descriptive Statistics of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>child educ</td>
<td>3.677</td>
<td>2.476</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>BLT (d = 1)</td>
<td>0.176</td>
<td>0.381</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>education</td>
<td>1.220</td>
<td>1.091</td>
<td>0.083</td>
<td>12</td>
</tr>
<tr>
<td>income</td>
<td>21.499</td>
<td>25.914</td>
<td>0.00</td>
<td>100</td>
</tr>
<tr>
<td>urban (d = 1)</td>
<td>0.503</td>
<td>0.500</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>age</td>
<td>37.226</td>
<td>6.529</td>
<td>21</td>
<td>67</td>
</tr>
<tr>
<td>age_spouse</td>
<td>41.762</td>
<td>7.44</td>
<td>24</td>
<td>79</td>
</tr>
<tr>
<td>hh_member</td>
<td>4.778</td>
<td>1.326</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>asset</td>
<td>0.292</td>
<td>0.469</td>
<td>0</td>
<td>19.8</td>
</tr>
<tr>
<td>birth order</td>
<td>1.513</td>
<td>0.711</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: IFLS4, data processed

A child’s education is measured by the number of years of schooling completed. This variable is used as an outcome variable. Education and income are relative figures compared to the education level and income of women’s spouses, reflecting the impact of women’s power in the household. The BLT program was measured by a dummy variable (whether the respondents received BLT or not). The test results can be seen in Table 2.

The analysis results are quite surprising because BLT, which is believed to be able to improve the quality of family welfare, including children’s education, actually has a
negative impact. These results indicate a change in the behavior of BLT recipients or an unintended positive effect received by families who do not receive BLT because children’s education tends to be higher in families who are non-recipients. (Izzati et al., 2020) found no evidence of BLT recipients changing their behavior either in employment status or working hours, but she found some evidence of their increased cigarette consumption or activities that pose a high risk to health or other harmful behaviors.

We put forward a different proposition in this study despite the facts above, considering two facts. The first fact is related to the descriptive statistics of the respondents, which shows a low share of the female-headed households receiving BLT. This condition may reflect the existence of discrimination in the provision of social protection programs in Indonesia. The unfair accessibility in education is due to the discrimination between urban and rural education and gender discrimination. Education in developing countries faces many obstacles at its core (Aleed, 2016). Programs are often associated with conventional households, in which the head of the household is a male. Therefore, female-headed households tend to be forgotten or not trusted so that they are most likely to be not included in the recipient database. In the solid patriarchal culture of Indonesia, female heads of households are considered a minority group. In a society with a very paternalistic culture, those who are oppressed and weak are more likely to be poor.

<table>
<thead>
<tr>
<th>Variables</th>
<th>coefficient (std.error)</th>
<th>t-stat</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLT[d]</td>
<td>-0.128** (0.0642)</td>
<td>-1.99377</td>
</tr>
<tr>
<td>education</td>
<td>0.0205 (0.0198)</td>
<td>1.03535</td>
</tr>
<tr>
<td>income</td>
<td>-0.00119 (0.000795)</td>
<td>-1.49685</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.966*** (0.195)</td>
<td>-30.594872</td>
</tr>
</tbody>
</table>

Note: *** sig. at 1%; ** sig. at 5%; * sig. at 10%

The government has corrected the above condition by distributing BLT through village funds for economic recovery in times of crisis due to the COVID-19 pandemic. Nearly 2.5 million or the equivalent of 31% of BLT recipients from village funds are female heads of households. They should have received assistance through a social safety net program, but not recorded in the database. Therefore, they have assisted the village BLT.

The second fact is related to government assistance, due to which school fees are free. The BLT obtained is more focused on meeting daily needs (especially food). The relatively
small value of BLT is not enough to meet the educational needs at once. Indonesia has invested heavily in improving children’s access to basic education. Nationwide, access to primary education is near-universal, and completion rates stood at 95 percent in 2018. The adjusted net attendance rate for junior secondary students was 90 percent, and 85 percent of the 16-18-year-old adolescents had completed lower secondary school education. Basic education is fee-free, and the country has also put in place a scholarship program to help meet out-of-pocket education expenses for children from low-income families. In 2016, the Government of Indonesia raised the duration of compulsory education from 9 years to 12 years to maximize the long-term economic potential of its large youth population. This change is expected to further boost the share of children completing high school and increase the demand for tertiary education (Indonesia Ministry of National Development Planning and the United Nations Children’s Fund, 2019).

The provision of cash transfers in the form of cash transfer (as BLT) in principle aims to improve the behavior of parents and increase their ability to buy basic necessities (foods, clothes, houses), increase household investment for their children’s future (for examples, buying books, supporting early childhood education, buying toys, and maintaining good health), reduce child labor, improve the quality of time for child care, and provide other sources of income (Fernald et al., 2008; Hanna et al., 2018). The amount of the transfer value received by households is insufficient to cover the decline in welfare. In addition, assistance is temporary or short-term, with the main objective to meet basic household needs. A study conducted by (Hastuti. et al., 2006) showed that the cash transfers received by households are mainly to meet basic needs. It is not easy to expect the remaining funds to be used for investment so that the benefits of the transfer will not have an impact on children’s education in Indonesia.

Many studies investigated the contribution of cash transfers to reducing poverty, reducing malnutrition among children, and increasing school attendance rates. In some cases, cash transfers to female-headed households lead to larger economic gains because such households invest more in economic assets, increasing women’s decision-making power and choices. However, it has been found that cash transfer programs may have unintended consequences for non-beneficiaries, which needs to be considered when designing such programs. Economic theory suggests that if a cash transfer program channels a significant sum of money into a small and isolated village economy, local commodity prices may go up, which in turn can have consequences for non-beneficiary households. Kandpal (2019) found that negative effects on non-beneficiary households were most likely to occur in geographically remote villages and where a large proportion of households were poor enough to be eligible to receive payments.

**Robustness Check**

It has been found that when interacting with the location of the household, BLT has a positive impact on the level of education of the children. This data indicates that BLT recipients in urban areas have better education levels than those in rural areas. Partially, there is a significant difference in the education of children living in cities, which
is relatively higher than that of children living in villages. This result further strengthens the assumption that there are significant differences in education access and infrastructure between rural and urban areas.

There are two causes of unequal access to education. The first cause is the inequality of education and differences in the allocation of resources between major cities and rural areas. Another variable is the distance between a student’s house and the school, which is much farther in rural areas than in cities. This affects the accessibility in education for people living in rural areas. The second cause of unequal access to education is gender discrimination. Most females in developing countries are prevented from pursuing higher education due to some familial and social constraints and some school policies.

Despite its exceptionally large positive impact on household income, Sulaiman’s (2012) study also found that the cash transfer program did not increase school enrollment rates. Moreover, there was an increased demand for child labor among households. Evidence suggests that cash transfer programs may not be sufficient to increase school enrollment among households in extreme poverty and may have unintended effects related to child labor.

<table>
<thead>
<tr>
<th>Variables</th>
<th>coefficient (std.error)</th>
<th>t-stat</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLT\textsuperscript{d}</td>
<td>-0.236\textsuperscript{***} (0.0834)</td>
<td>-2.8297</td>
</tr>
<tr>
<td>education</td>
<td>0.0192 (0.0198)</td>
<td>0.9697</td>
</tr>
<tr>
<td>income</td>
<td>-0.0012 (0.0007)</td>
<td>-1.4610</td>
</tr>
<tr>
<td>urban\textsuperscript{d}</td>
<td>0.0719\textsuperscript{*} (0.0429)</td>
<td>1.6759</td>
</tr>
<tr>
<td>age</td>
<td>0.00442 (0.0053)</td>
<td>0.8277</td>
</tr>
<tr>
<td>age\textsubscript{child}</td>
<td>0.9440\textsuperscript{***} (0.0096)</td>
<td>98.4358</td>
</tr>
<tr>
<td>age\textsubscript{spouse}</td>
<td>-0.0022 (0.0046)</td>
<td>0.4749</td>
</tr>
<tr>
<td>hh_member</td>
<td>0.0007 (0.0194)</td>
<td>0.0357</td>
</tr>
<tr>
<td>asset</td>
<td>0.0750\textsuperscript{*} (0.0378)</td>
<td>1.9841</td>
</tr>
<tr>
<td>birth order</td>
<td>-0.100\textsuperscript{***} (0.0361)</td>
<td>2.7700</td>
</tr>
<tr>
<td>urban*blt</td>
<td>0.217\textsuperscript{*} (0.113)</td>
<td>1.9203</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.979\textsuperscript{***} (0.194)</td>
<td>-30.8196</td>
</tr>
</tbody>
</table>

Note: *** sig. at 1%; ** sig. at 5%; * sig. at 10%

http://journal.uinjkt.ac.id/index.php/signifikan
http://doi.org/10.15408/sjie.v11i1.22769
As described above, the poverty experienced by women is poverty from an economic perspective. It is poverty due to economic factors. The poverty experienced by some Indonesian people is 'complex' poverty in the sense that the people who experience it lack food and clothing and identity, information, access, participation, and control. Therefore, most Indonesian women are poor because they are economically backward and because they have limited access to information, education, politics, and health services. All this has resulted in their limited participation in development activities.

CONCLUSION

To have education may be the most crucial right in the 21st century. However, today many obstacles hamper education from contributing the best to developing countries. The obstacles include a lack of quality education, not up-to-date technological resources, and disparity in the accessibility in education. The research results show that BLT has a negative effect on the education level of children in households headed by women. Such an adverse effect may be due to discrimination in access to information, which places female-headed households as a minority group in Indonesian society. Households headed by women are still considered as a minority group, so they often are not entered into the database used for various social programs.

The interaction between the BLT program and the locations of female-headed households shows positive results. This condition shows that more resources should be made available in rural areas to have efficient access to resources and do not have to travel far away to meet their basic needs. The government should provide cash transfers for housewives or female heads of households as the direct targets so that the positive impact on the quality of children is more tangible than others. Data improvement is also significant lest households who are not entitled to BLT receive it under the pretext of justice or togetherness in society. This condition can minimize spillover effects that may arise.

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