Multidisciplinary Output Research For Actual and International Issue (MORFAI Journal) ISSN (e): 2808-6635
Volume 6 No. 5 (2026)

THE EFFECT OF DIRECT CASH ASSISTANCE IMPLEMENTATION AND VILLAGE FUND POLICY ON COMMUNITY WELFARE IN GAMPONG LAMBHUK, ULEE KARENG

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Received	: 10 June 2026	Accepted	: 04 July 2026
Revised	: 22 June 2026	Published	: 24 July 2026

Abstract

This study analyzes the effect of Direct Cash Assistance (BLT) implementation and Village Fund policy on community welfare in Gampong Lambhuk, Ulee Kareng District. It employed an explanatory quantitative approach with a cross-sectional survey design. The population consisted of 149 BLT recipients, and a sample of 109 respondents was determined using the Slovin formula. Data were collected through a Likert-scale questionnaire and analyzed using descriptive statistics, data-quality tests, classical assumption tests, multiple linear regression, t-tests, F-tests, and the coefficient of determination. The results show that BLT implementation has a positive and significant effect on community welfare ($B = 0.522$; $t = 5.615$; $p < 0.001$). Village Fund policy has no significant partial effect ($B = 0.019$; $t = 0.189$; $p = 0.850$). Simultaneously, both variables have a significant effect ($F = 26.884$; $p < 0.001$) and explain 33.7% of the variance in welfare. The findings emphasize the importance of accurately targeting BLT recipients and strengthening governance, transparency, and community participation in the use of Village Funds.

Keywords: Community welfare; Direct Cash Assistance; Public policy; Village Fund; Village governance

INTRODUCTION

Poverty and economic vulnerability are development problems directly related to households' ability to meet basic needs. Welfare is assessed not only through income but also through access to education, health care, housing, employment, and the social environment. Welfare-indicator publications place these dimensions among the principal measures used to evaluate changes in people's living standards (Statistics Indonesia, 2024). The COVID-19 pandemic intensified socioeconomic risks through restrictions on activities, declining income, and job losses. These conditions reduced purchasing power and household welfare, particularly among low-income groups (Kurniasih, 2020). Government policy responses therefore focused on social protection, economic recovery, and strengthening village capacity as the level of government closest to the community.

One social-protection instrument is Village Fund Direct Cash Assistance (BLT-DD). The program provides cash to poor or vulnerable families that meet the established criteria, do not receive certain other social-assistance benefits, have lost their livelihoods, or include family members in vulnerable conditions. During a crisis, cash assistance acts as a consumption buffer, enabling households to continue purchasing basic necessities and preventing a deeper decline in quality of life (Iping, 2020; Sofi, 2021). The Village Fund, meanwhile, finances development, local-government administration, community development, and community empowerment. Law Number 6 of 2014 grants villages greater authority to manage local potential and establish development priorities. Transparent, accountable, participatory, orderly, and fiscally disciplined use of Village Funds is expected to improve basic services and create economic opportunities for local residents. Gampong Lambhuk in Ulee Kareng District, Banda Aceh City, implements both the BLT program and Village Fund policy. The area covers approximately 108.4 hectares and had a population of 5,323 according to 2020 village data. Cash assistance provides immediate benefits to recipient families, whereas the Village Fund supports physical and nonphysical development. Nevertheless, the effectiveness of the two policies may differ because it is shaped by targeting accuracy, transparency, participation, planning quality, supervision, and administrative capacity.

Previous studies report mixed results. Cash assistance can help households meet basic needs and maintain subsistence, but it does not always produce long-term welfare improvements when it is not accompanied by economic empowerment (Firdaus et al., 2021). Other research finds that BLT-DD contributes positively to welfare when distribution is accurately targeted and supported by sound implementation mechanisms (Sulistyorini et al., 2023). Regarding Village Fund policy, some studies identify a positive effect on welfare (Nasution et al., 2022), whereas others emphasize that benefits depend heavily on community participation and governance quality.

This study aims to: (1) analyze the effect of BLT implementation on community welfare; (2) analyze the effect of Village Fund policy on community welfare; and (3) test the simultaneous effect of both variables. The results are expected to provide evaluation material for the Gampong Lambhuk Government in improving beneficiary targeting, budget-planning quality, transparency, and community involvement.

LITERATURE REVIEW

Direct Cash Assistance

BLT-DD is a social safety-net program financed through the Village Fund and distributed to beneficiary families according to established criteria. Ministerial Regulation of Villages, Development of Disadvantaged Regions, and Transmigration Number 6 of 2020 designates pandemic response and BLT as priorities for Village Fund use. Beneficiary data are compiled through identification, verification, validation, and a special village deliberation to prevent overlapping assistance and ensure accountability (KOMPAK/Bappenas, 2020).

BLT effectiveness can be assessed through targeting accuracy, timeliness, adequacy of benefits, information disclosure, and the program's ability to sustain household consumption. Sofi (2021) shows that BLT-DD can function effectively as an economic-recovery instrument, although it faces constraints such as limited budgets, inconsistent data, and inadequate distribution infrastructure. Program success therefore depends not only on the amount of assistance but also on the quality of administration and supervision.

LITERATURE REVIEW (CONTINUED)

Village Fund Policy

Village Fund policy comprises decisions concerning planning, budgeting, implementation, financial administration, reporting, and accountability for village funds. The funds should be managed according to local needs, community deliberation, and the principles of usefulness, fairness, transparency, and accountability. Sound policy implementation creates opportunities for community involvement from the planning stage through evaluation.

Minang et al. (2021) emphasize that Village Fund allocations can promote empowerment when residents participate in program selection and village governments have the capacity to manage resources. Accountability is also essential because reporting quality, budget transparency, and supervision determine public trust (Yanti & Damis, 2022). Using Village Funds for empowerment can improve living standards through productive economic activities, basic services, and infrastructure (Sumarto & Dwiantara, 2019).

Community Welfare

Community welfare reflects the extent to which material needs, social needs, and quality of life are fulfilled. In this study, welfare is measured through income adequacy, continuity of education, access to health care, housing conditions, and reduced dependence on debt. These measures are consistent with the multidimensional approach used by Statistics Indonesia to assess public welfare.

Village Funds can improve welfare when they are managed appropriately, productively, and in accordance with residents' needs. Nurohman et al. (2019) demonstrate the role of Village Funds in improving welfare in a tourism village, while Nasution et al. (2022) identify a positive and significant effect of Village Fund management on community welfare. However, positive outcomes are not automatic; excessive emphasis on administrative activities or poorly targeted projects may reduce direct benefits for households.

Conceptual Framework and Hypotheses

BLT implementation is expected to improve welfare by increasing purchasing power, strengthening households' ability to meet basic needs, supporting children's continued education, and enhancing economic security. Village Fund policy is expected to improve welfare through public-facility development, economic

empowerment, access to basic services, and community participation. Based on these relationships, the hypotheses are formulated as follows:

- H1: Direct Cash Assistance implementation has a positive and significant effect on community welfare.
- H2: Village Fund policy has a positive and significant effect on community welfare.
- H3: Direct Cash Assistance implementation and Village Fund policy simultaneously have a significant effect on community welfare.

Research Gap

Previous studies have more often examined BLT or Village Funds separately. This study tests both simultaneously in the context of Gampong Lambhuk, allowing it to distinguish the effect of a direct-assistance policy from that of a village-budget policy whose benefits tend to be less immediate. The different characteristics of these two instruments are important for identifying policy-improvement priorities.

METHOD

Research Design and Location

The study employed a quantitative approach with an explanatory design and a cross-sectional survey. This design was selected to explain causal relationships among BLT implementation (X1), Village Fund policy (X2), and community welfare (Y) through hypothesis testing. The research was conducted in Gampong Lambhuk, Ulee Kareng District, Banda Aceh City.

Population and Sample

The study population consisted of 149 BLT recipients. The sample size was calculated using the Slovin formula at a 5% margin of error, producing 109 respondents. Respondents were selected through purposive sampling based on the criteria of residing in Gampong Lambhuk, understanding program implementation, and being willing to complete the questionnaire.

Data Sources and Collection Techniques

Primary data were obtained through questionnaires and supporting interviews with gampong officials. The questionnaire used a five-point Likert scale ranging from strongly disagree to strongly agree. Secondary data came from gampong documents, regulations, government publications, books, and scholarly articles. Data-collection procedures included instrument preparation, readability testing, questionnaire distribution, completeness checks, coding, and processing with SPSS.

Operational Definition of Variables

Table 1. Operational Definition of Research Variables

Variable	Operational Definition	Indicators	Scale
BLT implementation (X1)	Quality of cash-assistance delivery to eligible households.	Target accuracy; use for basic needs; social acceptance; economic security; education continuity.	Likert 1–5
Village Fund policy (X2)	Planning and implementation of village funds for public services and empowerment.	Need-based allocation; transparency; budget adequacy; infrastructure; empowerment; participation.	Likert 1–5
Community welfare (Y)	Condition of households in meeting material and social needs.	Income adequacy; debt dependence; education; health access; healthy living; housing condition.	Likert 1–5

The Likert scale enabled respondents' attitudes and perceptions to be converted into quantitative data. Indicator scores were averaged to form a composite score for each variable (Sugiyono, 2019).

Data Analysis

Data analysis comprised descriptive statistics, validity testing, classical assumption tests, multiple linear regression, partial tests (t), simultaneous tests (F), and the coefficient of determination. The regression equation was $Y = \alpha + \beta1X1 + \beta2X2 + \varepsilon$. Hypothesis decisions were made at a 5% significance level.

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METHOD (CONTINUED)

Instrument Testing

Item validity was evaluated using item-total correlations, with the criteria that the calculated r-value exceed the table r-value of 0.1882 and that significance be below 0.05. The instrument was considered appropriate when each item measured its intended construct. Response consistency was also reviewed to ensure that no irregular answering patterns were present.

Classical Assumption Tests

Residual normality was tested using a histogram, a normal P-P plot, and the Kolmogorov-Smirnov test. Multicollinearity was assessed using tolerance and the variance inflation factor (VIF), with criteria of tolerance > 0.10 and VIF < 10. Heteroscedasticity was examined through a scatterplot of standardized residuals against standardized predicted values. The regression model was considered adequate when the points formed no systematic pattern.

Hypothesis Testing Criteria

- The t-test was used to assess the effect of each independent variable on welfare. A hypothesis was accepted when $p < 0.05$.
- The F-test was used to assess the joint effect of BLT and the Village Fund. The model was significant when $p < 0.05$.
- The coefficient of determination (R^2) indicates the proportion of variation in welfare explained by the two independent variables.

Research Context

Gampong Lambhuk covers 108.4 hectares, most of which consists of housing and settlement areas. The gampong comprises four hamlets and functions as a developing urban area. Community life is characterized by religious activities, mutual cooperation, microenterprises, trade, private-sector employment, and public services.

Table 2. Land Use in Gampong Lambhuk

Land Use	Area (ha)
Housing/settlement	75.0
Garden/field	2.0
Rice field	0.0
Swamp	0.0
Fishpond	0.8
Other uses	30.6
Total	108.4

Table 3. Population by Hamlet, 2020

Hamlet	Male	Female	Total
K.A. Samad	589	591	1,180
Tgk. H.M. Saleh	608	602	1,210
Tgk. Chik Dibalee	672	664	1,336
Tgk. Pagar Air	800	797	1,597
Total	2,669	2,654	5,323

These territorial and demographic conditions provide important context for interpreting the findings. Population density, occupational diversity, and public-service needs may influence residents' perceptions of both BLT and Village Fund policy.

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RESULTS AND DISCUSSION

Respondent Characteristics

All 109 questionnaires were suitable for analysis. By gender, 85 respondents (78%) were male and 24 (22%) were female. By age, the 40-45-year group was the largest at 47.7%, followed by respondents older than 45 at 21.1%, those aged 35-40 at 17.4%, and those aged 30-35 at 13.8%.

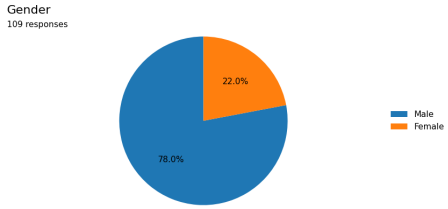


Figure 1. Respondents by gender

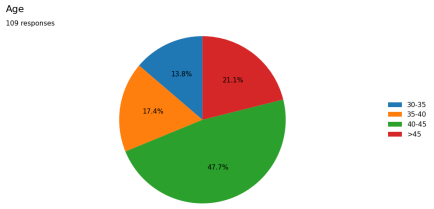


Figure 2. Respondents by age

The occupational composition consisted of other occupations at 32.1%, older adults at 19.3%, private-sector employees at 17.4%, traders at 16.5%, and daily laborers at 14.7%. Most respondents reported residing in Gampong Lambhuk. The occupational diversity indicates that beneficiaries came from households with varied sources of income, although most experienced relatively high economic vulnerability.

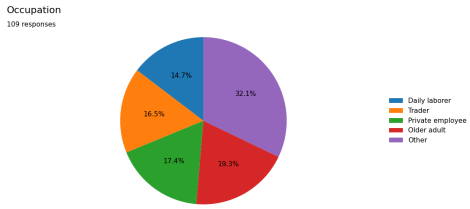


Figure 1. Respondents by occupation

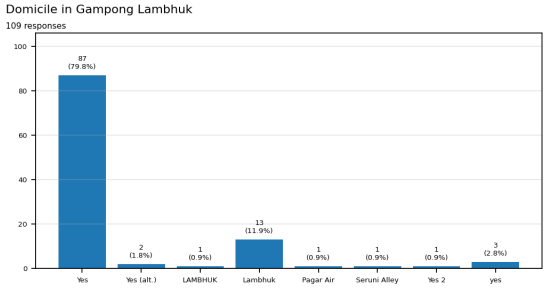


Figure 2. Respondents by domicile

General Perception of the Programs

Respondents generally evaluated BLT implementation positively. They reported that the assistance helped them meet basic needs, purchase household necessities, strengthen economic security, and support the continuity of their children's education. Evaluations of Village Fund policy were also relatively favorable, particularly regarding the use of funds for infrastructure and basic social programs. However, participation in deliberative meetings and understanding of the size of the budget were not perceived as evenly distributed.

Descriptive Statistics

Table 4. Descriptive Statistics of Research Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
BLT implementation (X1)	109	2.500	5.000	4.191	0.395
Village Fund policy (X2)	109	2.875	5.000	3.993	0.364
Community welfare (Y)	109	2.750	5.000	4.058	0.363

The mean BLT implementation score of 4.191 indicates a high and relatively homogeneous perception. This value suggests that most respondents viewed BLT distribution as providing tangible benefits. Village Fund policy had a mean of 3.993, also within the high category but slightly below BLT. Community welfare had a mean of 4.058, indicating that respondents generally considered the fulfillment of their needs to be fairly good. The standard deviations of all three variables were below 0.40. This low dispersion indicates that responses were

concentrated around their respective means. Although the descriptive assessment of the Village Fund was high, its statistical relationship with welfare still required testing because a high mean does not necessarily demonstrate a causal effect.

Validity Test

The validity test showed that every item measuring BLT, Village Fund policy, and welfare had a calculated r-value above 0.1882 and a significance value below 0.05. Therefore, all items were declared valid and suitable for further analysis.

Table 5. Summary of Instrument Validity Test

Variable	Number of Items	r-count Range	r-table	Result
BLT implementation	6	0.572–0.738	0.1882	All valid
Village Fund policy	8	0.491–0.739	0.1882	All valid
Community welfare	8	0.506–0.782	0.1882	All valid

Interpretation

Instrument validity strengthens confidence that the questionnaire items adequately represented the research constructs. BLT items captured direct economic benefits and social effects; Village Fund items captured transparency, participation, infrastructure, and empowerment; and welfare items covered income, education, health, and housing.

The descriptive findings also reveal the different characteristics of the two policies. BLT provides benefits that recipients experience directly, whereas the Village Fund operates through collective programs, infrastructure, and governance. These different benefit pathways provide a basis for understanding the regression results presented in the following section.

Normality Test

The residual histogram formed a pattern approaching a normal curve, and the points on the normal P-P plot followed the diagonal line. The Kolmogorov-Smirnov test produced an Asymp. Sig. value of 0.010, indicating a slight deviation from normality under a strict 5% criterion. However, based on the graphical inspection, the sample size of 109, and the absence of extreme deviations, the residual distribution was considered sufficiently close to normal for regression analysis.

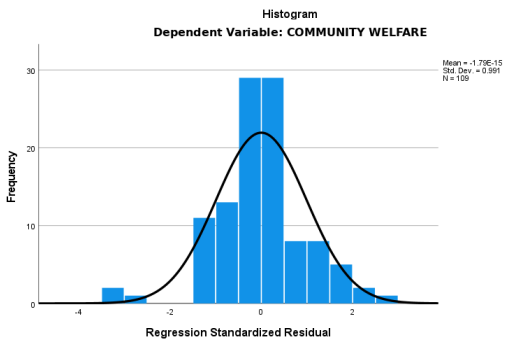


Figure 1. Histogram of standardized residuals

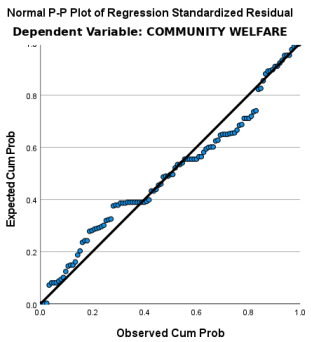


Figure 2. Normal P–P plot

Multicollinearity Test

Table 6. Multicollinearity Test

Independent Variable	Tolerance	VIF	Conclusion
BLT implementation (X1)	0.612	1.635	No multicollinearity
Village Fund policy (X2)	0.612	1.635	No multicollinearity

The tolerance value of 0.612 exceeded 0.10, and the VIF value of 1.635 was below 10. Thus, the two independent variables did not exhibit excessively high linear correlation and could be included together in the regression model.

Heteroscedasticity Test

The scatterplot showed residual points distributed randomly above and below zero without forming a funnel, widening, or wave pattern. The model therefore displayed no meaningful indication of heteroscedasticity.

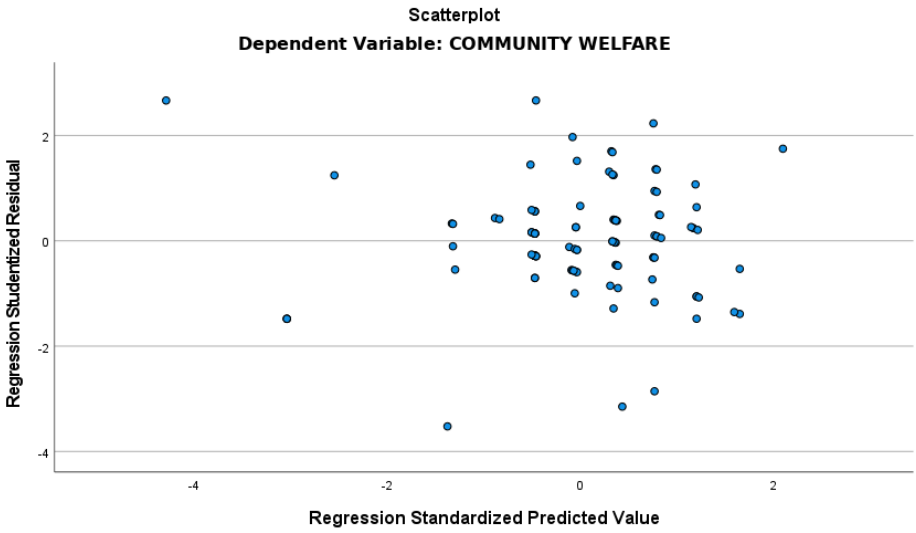


Figure 5. Scatterplot of standardized residuals

Overall, the assumption tests indicated that the regression model was suitable for use. The slight deviation from normality did not alter the direction of the conclusions because the residual plots supported an approximately normal distribution, while multicollinearity and heteroscedasticity were not detected.

Multiple Linear Regression and Partial Test

Table 7. Regression Coefficients and t-Test

Predictor	B	Std. Error	Beta	t	Sig.
Constant	1.796	0.345	–	5.201	<0.001
BLT implementation (X1)	0.522	0.093	0.568	5.615	<0.001
Village Fund policy (X2)	0.019	0.101	0.019	0.189	0.850

The estimated regression equation was $Y = 1.796 + 0.522X1 + 0.019X2$. The BLT coefficient was positive at 0.522 and significant at $p < 0.001$. A one-unit increase in the quality of BLT implementation was estimated to increase the welfare score by 0.522 units, holding the other variable constant. H1 was therefore accepted.

The Village Fund policy coefficient was 0.019 with $p = 0.850$. This result indicates a very small and statistically insignificant partial effect. H2 was therefore rejected. The finding does not imply that the Village Fund provides no benefit; rather, its benefit did not emerge as a directly measurable effect on respondents' welfare within this research model.

Simultaneous Test

Table 8. ANOVA / F-Test

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.791	2	2.396	26.884	<0.001
Residual	9.445	106	0.089	–	–
Total	14.237	108	–	–	–

The F-value of 26.884 with $p < 0.001$ indicates that BLT implementation and Village Fund policy jointly had a significant effect on community welfare. H3 was therefore accepted.

Coefficient of Determination

Table 9. Model Summary

R	R Square	Adjusted R Square	Std. Error of Estimate
0.580	0.337	0.324	0.298508

An R Square value of 0.337 means that 33.7% of the variation in community welfare was explained by BLT implementation and Village Fund policy. The remaining 66.3% was influenced by other factors, including education, health, employment quality, income, economic access, housing conditions, infrastructure, and the social environment.

DISCUSSION

The Effect of BLT Implementation on Community Welfare

The positive and significant effect of BLT indicates that cash assistance protects household consumption. The funds received help families meet basic needs, sustain their children's education, and reduce economic pressure. This finding is consistent with Sofi (2021), who identifies BLT-DD as an economic-recovery instrument, and Sulistyorini et al. (2023), who demonstrate the role of BLT in supporting community welfare.

The strength of BLT's effect is also related to the immediacy of its benefits. Recipients can use the assistance at once according to their priority needs. Long-term benefits, however, require integration with empowerment programs, financial literacy, business access, and skills development so that households do not remain dependent on assistance.

The Effect of Village Fund Policy on Community Welfare

Village Fund policy did not have a significant partial effect. Several factors may explain this result: budget benefits are largely collective and indirect; not all residents understand the size and priorities of the fund; participation in community deliberations remains uneven; and empowerment programs may not yet be strong enough to increase household income. The finding reinforces the importance of planning quality and participation, as emphasized by Minang et al. (2021).

The result differs from Nasution et al. (2022), who found a positive effect of Village Funds on welfare. The difference may arise from regional context, program type, welfare indicators, governance quality, and the observation period. This contrast shows that Village Funds are not merely budgetary inputs; their impact depends on implementation processes and the alignment of programs with community needs.

Simultaneous Effect and Policy Implications

Although Village Fund policy was not significant partially, the two variables remained significant simultaneously. This result suggests that social protection and village development should be designed as complementary policies. BLT protects consumption in the short term, whereas the Village Fund should build economic capacity, infrastructure, and public services over the medium and long term.

CONCLUSION

BLT implementation had a positive and significant effect on the welfare of the Gampong Lambhuk community. Village Fund policy did not have a significant partial effect, despite receiving a high descriptive assessment. Simultaneously, both variables had a significant effect and explained 33.7% of the variation in welfare. The regression model showed no multicollinearity or heteroscedasticity problems, and the residuals visually approximated a normal distribution.

Recommendations

- The gampong government should maintain accurate targeting, timely distribution, transparency, and an accessible complaint mechanism in BLT delivery.
- Village Fund planning should become more participatory and focus on measurable productive programs, such as micro-, small-, and medium-enterprise development, vocational training, support for women-owned businesses, and improved basic services.

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- Information on budgets, realization, beneficiaries, and program achievements should be disclosed in a form that is easy for the community to understand.
- Future studies should include variables such as community participation, public-service quality, education, health, and household income.

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