

## ABSTRACT

*This study analyzes the determinants of household enrollment in the Family Hope Program (Program Keluarga Harapan, PKH), estimates its impact on the number of working hours of beneficiary household members, and examines the heterogeneity of this impact by area of residence, gender, and employment sector in Indonesia using the March 2023 National Socioeconomic Survey (Susenas) data. Understanding this relationship is important to assess whether conditional cash transfers create work disincentives or instead support the productive activity of poor households.*

*A logit model was employed to estimate the propensity score of program participation, followed by Propensity Score Matching (PSM) using the Caliper and Radius algorithm to address selection bias and estimate the Average Treatment Effect on the Treated (ATT). Cluster-robust standard errors were computed at the household level, and Rosenbaum Bounds sensitivity analysis was conducted to assess the robustness of the estimates against hidden bias.*

*The results show that household poverty indicators and enrollment in other social assistance programs significantly increase the probability of PKH participation, confirming a targeting mechanism based on observable characteristics. On average, PKH participation reduces beneficiary working hours by 0.31 hours per week, statistically significant at the 1% level. Given the small magnitude of this aggregate effect in a large sample, the sensitivity analysis indicates that the statistical significance of the aggregate impact is sensitive to potential hidden bias, so the interpretation focuses on the direction and pattern of the effects across subgroups. The heterogeneity analysis reveals a dual mechanism: PKH reduces working hours in the informal sector through an income smoothing effect, while it increases working hours in the formal sector through an enabler effect. These findings suggest that PKH functions as a social protection instrument that supports the welfare of vulnerable households without generating substantial work disincentives, and highlight the need for complementary policies differentiated by employment sector.*

**Keywords:** Family Hope Program (PKH), Labor Supply, Working Hours, Propensity Score Matching, Social Protection

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