

The Impact of Direct Cash Assistance (BLT) on Community Welfare

Asdar¹, Andi Jam'an², Basuki Rahmat Ms³, Naidah⁴, Nur Alfilahi Tahir⁵

Muhammadiyah University of Makassar

Pelamonia Health Sciences Institute

Email: Deoukiore@gmail.com

Keywords:

Direct Cash Assistance, Community Welfare

Abstract

The aim of this research is to determine the impact of Direct Cash Assistance (BLT) on the welfare of the community in Pa'rappunganta Village, North Polongbangkeng District, Takalar Regency. This research is qualitative in nature with data obtained from informants through observation and interview methods. The data used includes primary data originating directly from the community and secondary data obtained from official documents at the research location. Direct Cash Assistance (BLT) is a form of government social intervention that aims to help poor people, especially in meeting their basic needs. Based on research results, BLT has a significant role in alleviating the economic burden on poor communities in the short term. However, the impact of BLT is not strong enough to improve the quality of life of the poor as a whole, let alone reduce the poverty rate in the region. This is due to the temporary and unsustainable nature of the BLT program. This program only provides a temporary solution without providing opportunities for people to get out of poverty systematically. Apart from that, there are obstacles in implementing the program, such as unequal distribution and lack of supervision, which causes the effectiveness of this program to be limited. This research concludes that although BLT helps reduce temporary economic pressure, more integrated and sustainable policies are needed to achieve long-term goals of increasing welfare and alleviating poverty in Pa'rappunganta Village. Community empowerment programs such as skills training and increasing access to employment opportunities can be a more effective alternative solution

1. Introduction

Direct Cash Assistance (BLT) is a program initiated by the government in response to the surge in global crude oil prices to assist impoverished communities. The decision to increase domestic fuel prices was made due to the rapid rise in domestic fuel subsidies caused by global crude oil prices, which recently reached USD 120 per barrel.

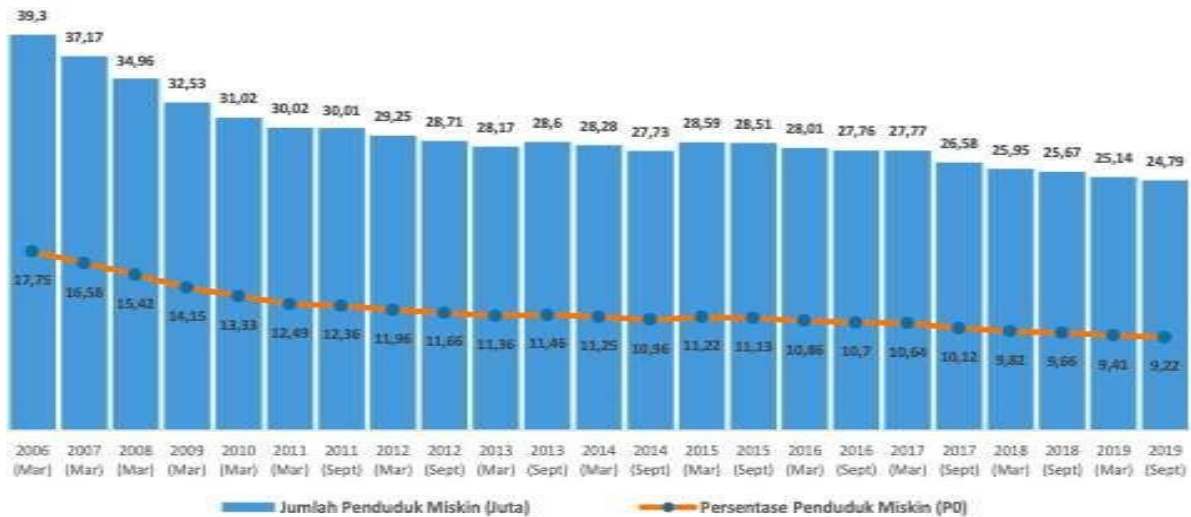
Although BLT does not directly increase the purchasing power of impoverished communities, the program does provide significant benefits. BLT plays a crucial role in ensuring the survival of low-income families by helping them meet their basic needs. BLT is specifically distributed to impoverished individuals whose welfare levels are low. The poor heavily rely on government subsidies to support their increasingly difficult livelihoods. For instance, impoverished residents in Makassar, under the banner of the Indonesian Poor People's Association, protested at the South Sulawesi Provincial Statistics Office (BPS).

Protesters urged BPS to continue

recording them as impoverished individuals so they could still receive BLT, subsidized rice, and healthcare guarantees from the government. This indicates that BLT is vital for alleviating the economic difficulties of low-income families. Such conditions highlight the real struggles of impoverished communities.

Poverty is one of the major challenges faced by developing countries (Todaro, 2002). It is defined as the economic inability to meet basic needs such as food and non-food items, as measured by expenditure (BPS, 2019). Generally, from September 2006 to 2019, poverty levels in Indonesia declined in both absolute numbers and percentages. This demonstrates the success of the Indonesian government's programs in reducing poverty rates annually during this period.

However, during September 2013 and March 2015, poverty rates increased due to rising prices of essential goods triggered by fuel price hikes (BPS, 2019).

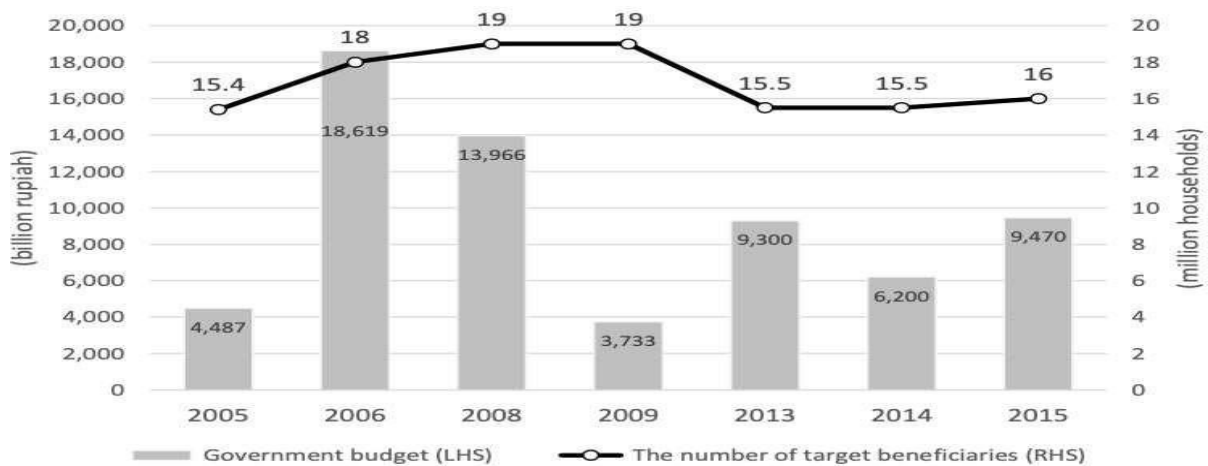


Source: BPS, 2019

Figure 1.1. Graph of Poverty Numbers and Percentages in Indonesia

To reduce poverty levels, one of the government’s initiatives was the BLT program. The BLT program was first launched in 2005, providing cash assistance of IDR 1.2 million annually to mitigate the impact of fuel subsidy removal for low-income households (World

Bank, 2017). The program targeted the poorest 30% of households in Indonesia, covering approximately 15 to 19 million families. This made BLT one of the largest social assistance programs globally.



Source: Ezzati et al., 2020

Figure 1.2. Number of BLT Recipients and Annual Budget Allocation

Figure 1.2 illustrates the fluctuation in the BLT program's budget. However, in comparison to the poverty percentages in Indonesia, these figures have generally shown a downward trend. The implementation of the BLT program has successfully reduced poverty levels in Indonesia, making it an interesting subject for analysis to understand its effectiveness in alleviating poverty.

BLT is part of Presidential Instruction No. 3 of 2008 regarding the implementation of the BLT program for Targeted Households (RTS) to compensate for the reduction in fuel subsidies. The BLT-RTS program must directly benefit impoverished communities by addressing their economic burdens resulting from fuel price hikes. Designed as compensation for increased living costs caused

by fuel price hikes, the BLT's amount is calculated based on the additional living expenses of impoverished communities due to inflation. While the program has garnered public praise, some issues persist. Even non-impoverished individuals have attempted to exploit the program by falsifying eligibility data.

There are also cases of misuse of BLT funds, with recipients spending the money on non-essential items, such as cigarettes or clothing, rather than necessities. Moreover, inaccuracies in data collection regarding eligible households sometimes hinder the program's proper execution.

Table 1.1. Poverty Rates in Takalar Regency (2016–2020)

No	Year	Number of Impoverished Population (Thousand)	Percentage of Impoverished Population (%)
1	2016	27.05	9.35
2	2017	26.99	9.24
3	2018	26.57	9.00
4	2019	25.93	8.70
5	2020	25.38	8.44

Source: Statistics Indonesia (BPS) Takalar Regency, 2021

According to data from Statistics Indonesia (BPS) Takalar Regency, the poverty rate in Takalar has shown a declining trend over the last five years (2016–2020). The poverty rate dropped from 9.35% in 2016 to 8.44% in 2020. The local government has made significant efforts to combat poverty, including initiatives such as the National Program for Community Empowerment (PNPM), Jamkesmas (National Health Insurance), operational school support, and BLT. These programs have evidently contributed to reducing poverty in the region.

2 Literature Review

2.1 Islamic Banking Performance Analysis at PT Bank Syariah Indonesia Tbk

PT Bank Syariah Indonesia Tbk (BSI) plays a crucial role in the Islamic banking sector, representing a prominent institution in Indonesia's economy. The effectiveness of its financial performance can be evaluated using financial ratios such as liquidity, solvency, profitability, and activity ratios. These ratios provide essential insights into the bank's ability to meet its short-term obligations, manage debt, generate profit, and efficiently utilize assets to support its operations. The bank's growth, as observed in these ratios, also reflects its strategic alignment with Sharia principles while

striving for financial sustainability (Harahap, 2020; Muhammad, 2019).

A significant part of evaluating PT BSI's performance also involves understanding its governance structure. Islamic Corporate Governance (ICG) is central to its operations, influencing the decision-making process and ensuring that the bank operates in compliance with both Islamic law and international financial standards (Arfianti & Jannah, 2022). The adoption of Islamic values in banking operations not only affects the financial outcomes but also shapes the bank's overall corporate culture, reinforcing trust and transparency among stakeholders (Ismail & Siahaan, 2021).

2.2 Financial Ratio Analysis in Islamic Banking

Financial ratio analysis is an essential tool for evaluating the performance of Islamic financial institutions, especially when focusing on PT Bank Syariah Indonesia Tbk. Key financial ratios such as liquidity ratios measure the bank's short-term financial health by analyzing its ability to cover current liabilities with its assets. The solvency ratio, on the other hand, is used to assess long-term financial stability, providing an indication of how well the bank can meet its long-term obligations through

equity (Rahman, 2019). Profitability ratios, including return on assets (ROA) and return on equity (ROE), help measure the bank's capacity to generate earnings relative to its revenue and capital. Additionally, activity ratios, such as asset turnover, indicate how efficiently the bank uses its assets to generate income (Riyadi, 2020).

These financial ratios, combined with a comprehensive review of financial statements, offer a clear picture of the bank's performance in both the short and long term. A strategic focus on these areas can also influence the bank's growth trajectory and investor confidence. The application of financial ratio analysis in the context of Islamic banking ensures that the ethical principles embedded in Sharia-compliant finance are preserved while enhancing the financial stability of the institution (Mohammad & Amin, 2021).

2.3 Sharia Accounting and Governance Practices

Sharia accounting, with its adherence to Islamic principles, plays a pivotal role in the management of Islamic financial institutions. It not only regulates financial reporting and transparency but also ensures that the financial transactions comply with Sharia law. Islamic Corporate Governance (ICG) frameworks are particularly important in guiding the operations of institutions like PT Bank Syariah Indonesia Tbk, as they integrate both ethical and operational standards that are in line with the principles of fairness, accountability, and transparency. This governance structure ensures that the interests of shareholders, employees, and other stakeholders are balanced while maintaining compliance with Islamic law (Hasan, 2020; Husain, 2021).

Moreover, Sharia-compliant governance practices extend beyond just financial outcomes. They also involve integrating corporate social responsibility (CSR) initiatives, which reflect the institution's commitment to societal welfare. This commitment is particularly significant in a Muslim-majority country like Indonesia, where the adherence to social and ethical values is vital for long-term

sustainability and public trust (Rama, 2020). By adopting Sharia principles, Islamic banks aim to foster economic development while ensuring that their operations align with spiritual values, thus promoting both financial success and social good.

3. Research methods

3.1 Research Type

This study adopts a descriptive research approach with a qualitative method. Descriptive research does not aim to test hypotheses, explain relationships, or make predictions. Instead, it focuses on observation and naturalistic settings. Descriptive research strives to provide solutions to existing problems based on data, which are presented, analyzed, and interpreted. The researcher acts as an observer, categorizing behaviors, observing phenomena, and recording findings in observation books.

The research is conducted in a natural setting, meaning that the researcher directly engages with the field without manipulating variables. This approach minimizes the potential impact the researcher might have on the behavior or phenomena being studied. Descriptive research not only explains (analysis) but also synthesizes and organizes (synthesis and classification). It requires adequate qualifications, where the researcher must be receptive and possess integrative abilities.

3.2 Research Focus

The focus of this research is to narrow down the qualitative study and select relevant data while excluding irrelevant information (Moleong, 2010). This limitation is based on the importance of the issues addressed in the study. The research is specifically focused on "The Impact of BLT (Direct Cash Assistance) on the Welfare of the Community in Pa'rappunganta Village, Polongbangkeng Utara District, Takalar Regency," with the primary subject being the poor community in Pa'rappunganta Village.

3.3 Research Location and Time

a. Research Location

The research is conducted in the community and the Pa'rappunganta Village Office, Polongbangkeng Utara District, Takalar Regency.

b. Research Time

The research will be carried out over a period of 2 months, from July to August 2024.

3.4. Types and Sources of Data

Data sources are crucial in research as they directly impact the quality of the results. The choice of data sources is an important consideration in determining the data collection method.

a. Primary

Data

Primary data is collected directly from respondents who are the focus of the research. In this study, primary data is gathered through interviews with respondents to obtain factual information regarding the impact of BLT on the welfare of the community in Pa'rappunganta Village.

b. Secondary

Data

Secondary data includes materials related to the research issue obtained from books, proposals, or previous studies that discuss similar topics, as well as relevant parties involved in the research.

3.4 Data Collection Techniques

In qualitative research, common data collection techniques include interviews, observation, and documentation.

a. Interviews

Interviews are the most sociological research technique because they involve direct interaction between the researcher and informants. Data is collected through interviews with informants who are believed to have relevant knowledge regarding the research topic. Before conducting interviews, the researcher prepares an interview guide to ensure the process is structured and focused.

b. Observation

Observation involves collecting data by

directly observing the situation in Pa'rappunganta Village, Polongbangkeng Utara District, Takalar Regency, to understand its actual state. In conducting observations, the researcher relies on sensory abilities such as sight and hearing to witness and listen to events in the field.

c. Documentation

Documentation refers to the method of collecting data by recording documents or factors available at the Village Office related to the recipients of BLT.

3.5 Research Instruments

Research instruments are tools used to assist researchers in data collection during the research process. In this study, the following instruments are used:

a. Interview Guide

The interview guide is used as a reference for the researcher to conduct interviews and explore the impact of BLT on the welfare of the community in Pa'rappunganta Village, Polongbangkeng Utara District, Takalar Regency.

b. Observation Guide

The observation guide helps the researcher systematically examine the phenomena under study in the field.

c. Documentation Tools

Documentation tools include resources for collecting data such as photographs of activities and interview transcripts, as included in the appendix.

3.6 Data Analysis Method

The method used for data analysis in this research is qualitative analysis. In qualitative research, data analysis does not necessarily occur after data collection; it can happen concurrently with the data gathering process. This study uses inductive analysis, where conclusions are drawn from specific observations and end with generalizations. This approach follows a pyramid-shaped reasoning process.

Data analysis in qualitative research is interactive and continuous until saturation is reached, which means no new data or

information is obtained. The process includes data reduction, data presentation, and conclusion drawing, with constant verification. Data collection continues through ongoing observation, interviews, and documentation.

4. Results and Discussion

4.1 Research Results

a. Economic Perspective of the Community

Economically, the people of Pa'rappunganta Village can be categorized as prosperous, seen from the perspective of assets and income. This is reflected in the significant reduction in the number of poor households, from 162 to 97 heads of household over the past few years, despite a population of 3,057 people. According to Abd Razak Dg. Tangang, prosperity means the fulfillment of basic needs such as clothing, food, and shelter. He explained:

"Our community's condition, economically, has improved. The number of poor households has decreased compared to 10 years ago. There is no difficulty in meeting daily needs now. Since the direct cash assistance (BLT) program, many have used it as capital for their businesses."

Hasan Dg. Rani added that the improvement in living standards is evident in the increased meal frequency, with people now able to eat three times a day with pure rice, unlike before when they could only eat twice a day with a mixture of rice and corn. He said: "The people of Pa'rappunganta Village can now eat three times a day. Before, it was only twice a day, and the rice was mixed with corn. Now, there is irrigation, so we can harvest three times a year, and many people own rice fields."

According to Usman Dg. Gassing, economic hardships have decreased significantly, and hunger is only experienced by those who are lazy to work: "Now, our life is not as hard as before. Daily needs like food are not difficult to obtain, and only lazy people go hungry."

Anto Dg. Ewa also added that although not everyone owns rice fields, they can still work through a sharecropping or wage system, ensuring that their lives are not difficult:

"Most of our community are rice farmers. Even though not everyone owns rice fields, those who don't can work for wages or sharecropping. This way, those who own fields are not struggling."

Thus, the economic life of Pa'rappunganta Village is supported by the agricultural sector, with most of the population working as farmers. The irrigation system and rice field ownership have a significant impact on their prosperity.

b. Religious and Cultural Perspective of the Community

Religious and cultural life in Pa'rappunganta Village is considered prosperous, as evidenced by the active presence of religious organizations such as the Ikatan Remaja Mesjid (IRM) in each mosque in the village, along with the availability of worship facilities such as 8 mosques and prayer rooms and 5 Taman Pendidikan Al-Qur'an (TPAs). Religion and culture play a significant role in daily life, especially as the majority of the population in Pa'rappunganta Village are Muslim and uphold the values of Makassar culture. Abd Razak Dg. Tangang explained:

"Although not all of us delve deeply into it, everyone in Pa'rappunganta Village is Muslim. We believe that religion is very important in our daily life, and so is Makassar culture. Both teach good values, cooperation, and helping each other."

c. Social Perspective of the Community

The people of Pa'rappunganta Village demonstrate a high level of social life, with a strong sense of mutual cooperation, as seen during events such as weddings or other celebrations. They help each other without considering social status. Additionally, the tradition of mutual cooperation is also visible in the regular activity of cleaning mosques every Friday. Hj. Suryani Dg. Kembong, a village official, emphasized: "Social values such as cooperation and mutual help are still strong in our community. For example, during a wedding or celebration,

family or neighbors will come to help. Every Friday, we hold a mutual cleaning session at the mosque."

Thus, the people of Pa'rappunganta Village live harmoniously, practicing positive social values such as cooperation and mutual assistance in various activities, creating a prosperous social environment.

4.2 Discussion

Direct Cash Assistance (BLT) may not directly impact the purchasing power of the poor, but it does provide benefits to the community. Nurfiani Mustika Dg. Ga'ga, when interviewed, stated: "BLT indeed helps the poor, especially when the prices of goods are rising. The Direct Cash Assistance (BLT) eases our daily burdens, such as buying food. We are very grateful and thankful to the government for assisting us financially."

A similar sentiment was expressed by Dg. Tonji, who was interviewed at his home. He said:

"When the Direct Cash Assistance (BLT) is distributed, I feel helped because since receiving the BLT, my kitchen needs have been met. I use that money to buy daily necessities. When asked how the Rp. 300,000 per month is spent, he said the money is just enough for daily needs."

In contrast, Ahmad Dg. Nangga, when met at his home, explained: "The BLT money I receive is very helpful because I use it as additional capital for my small business since I own a kiosk, and I use a little for kitchen needs."

Similarly, Dg. Senga, a cake seller, shared the same experience as Ahmad Dg. Nangga. Dg. Senga uses the BLT money as additional capital since her initial capital is limited. She said: "I use the BLT money as additional capital to buy cake ingredients because my capital is very small. With the BLT, my burden is lighter because the profits from my cake sales gradually help fulfill my daily needs."

These findings align with those of Harwidiensyah (2011), who stated that, compared to in-kind assistance, the poor find BLT more beneficial because they can manage

the funds to buy what they need. In his research, several BLT recipients were interviewed, and it was found that in addition to meeting daily needs, the BLT funds could also serve as additional business capital.

Elinpik (2010), in a blog post, wrote that the primary use of Direct Cash Assistance (BLT) is for basic necessities. This shows that BLT is not fully efficient in meeting the needs of the poor, as its main priority is still for basic needs. However, BLT provides significant benefits for the survival of the poor, especially in meeting their basic needs.

A community leader from Pa'rappunganta Village, Asis Dg. Sarro, stated: "The BLT program helps the poor, especially with basic needs. But if asked whether BLT has an impact on improving the welfare of the community, based on what I see daily, there has been no change in the quality of life, let alone an improvement in welfare. It is difficult for us to improve our lives with such limited aid."

This was confirmed by Hasan Dg. Rani, who said:

"The BLT money of Rp. 300,000 every month cannot improve our welfare as the poor. That money is only enough for daily necessities. It is not even enough for a month, especially for those of us with many dependents. It is difficult for us to improve our economy with that amount of money."

The same was expressed by Haerati Dg. Bau, who had used the BLT money as additional business capital, saying: "BLT cannot eliminate poverty, let alone make us live in prosperity. Even though we receive BLT, we cannot rely solely on that money to build a better life. The BLT money only helps temporarily."

Elinpik (2010) also stated that BLT does not affect the performance of the poor because they cannot survive if they only rely on BLT.

From the various perspectives above, the author concludes that while Direct Cash Assistance (BLT) can help the poor, this program cannot improve their quality of life or reduce poverty levels, as it is a short-term and temporary measure. This program is only implemented during certain situations, such as

during global economic crises. For instance, the BLT program is currently being implemented due to the COVID-19 pandemic, which has caused a decline in the economic condition of the community, leading many people to complain.

5. Closure

5.1 Conclusion

Based on the research findings on the impact of Direct Cash Assistance (BLT) on the welfare of the community in Pa'rappunganta Village, North Polongbangkeng District, Takalar Regency, the following conclusion can be drawn: The impact of Direct Cash Assistance (BLT) on the welfare of the community in Pa'rappunganta Village is that the BLT is ineffective in improving welfare as it only helps the poor in meeting daily needs. BLT recipients cannot rely solely on government aid as the amount is minimal and only sufficient for daily needs. Moreover, households typically have many family members to support.

5.2 Suggestions

Based on the conclusion above, the author offers the following suggestions:

1. The author recommends that both the local and central governments reconsider the amount of money distributed through the Direct Cash Assistance (BLT) program, as it is deemed insufficient to reduce the poverty rate of the community.
2. Considering the research findings in Pa'rappunganta Village show that Direct Cash Assistance (BLT) has not influenced the improvement of community welfare, the author hopes that the government will conduct further research for comparison purposes.
3. Since Direct Cash Assistance (BLT) has not had an impact on improving the welfare of the poor in Pa'rappunganta Village, the author suggests that the government take immediate steps to enhance the quality of the BLT program.

Reference

- AkibIrwana.(2016). BLT (Studi Kasus Pada Masyarakat di Kelurahan Karema Kecamatan Mamuju Kabupaten Mamuju). *Jurnal Jurnal Equilibrium Pendidikan Sosiologi Universitas Muhammadiyah Makassar*, e-2477-0221 p-2339-201.
- Astuti Puji Dyah Rochmah Nur, et all. (2016). *Sistem penentuan Penerima BLT (BLT) dengan Metode Anality calHierarchy Process*. *Jurnal Informatika*, Vol 2, No. 2, Juli 2008.
- Badan Pusat Statistik , 2019. *Jumlah dan Persentase Penduduk Miskin Di Indonesia , 2006-2019*.
- Dewi Ratna dan Andrianus Vulqony Habib. (2024). *Analisis Pengaruh Kebijakan BLT (BLT) Terhadap Kemiskinan di Indonesia Periode 2005-2015*. *Jurnal Menara Ilmu*, Vol.XVNo. 02.
- Elinpike, (2010), *Dampak BLT (BLT) Terhadap Kesejahteraan Masyarakat Studi Kasus : Kota Bandung*, Blog Elinpike.
- Harwidiandisyah. (2011). *Dampak BLT Terhadap Kesejahteraan Masyarakat Desa Maccini Baji Kecamatan Bajeng Kabupaten Gowa*. Proposal Fakultas Dakwa dan Komunikasi Universitas Islam Negeri Alauddin Makassar.
- Iping Baso. (2020). *Perlindungan Sosial Melalui Kebijakan Program BLT (BLT) di Era Pandemi Covid-19: Tinjauan Perspektif Ekonomi dan Sosial*. Available Online: <https://dinastirev.org/JMPIS>.
- Iqbal Hasbi. (2008). *Implementasi kebijakan Program BLT Tahun 2008 di Kabupaten Kudus*. Tesis Magister Ilmu Administrasi Program Pasca sarjana Universitas Di ponegoro.
- Izzati et. al., (2020). *Jumlah Penerima BLT dan Anggaran yang Di keluarkan oleh Pemerintah SetiapTahunnya, 2005-2015*.
- Marini Dian. (2015). *Dampak Penyaluran BLT (BLT) Terhadap Masyarakat Miskin di*

*Desa Perawang Barat Kecamatan Tualang Kabupaten Siak.*Jurnal FISIP, Vol. 2 No. 1.

Maun Fernando ErflyCarly.(2020). *Efektivitas BLT Dana Desa Bagi Masyarakat MiskinTerkena Dampak Covid-19 Di DesaTalaitad*

*Kecamatan Tareran Kabupaten Minahasa Selatan,*Mahasiswa Program Studi Ilmu Pemerintahan FISIPUNSRAT.

Mayasari Azizah Nur. (2020). *Persepsi masyarakat Terhadap Manfaat Penyaluran BLT (BLT-DD) Dalam Upaya Membantu Perekonomian masyarakat Akibat Covid-19* (Studi penelitian di Kecamatan Balong Kabupaten Ponorogo. Proposal Ilmu Pemerintahan fakultas Ilmu Sosial dan Politik Universitas Muhammadiyah Ponorogo.

Sari Rahma Shasha.(2018). *Analisis Program BLT Dengan Metode Analisis Hirarki Proses di Kabupaten Wonogiri.*Proposal Ilmu Ekonomi Studi Pembangunan Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Surakarta.

Undang-Undang Nomor 11 Tahun 2009
Tentang Kesejahteraan Sosial, Pasal 14

Undang-Undang Dasar Republik Indonesia
1945 Pasal 34 ayat 1 dan ayat