

Implementation of Direct Cash Assistance Funds for Excise Products on Tobacco Products (BLT DBHCHT)

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Abstract

This study focuses on how the government allocates revenue-sharing funds from tobacco excise to workers in cigarette factories in the form of direct cash assistance. The very large processing of tobacco products should encourage equitable distribution of welfare. The government pays attention to this by making regulations regarding the use of revenue-sharing funds for tobacco products, known as DBHCHT, in the form of direct cash assistance (BLT). BLT DBHCHT is a form of social protection, which is theoretically understood as part of a social policy designed to pay special attention to vulnerable groups by ensuring income security and access to social services for all. This research uses qualitative research methods with a case study approach. The findings in this study include that the implementation so far has gone smoothly, but actually, BLT DBHCHT is the easiest way for the government to be pragmatic, and very short-term. Communication between implementing agencies related to DBHCHT is still limited to formal communication, it has not touched on what the real needs of beneficiaries are.

Keywords:

social policy implementation; direct cash assistance funds; tobacco excise

Introduction

This study focuses on how the government allocates revenue-sharing funds from the tobacco excise tax to workers in cigarette factories in the form of direct cash assistance. The very large processing of tobacco products should encourage equitable distribution of welfare. The government pays attention to this by making regulation regarding the use of revenue-sharing funds from tobacco excise, known as BLT DBHCHT (*Bantuan Langsung Tunai Dana Bagi Hasil Cukai Hasil Tembakau*), based on Minister of Finance Regulation No. 206/PMK.07/2020 concerning the Use, Monitoring, and Evaluation of Tobacco Excise Revenue-Sharing Funds. According to the definition, tobacco products are categorized as excisable goods, namely certain goods that have the characteristics or characteristics stipulated in the Excise Law. These goods have characteristics such as goods whose consumption needs to be controlled, their circulation need to be monitored, their use can cause side effects to society and the environment, or their use requires the imposition of state levies for justice and balance. Hence, the mention of social

protection is described through BLT DBHCHT.

The 2021 DBHCHT Policy Design is contained in the Revision of the Minister of Finance Regulation No. 7/PMK.07/2020 containing the use of DBHCHT by Law No. 39 of 2007. There are five priorities for its use, namely:

1. Improved quality of raw materials
2. Industry development
3. Development of the social environment
4. Socialization of provisions in the field of excise
5. Eradication of illegal excisable goods (BKC)

The biggest earmarking in the allocation of DBHCHT is in the field of community welfare, which is 50%, namely 15% for improving the quality of raw materials, and 35% for social environment development which is the provision of assistance to tobacco farmers, tobacco farm workers, or factory workers. The rest is for the health sector and law enforcement, each by 25%.

Through this regulation, the government funds various improvement programs in terms of production, industrial development, and environmental development related to tobacco. This includes economic recovery in the regions through the provision of direct cash assistance (BLT) to cigarette factory workers which is expected to improve the welfare of workers. For tobacco farmers, the government designs assistance in the form of payment of premiums for the protection of tobacco products and also subsidies for tobacco prices. This research primarily focuses on the welfare of cigarette factory workers because in the 2021 DBHCHT Policy Design, BLT is intended for tobacco farm workers, or it could also be for cigarette factory workers. However, local governments are more likely to give BLT to factory workers, as stated in Kudus Regent Regulation No. 31 of 2021 concerning Technical Guidelines for the Distribution of Direct Cash Assistance Sourced from the Tobacco Excise Revenue Sharing Fund (DBHCHT) of Kudus Regency 2021.

There are several differences between regular BLT and DBHCHT BLT. Regular BLT is as follows.

Table 1.
Differences between BLT and BLT DBHCHT

	BLT	BLT DBHCHT
Beneficiaries	Poor family's member of The Hope Family Program (PKH), Village Funds Program, etc.	Tobacco factory workers

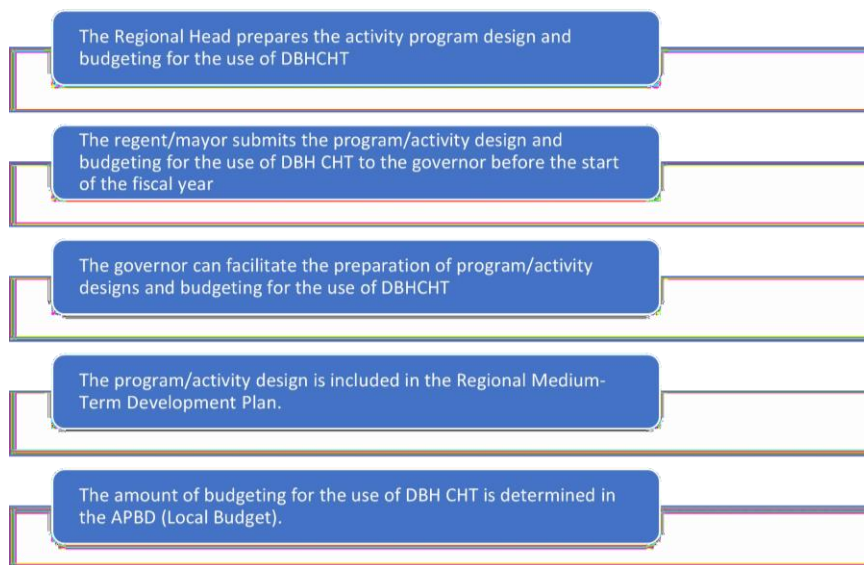
	BLT	BLT DBHCHT
Source	APBN (National Budgeting)	APBN, specifically DBHCHT
Scheme	Family Hope programs (PKH)/Village Funds Mechanism	Delivered in 2 months (IDR 300.000per month)

Source: Government regulations regarding BLT and BLT DBHCHT

From the table above, it can be seen that the government issued several types of BLT. In this context, the government provides BLT DBHCHT based on the occupation of the beneficiaries, namely tobacco factory workers. BLT DBHCHT recipients may not receive two types of BLT if they are also participants in the PKH program, because even though they have the same term (BLT), the two types of BLT are distributed from the government expenditures. Specifically, the use of DBHCHT is regulated in a separate flow, as written in the image below.

Figure 1.

Program/Activity Design and Budgeting for the Use of DBHCHT



Source: Government regulations regarding BLT and BLT DBHCHT

The stages that have been arranged in such a way are expected to be a solution to the poverty problem experienced by cigarette factory workers. Apart from low wages, on average, they do not have other skills that can be used to increase their income. Their lack of income causes their limitations in terms of meeting the educational needs of their children as well as in terms of meeting their health needs. As a result, the condition of these workers is vulnerable and it is difficult to experience vertical social mobility to achieve a better social stratification

position.

By the end of 2020, the government set a policy to increase the excise rates on tobacco products by 12% through the Regulations of The Minister of Finance of the Republic of Indonesia No. 192/PMK.010/2021 (PMK 192/2021). This is effective as of January 1, 2022 (Ministry of Finance, 2021). The increase in tobacco excise rates is intended as a social development strategy. This is expected to have an impact on reducing the prevalence of underage smokers, increasing state revenues in the excise sector, ensuring the cigarette industry continues to operate and reducing the domestic cigarette number by 9.7%.

Philosophically, excise is defined as a “sin tax” (Kenchington et al., 2022); (Cawley & Ruhm, 2011) because excise is a tax levied on certain goods which when consumed will harm the health of consumers themselves and society in general. According to the Indonesian Customs Office, excise is imposed, for example, on commodities such as tobacco, alcohol, coffee, sugar, certain drugs, and others.

Nowadays, excise is not only seen as a state levy to increase income but also as a fiscal instrument that at a macro level affects the balance of the economy and people's consumption behavior because excise is expected to be able to limit public consumption of an item (Leff, 2021). Thus, excise duty is part of government intervention to improve social welfare (Cawley & Ruhm, 2011) because the existence of excise automatically increases selling prices, and transactions become inefficient for consumers (Leff, 2021), it is hoped that people will consider buying it.

In addition, excise duty is also used to fund the health sector to overcome the negative impact of selling an item (Ruan, 2021). This is popularly done in many countries, including Indonesia. Excise gave rise to paternalism (Ruan, 2021). In the context of tobacco excise in Indonesia, it is the government's effort to protect citizens from the dangers of nicotine, while at the same time making excise support for health promotion and community empowerment of tobacco farmers and workers.

For social development purposes, the government also allocates DBHCHT, namely tobacco excise funds to regions that will be used for the benefit of health and community welfare (improvement of the quality of raw materials, work skills, industrial development, and mentoring). From this funding allocation, it is hoped that the implementation of the assistance will cover some of the labor problems related to wages and affect the spending ability of poor households in excise-producing areas. However, direct cash assistance is not a solution. (Veras Soares et al., 2007) talked about the Bolsa Familia policy in Brazil which was the initial idea of the BLT policy in Indonesia. This program is relatively easy to run and very popular. In

Brazil itself, this program has become a mainstay. Because it was considered successful, this program became a model throughout the world. Indonesia is one of the countries that have adopted this policy. Since the era of President Susilo Bambang Yudhoyono's leadership, BLT has been rolled out. President Joko Widodo is now also putting into practice this scheme. But like Bolsa Familia, BLT is short-term solution only. BLT cannot be relied on as a solution to poverty alleviation in the long term.

The same is true of the policy regarding excise on tobacco products. If this policy is intended to control tobacco use, there are many conflicts of interest between actors in this sector (Santoso et al., 2017). Likewise, the introduction of the DBHCHT policy in the form of BLT for all workers in the tobacco industry has not been able to overcome their poverty problem.

This study takes place in Kudus Regency, which is a tobacco-producing area and has a large tobacco product processing industry (cigarette factory). With these characteristics, DBHCHT is given to cigarette factory workers. Until now, it was stated by the Kudus Regency Government that there were 63,728 BLT beneficiaries. This number is the result of the verification of 67,000 cigarette workers received from 75 cigarette factories in Kudus. In the implementation of the distribution of BLT to cigarette factory workers, the government determines the criteria for recipients of assistance related to the amount of assistance, the period of granting assistance, as well as considerations of the principle of justice.

Method

This research is about social policy research conducted by the government. One method that can be done is to use qualitative research methods (Yani, n.d.). In qualitative research, the parties who are used as informants are those who are considered to have the information (key informants) needed in the research area. The method used to determine the key informants, the authors use the purposive sampling, a sampling technique used by researchers if the researcher has certain considerations in taking the sample (Arikunto, 2010). Informants according to the purpose of this study are:

1. Head of the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises in Kudus Regency. This informant supplies some information about labor data, the number of corporations, and the implementation scheme;
2. Head of Customs and Excise Kudus, leaders of cigarette companies in Kudus Regency. This informant supplies the information about the amount of excise that has been collected from Kudus Regency, and all information about the excise regulation related to BLT DBHCHT;
3. Tobacco factory workers in Kudus Regency. They are expected to inform the researcher

about their opinion on how the program is implemented.

Results

Profile of Kudus Regency

Kudus is acknowledged as the tobacco city. Its slogan is "Kudus the City of *Kretek*". The slogan is tremendously associated with the robust existence of the tobacco industry in Kudus since the Dutch colonial era. At that moment, Nitisemito, an indigenous tobacco entrepreneur, managed to operate a business in the form of a cigarette industry which was profound that the Queen of the Netherlands dubbed him "de *Kretek* Koning" (the king of cigarettes). Until recently, the tobacco industry (cigarettes) has continued to develop and become one of the main stay jobs for the local community and is also embedded in society as a cultural heritage.

Based on data from the Department of Industry, Cooperatives, and SMEs, in 2015 there were 12,957 companies and business units in the Kudus Regency area. Unfortunately, this data update does not exist in the latest year (2021). However, from the available data, the condition may not change significantly. Tobacco companies still dominate in Kudus. In second place is the apparel industry as well as the food and beverage industry. Hence, the largest employment absorption is also still in the tobacco industry, which is 76%, followed by paper companies at 10%, and the machinery industry at 4%.

According to the Kudus Customs Service and Supervision Office/*Kantor Pengawasan dan Pelayanan Bea dan Cukai Tipe Madya Cukai* (KPPBC TMC), Kudus Regency is the area with the major cigarette factories, with 66 factories. Therefore, Kudus is one of the districts which receives funds from the tobacco excise tax (DBHCHT). The existence of this fund produces benefits for the Kudus community, particularly in terms of skills training at the Job Training Center. As portrayed by the Kudus Regency website, in 2017, The Kudus Regency Government allocated the implementation of DBHCHT worth IDR 136.4 billion in three sectors, which is health, infrastructure, and the economy.

In the health sector, DBHCHT is administered through the construction of pulmonary and cardiac installations as well as medicines in government hospitals, health centers, and their networks. In the infrastructure sector, the implementation of DBHCHT is enacted for the construction and rehabilitation of roads and canals. Meanwhile, in the economic field, the allocation of DBHCHT is regarding the strength of the community economy in the tobacco products industry/*Industri Hasil Tembakau* (IHT), in the form of skills training at the Job Training Center.

In various media reports, in 2022, KPPBC TMC Kudus recorded receipts of cigarette

excise bands from 2021, acquiring IDR 33.92 trillion which is a combination of tobacco excise and customs receipts. This revenue has escalated quite a lot from 2021 which obtained a value of IDR 24.97 trillion from the value in 2020. This value was formulated from Machine-made *Kretek* Cigarettes (SKM), Machine White Cigarettes (SPM), and Hand *Kretek* Cigarettes (SKT). Furthermore, there are also "*klobot* cigarettes" which are conventionally processed. From the interview results, it was identified that the total tobacco excise revenue dominates the overall excise revenue. In 2021, tobacco excise revenues contributed IDR 188.8 trillion (96.5%) of the total excise revenue of IDR 195.5 trillion. Kudus accounted for 18% of them. It indicates that, as one of the central cities of IHT, Kudus is a tremendously large tobacco excise-producing district in the country.

Evolution of Tobacco Excise Policy and the Implementation Model of DBH CHT

The objective of tobacco product excise policy is to control consumption, manage industrial development, and optimize state revenues. The policy on the imposition of excise duty to control consumption is governed by Article 2 of Law No. 39 of 2007 regarding Amendments to Law No. 11 of 1995 concerning Excise. In terms of industrial development, the excise policy pays attention to the characteristics of the tobacco products industry (IHT) and also plays a pivotal role in the cigarette or hand-rolled *kretek* industry which is labor intensive and possesses a high local content. As an effort to optimize state revenue, the tobacco product excise policy is regulated at acquire the target of state revenue in the national budget (APBN).

The excise tariff policy on tobacco products has developed since the introduction of the Law on Excise in 1995. In the presentation of the tobacco products excise policy material by the Fiscal Policy Agency/*Badan Kebijakan Fiskal* (BKF), this evolution is associated with production classification, tariff system, and simplification.

From the period 1995-2007, the system of tobacco excise-imposed tariffs on an ad valorem basis, which implied charging tariffs based on the value of transactions for tobacco products. In the period 2007-2008, tariffs were implemented on a hybrid basis, and from 2009 until currently, excise tariffs on tobacco products have been implemented specifically. It is the simplification of the structure or layer of excise tariffs on tobacco products. In 2011, layers of excise tariffs on tobacco products still amounted to 19 layers. In the following years, the number of layers continued to decline, to merely 10 layers in 2018. The objective is to escalate the level of compliance of entrepreneurs, minimize the circulation of illegal cigarettes among those eager to avoid taxes, simplify the administrative system, optimize state revenues, and eliminate price ranges by driving up the price of cigarettes.

Recently, the policy of simplifying the layer of tobacco excise rates was again enacted by Presidential Regulation No. 18 of 2020 concerning the 2020-2024 National Medium-Term Development Plan (RPJMN). Although Indonesia has diminished tariff layers to merely 10 layers, the excise tariff on tobacco products still has to be simplified regarding labor absorption, production volume, and absorption of local raw materials, incorporating suppressing the circulation of illegal cigarettes.

This tobacco excise policy makes the government optimistic that in 2021, there will be an increment in the target excise revenue of IDR 172.8 trillion, which is an advancement of 4.8% from the 2020 target of IDR 164.9 trillion. The Ministry of Finance itself has managed a target for tobacco excise tax revenues in the 2021 State Budget Draft of IDR 178.5 trillion, which is an increase of 3.6% year on year (YoY) from the outlook at the end of 2020.

According to the Center for State Revenue Policy of the Fiscal Policy Agency (2020), the direction of the tobacco product excise policy in the future is associated with the following matters. First of all, the excise policy is regulated concerning the relevant policy objectives, which are consumption control, industrial development, and optimizing state revenues. In addition, tobacco excise tax policies can also influence public health by declining the prevalence of smoking, which in turn will influence the enhancement of human resources and the sustainability quality of the National Health Insurance (JKN) program. Moreover, public communication is needed to obtain input from the public regarding the excise policy plan. It is considering the effect of this policy on the cigarette industry and workers in the tobacco sector, encompassing tobacco and clove farmers. Lastly, tobacco excise tax policies must consider new policies such as new types of cigarettes (electric), which require special attention as they are starting to be consumed by numerous people, particularly in the upper middle class, and coordination with local governments in allocating the implementation of DBHCHT and cigarette taxes for health programs, labor transfer, and tobacco farming improvement programs.

One thing that is also essential from all the explanations above is the collaboration and synergy of all related authorities and the entire community regarding excise tariffs on tobacco products. The impact of this policy will be encountered as a whole by the community.

Basic Measures, Policy Objectives, and Policy Resources

As elaborated in Minister of Finance Regulation (PMK) 7/PMK.07/2020 concerning the Use, Monitoring, and Evaluation of DBHCHT for Fiscal Year 2020, DBHCHT is intended to enhance the quality of raw materials, advance industry, foster a social environment, socialize provisions in the excise sector, and eradicate of illegal excisable goods. This policy can be

indicated as part of the social protection policy from the government to the people.

This social protection is generated to minimize negative externalities affected by the negative impact of cigarettes, tobacco product excise policy, and tobacco policy. It is based on the answers in interviews performed with the Office Head of Supervision and Service of Customs and Excise Kudus (KPPBC) TMC Kudus.

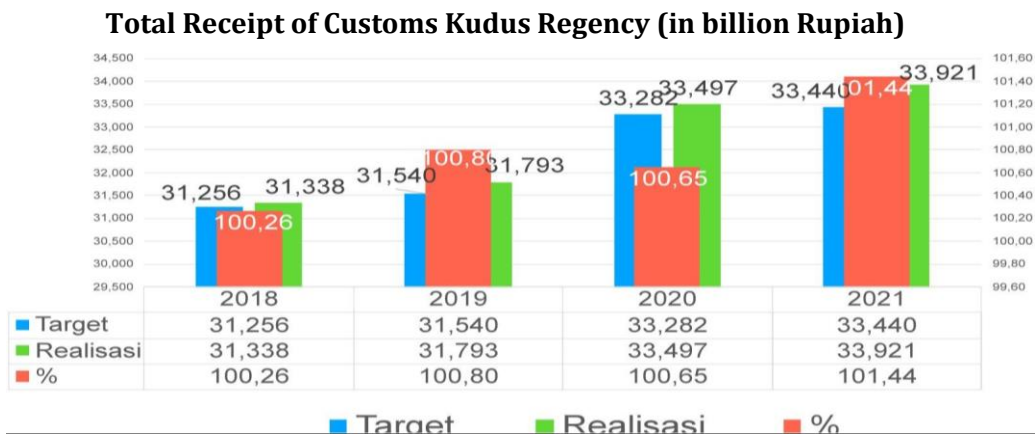
"To overcome the negative impact of the policy, it is necessary to possess earmarking of DBHCHT allocation which encompasses the health sector, the field of community welfare, enhancing the quality of raw materials (PKBB), social environment development, activities to escalate the welfare of tobacco farmers, farm workers/factory workers through the provision of assistance, in the context of advancing work skills, and in the field of law enforcement (Interview on September 2, 2022)."

According to the results of the interview, the principle of employing DBHCHT is prioritized in the health sector to corroborate the National Health Insurance Program, especially in escalating the quantity and quality of health services and economic recovery in the regions in overcoming the negative impact of cigarettes, the impact of the tobacco product excise policy, and/or the national tobacco policy with the priority target of tobacco farmers/laborers and/or cigarette factory workers. The administration of DBHCHT is also adjusted to regional characteristics. Activities in the context of enhancing the welfare of tobacco farmers, farm workers, and/or cigarette factory workers encompass payment of contributions to guarantee agricultural production protection for tobacco farmers, tobacco price subsidies, and/or Direct Cash Assistance (BLT) to tobacco farm workers and/or cigarette factory laborers.

DBHCHT allocation for Kudus Regency and other tobacco-producing districts/cities is measured by the variable of excise revenue and/or dry tobacco leaf production. Furthermore, the calculation also considers the percentage of DBHCHT absorption in the previous year. The allocation of DBHCHT is also assessed equally by employing the variables population with a mechanism that has been governed. The procedure for the distribution and the amount is determined through a Governor's Regulation.

The following is an overview of excise revenue in Kudus Regency.

Figure 2.



Source: Office of Supervision and Service of Customs and Excise Kudus (KPPBCTMC Kudus), 2022.

From the picture above, it is indicated that the excise revenue in Kudus Regency is by the predetermined target. It implies that production in IHT continues to increase. With the increment excise rate on tobacco products, the government has to pay tremendous attention to the condition of tobacco factory workers who are still poor, even though there is an escalation in the price of tobacco products.

It is elaborated by the cigarette factory worker, Restu Jaya Abadi in the following interview.

“Our condition, the workers, is not yet prosperous. Cigarettes are experiencing more expensive, but our wages are still not making us prosperous. Thus, the government should pay attention and assist us continuously, if possible (Interview on August 31, 2022).”

From the interview excerpt above, it is indicated that the requirements must be fulfilled by potential beneficiaries. From the NIK, it will be identified whether the worker has received BLT from other mechanisms or not at all. If they have not received BLT, workers can receive this BLT DBCCHT.

In nominal terms, BLT DBHCHT, like other BLTs, is not large in number. However, with the increment in the excise tax rate, it is considered as production costs by the company. Therefore, the increase in the price of cigarettes does not necessarily escalate wages. It instead, it may become a new condition of vulnerability for factory workers as they will be prone to be laid off to decrease production costs. The presence of BLT DBHCHT is expected to slightly assist the welfare of workers.

“The wages of workers are not big. Thus, if there are other sources of income, for instance obtaining BLT, we are grateful. However, until recently, we have not received the BLT this year, and there is no clarity on when it will be distributed (Interview on August 31, 2022).”

From the results of the interview with Restu Jaya Abadi workers above, it is implied that real welfare has not been enjoyed by the workers. The wages received are limited, with some facilities from the company. It was conveyed by Syahroni (Head of the Restu Jaya Abadi Cigarette Company) in an interview.

“Every afternoon, the company provides lunch to all workers. For wages, the company frequently strives for a minimum equal to the regional minimum wage in Kudus Regency. Wages are generally paid weekly, except for permanent employees whose wages are provided at the beginning of each month. For compensation, the company also distributes it to workers. It seems to be sufficient for our company, whose contribution to excise revenue is still at IDR 7.5 billion per year. Regarding BLT, the company has also submitted its data, but at this time, there has been no disbursement. Thus, initially, the company collected data on all workers who had never received any BLT assistance from the government. We prioritize company workers who are diligent and loyal to work in our factory as there are also employees who frequently work elsewhere. Then, we verify all the data, and submit it to the Kudus Regency Social Service (Interview on August 31, 2022).”

From the excerpt of the interview above, it is indicated that the company has good faith in its employees. However, as the private sector is profit-oriented, companies will not fulfill all the welfare standards of their workers. Thus, for companies, the existence of BLT DBHCHT can certainly cover the company's shortcomings. It is also signified in the following interview excerpt.

"During the COVID-19 pandemic, the economy was not normal, while the basic needs of the community were stable and even tended to increase. Thus, the government's BLT DBHCHT assistance program is tremendously beneficial for cigarette factory workers/laborers who were influenced by the other day. If Covid-19 is over, perhaps, government assistance can change towards enhancing the quality and quality of cigarette factory workers, hence, they are more professional in encountering global challenges." (Interview on August 31, 2022).

The interview excerpt occupies a hidden message of the company's hopes that the government can corroborate workers in terms of financial and work skills in cigarette factories. However, in reality, it is the responsibility of the company as it involves the interests of the company (profit).

This kind of logic is possessed by cigarette companies in general. Thus, it is not surprising that companies are tremendously enthusiastic about the BLT program and other social welfare

programs from the government. With the social protection program, companies can "abdicate" some of their responsibility for the welfare of workers to the government.

Furthermore, from the results of the interview with Restu Jaya Abadi workers above, they have input and aspirations for the sustainability and progress of this program in the future and better program governance It was conveyed in the following interview.

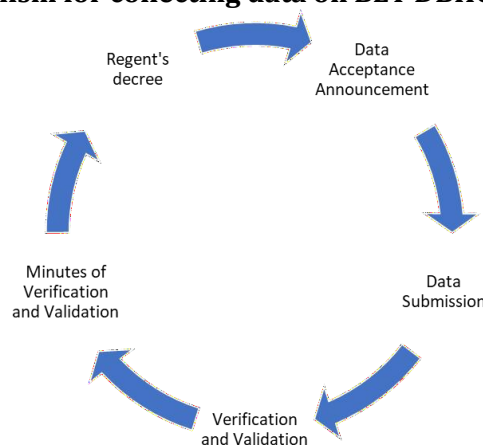
"We hope that the government can do a mapping so that this program is right on target and effective and provides maximum benefits in the future for the recipients of the assistance, such as the use of various media such as WhatsApp Groups and websites which is a form of convenience in conveying aspirations and accessing information about services. (Interview on August 31, 2022)."

Scheme of BLT DBHCHT in Kudus

By the Regulation of the Kudus Regent No. 31 of 2021, the implementation of BLT DBHCHT in the Kudus Regency comprises several stages. First, the government declared the target and amount of BLT DBHCHT. The target is cigarette factory employees in Kudus Regency who fulfill the requirements. The amount is IDR 300,000 per person and is distributed every month for two months. However, in the news on the disbursement of BLT DBHCHT on September 2, 2022, it was reported that BLT DBHCHT would be distributed every month for four months.

The recipient's data collection emerges next. The Office of Manpower, Industry, Cooperatives, and Small and Micro Enterprises, Kudus Regency, has verified and validated the factory worker data proposed by a cigarette company in the Kudus Regency area as the source of information for BLT DBHCHT recipients. Correspondingly, the data is governed by the Regent's Decree. The mechanism for collecting data on BLT DBHCHT recipients is illustrated below.

Figure 2.
The mechanism for collecting data on BLT DBHCHT recipients



Source: processed from the results of interviews

- a. The Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises signifies that tobacco companies must be able to register their workers and propose those who fulfill the requirements as BLT DBHCHT recipients;
- b. Cigarette companies submit data proposals for cigarette factory workers as candidates for BLT DBHCHT recipients to the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises;
- c. The Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises verifies and validates the data;
- d. The results of verification and validation are archived in the minutes; and
- e. The verified and validated data on cigarette factory workers will then be designated as recipients of BLT DBHCHT through the Regent's Decree.
- f. Meanwhile, the mechanism for distributing aid is presented as follows.

Figure 3.

The Mechanism for Distributing Aid



Source: processed from the results of interviews

- a. The factory worker data that has been regulated is submitted to PT. Bank Pembangunan Daerah Jawa Tengah (Bank Jateng) Kudus Branch as the holder of the Regional General Treasury account;
- b. Bank Jateng formulates a virtual account for each BLT DBHCHT recipient;
- c. The Regional Secretariat Economic Section as the Budget User Proxy for BLT DBHCHT activities processes the disbursement of funds from the Regional Treasury;
- d. The BLT DBHCHT Coordination Team coordinates with Bank Jateng to generate the schedule for the disbursement of BLT DBHCHT
- e. The distribution of BLT DBHCHT is conducted by Bank Jateng on a non-cash basis through a virtual account to each BLT recipient by a predetermined schedule.

The distribution of BLT DBHCHT is normative according to the regulations set by the government. Thus, this program can be said to run smoothly in the implementation of the distribution of funds. However, if this is studied further, such a procedure cripples the critical power of the beneficiaries.

Discussions

Inter-organizational Communication and Implementation Activities

In the implementation of this policy, there are several stakeholders are incorporated. Related parties encompass cigarette companies, the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises, Social Services, workers, Bank Jateng, the Regional Secretariat for the Economy, and KPPBC TMC Kudus. However, when perceived from the BLT scheme that has been displayed previously, the dominant stakeholders in the implementation of BLT DBHCHT are cigarette companies who submit data of labor proposals and also the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises verifies and validates the data.

From the narratives of the informants in this research, it is indicated that the communication relationship between organizations is formal. Communication only operates at particular moments. In the context of this study, communication was merely administered during data collection on prospective BLT DBHCHT recipients. As a result, there is no deeper communication and discussion which are more complex among workers.

The informant who is the leader of the Kudus KPPBC TMC asserted that his institution has collaborated with other stakeholders associated with DBHCHT.

“Regarding BLT, the Kudus BC office (KPPBC TMC) synergizes with the central government (Directorate of TF Excise, Directorate of Kombisa DJBC, and DJPK Ministry of Finance) and the local government in disseminating information to the community in its working area. BC Kudus together with the Regency Governments of Jepara, Kudus, Pati, Rembang, and Blora routinely conduct socialization of regulations in the field of excise and perform joint market operations in the context of eradicating illegal cigarettes. Furthermore, it also collects information in the SIROLEG application as part of law enforcement activities in the field of excise in the context of employing DBHCHT.” (Interview 30 August 2022)

KPPBC has indeed established a working network associated with DBHCHT. However, because KPPBC is a vertical institution, the communication governed is also formal communication performed when there are events or moments associated with DBHCHT. Furthermore, KPPBC does not organize the technical affairs of policy implementation.

Meanwhile, the organization that is technically in direct contact with the implementation of BLT DBHCHT is passive. For instance, the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises, does not attempt to be more proactive and educate cigarette companies to be able to perform more to escalate the welfare of the workers. Incidentally, this organization was also not profoundly responsive when contacted regarding this research and

transferred it to the Social Service to communicate with the researcher.

Contrarily, since they perceive their obligations to the government to provide information about their employees for further assistance by the government in improving the welfare of workers as cash, cigarette companies, which are private entities, do not feel the need to communicate with the government intensively. The vast majority of tobacco companies are aware of this. Additionally, if the company is small, the margin will also be small. For them, the government's BLT DBHCHT assistance is tremendously beneficial in assisting businesses to commiserate in support of employees' welfare.

Both the company and the government (in this case, the Department of Manpower, Industry, Cooperatives, Small and Medium Enterprises), decided to obtain pragmatic steps, merely interacted to fulfill the requirements for assistance, and there was no determination about the future fate of workers. The major practical provision of social welfare assistance so far is BLT. Previously, job training for the community was provided. However, in the end, the assistance was generated in the form of cash transfers, although it was realized that BLT was only short-term and pragmatic assistance.

The next stakeholder group is the workers. Labor is the object of this policy. As the lowest-level worker in the company, the wages obtained on average merely acquired the regional minimum wage standard. Some companies provide lunch facilities, bonuses, and others; however, some cannot provide them for various reasons. The escalation in excise tariffs on tobacco products and the increasingly expensive prices of cigarettes, it does not necessarily possess an effect on advancing the welfare of workers. The increment in excise stamps is an operating expense for the company, and it indicates the same as costs. Hence, the production costs do not increase further, and the wages of workers are not expanded as well.

In response to this, the central government regulated a policy of 50% of DBHCHT to enhance the welfare of tobacco industry workers, such as cigarette factory workers. One of the methods is the BLT DBHCHT. The expectation is that BLT DBHCHT will be able to assist the household economy and escalate the welfare of workers. However, it did not produce a significant effect. Workers were not able to perform much as they did not possess any power. Proposals associated with enhancing living standards did not attract the attention of other stakeholders.

Characteristics of The Implementing Agency

In this study, there are three interrelated groups, which are cigarette companies, the government (Department of Manpower, Industry, Cooperatives, Small and Medium

Enterprises), and cigarette factory workers. Each owns its characteristics and it is reflected in the method they perform the BLT DBHCHT policy.

Tobacco companies are in the private sector and it implies that in terms of capital and all core business activities, they are not able to perform anything for the government. The logic in the company is business logic, in this case, also implements the economic principle that produces the maximum profit with the smallest possible capital. It demonstrates the characteristics of capitalists (Zainol Hasan & Mahyudi, 2020), and is generally in business organizations. Capitalism also indicates capital accumulation (Zainol Hasan & Mahyudi, 2020). Thus, the company's orientation is to produce profits by enhancing margins. Thus, when the price of production increases, the company will consider how to make the profits stable. This situation occurs when there is an escalation in excise tariffs on tobacco products. The company still wants to keep the profit. Thus, the price is obligated to consumers, and there is no increase in wages for factory employees.

The phenomenon of corporate capitalism is inevitable. In this case, workers are definitely in a marginal position. All facilities for workers are also generated in the credo of corporate social responsibility (CSR) so that the company minimizes rejections or protests against company policies. It is a strategy of capitalism so that capital through companies remains lasting (Ismulyadi, 2016).

It is different from the government. The government is a bureaucratic organization with a distinguished character from business organizations as companies. The characteristics of the bureaucracy in Indonesia adopt the Max Weber bureaucracy which is the idea of a rational-legal bureaucracy. However, its implementation in Indonesia is actualized with numerous advantages and disadvantages (Wakhid, 2011). Apart from the competence of human resources that still requires to be developed (Adil & Kusumawardhani, 2022), the bureaucracy tends to possess an interest (Ruslihardi et al., n.d.). If there is no interest or it is considered unprofitable, bureaucratic workers are not willing to serve more optimally.

Regarding the issue of BLT DBHCHT, it is the government's responsibility to realize it. Assistance in the form of cash transfers is accepted by the community, but it merely lasts for a moment. This program only promises to distribute BLT for two to four months, with a tremendously limited value. It cannot happen continuously. There should be innovation in the implementation of DBHCHT by the government, and local governments through local government organizations which are the frontliners of public services that should better comprehend the situation faced by the community. Thus, it is necessary to provide views on the continuation of this policy.

On the other hand, workers possess different characteristics. Labor according to Law No. 13 of 2003 concerning Manpowers states that a so-called worker is an individual who works by receiving wages or other forms of remuneration. Thus, according to this terminology, everyone who works under orders and receives wages is understood to be in the category of workers.

However, the definition of labor experienced a shift in meaning. It is because entrepreneurs are attempting to obtain as much profit as possible. Thus, there are groups or classes in the world. As revealed by www.sindication.org, workers are now signifying partners who have no bargaining power. Wages are also low because the work completed is manual, in the field (Utomo, 2005), which does not require various skills or a good level of education.

Such conditions cause workers to frequently experience "low" pressure and are easily exploited. In this case, workers are generally on the weak side because, in reality, not all workers receive wages by the provincial or regional minimum wage setting. Many entrepreneurs do not pay according to the standard for reasons of the company's inability to pay according to government regulations.

Many methods have been conducted to fight for the fate of the workers for their better condition. However, it does not change much. Entrepreneurs possess a profound bargaining position in the eyes of the government. Hence, the government tends to be pragmatic and provides compensation in the form of BLT so that it can help the economy a little for the workers who are embodied in the category of the poor.

Socio-economic and Political Conditions

The socio-economic and political conditions of Indonesia in general during the last two years have not been understood to be good. Moreover, in the past two years, the whole world has encountered the Covid-19 pandemic, which tremendously affects socio-economic stability and inevitably affects the country's political conditions. This difficult situation has a significant impact on the lives of cigarette factory employees who have also been affected by the work-from-home (WFH) mechanism. However, it did not last long as cigarettes had to be continuously produced and required the presence of employees in factories. With health protocols, workers continue to operate the factories, even though the intensity is not as high as before the Covid-19 period.

In fulfilling their daily needs, the workers experienced difficulty in fulfilling it. They have to continue to work and wait for the assistance promised by the government. Government assistance, such as BLT and other assistance, is sufficient to provide ease for the workers,

although it certainly does not fulfill all the standard household needs.

To respond to the uncertain lives of the nation and state, the government is concerned about social safety nets. It is conducted in conjunction with the Covid- 19 prevention policy and is also on the national economic recovery agenda. As it is understood as restrictions on human movement during a pandemic, it has affected a huge impact in terms of loss of opportunity and income.

The presence of a pandemic encounters a big challenge for Indonesia in general, and the regions in particular, encompassing Kudus Regency. This new challenge possesses a spectrum and magnitude which has never been experienced before. Huge and heavy health and economic storms strike, and also shocked people's lives. It requires the region to be resilient and able to maintain order to prevent chaos as the community can no longer endure adversity.

BLT is an alternative short-term solution in a crisis like this. However, BLT is not a panacea drug that can solve the “disease” of poverty in the community, in this context of the tobacco factory workers. BLT is like pruning dry leaves, but it does not solve the problem from the root. What will have to be performed in the long term is to solve the problems at the base of poverty.

Assistance such as BLT is rife in Indonesia at the time of political events such as regional head elections or legislative elections. The government disburses BLT and even officials are frequently involved in submitting it themselves or establishing a ceremonial agenda to declare BLT policies. It is completed to win the hearts of the people politically. If the government, both central and local governments, possessed a robust political will, BLT will be the last resort. Assistance to obtain workers out of poverty should be sustainable and possess vivid outcomes. However, pragmatic policies are easier to apply and more profitable. The government benefits from the BLT policy. The budget is also more efficient as the government spends more money if it employs an ideal and multi-year community empowerment approach.

Propensity of Implementers

Companies tend to corroborate the BLT DBHCHT policy as it is profitable for the workers and the company. It can be perceived in all the interviews with the company, that they are tremendously pleased with the BLT DBHCHT program. From the narratives of informants with various business scale backgrounds, it can be indicated that BLT DBHCHT is considered significantly helpful in fulfilling the economic needs of workers. Furthermore, the informants from the company, BLT DBHCHT also sparked the enthusiasm of workers to work. It is due to company regulations that will merely recommend active and dedicated workers in the company.

An employment certificate will also be considered if the worker is actively working.

The government, in this case, the KPPBC TMC Kudus and also the Office of Manpower, Industry, Cooperatives, Small and Medium Enterprises, Kudus Regency, took a stance as merely an information and technical implementers. The local government does not present any desire to perform more to fight for the welfare of the workers. For local governments, the provision of BLT is already a form of government concern for the lives of cigarette factory workers, as it should be accepted by these workers. The local government does not experience obliged to conduct further advocacy as a long-term effort to diminish poverty in Kudus Regency.

The tendency of workers to apply the BLT DBHCHT policy is to accept it with pleasure. Cigarette factory workers perceive it as something to be grateful for, a form of the government's kindness, and accept it for what it is. The workers generally do not pound deeper about a more extensive program to escalate their welfare. Encompassing when they obtain intervention from the company during the registration of prospective BLT recipients, they are powerless to fight or protest against the policies of the company.

“First, we have to register and collect the requirements. However, friends who are not active, or for instance also work in other factories, will be difficult. The reason is that they are not loyal to the company. Even though it is not that they are not willing to be loyal, there are also numerous household needs. Thus, they have to look for work in other places as well. Our wages are sometimes not enough for everyday life (Interview on August 31, 2022).”

It indicates that the company does not simply support the workers to be able to access government assistance. Some terms and conditions are not mentioned on paper, and there are exceptions in the data collection of prospective BLT recipients. The company is not harmed by anything if all of its workers are registered as BLT recipients, and they deserve to be beneficiaries. On the other hand, workers do not possess the power to resist and are insisted on accepting the company's decision. Companies are tough on workers who are considered “guilty” of taking jobs at other companies and provide more opportunities for other workers who only work for that company. This attitude of the cigarette company indicates the implementation of the company's "stick and carrot" policy to for workers.

Policy Performance in BLT DBHCHT Implementation

When examined through observations and interviews, the implementation of this policy has been well established by the procedures organized by the government. The process of distributing the BLT DBHCHT which took place in early September 2022 also proceeded in an orderly manner in which everything operated as it should.

However, this visible operation is a performance that discusses the output of the policy with the standard for the realization of the policy. This performance has not discussed policy outcomes, which further studies whether this policy possesses an effect in terms of easing the economic burden of employees and eliminating them from the cycle of poverty. It is impossible to acquire, considering that the BLT DBHCHT policy is not lasting, and also from a nominal perspective, it is still far from adequate. The money received is merely IDR 600,000 to IDR 1,200,000 in two to four months. Meanwhile, life is not solely last two or four months. Routine expenses continue to expand. Thus, it is tremendously rash if this policy is assumed to eradicate poverty.

The Future of BLT DBHCHT: Solution or Contra Productive?

BLT DBHCHT is the same as other BLTs, merely, BLT DBHCHT comes from excise rates that have been regulated by the government. The objective is the same, which is to provide a particular amount of cash within a certain time to prevent the beneficiary community from deteriorating its quality of life. BLT DBHCHT is distributed as a way of encountering the problem of externalities in the tobacco products industry. However, BLT only overcomes the feeling of shortness for a moment, and BLT recipients (cigarette factory workers) return to poverty as before when the BLT runs out.

Why does this happen? Because BLT is established it is not enough to strengthen the economic base of cigarette factory workers. Many economists have delivered this opinion. However, the government continues to establish the BLT program for various reasons, for instance, associated with the Covid-19 pandemic whose effects are still being experienced today, and it is also a program that is easy to implement.

BLT DBHCHT is tremendously minimal in providing economic and welfare benefits to cigarette factory workers. If the daily expenditure of the poor according to the World Bank is around USD 2, the BLT DBHCHT does not produce a significant impact on fulfilling household necessities. It is the same as the government perpetuating poor cigarette factory workers, who depend on cash assistance from the government. This condition of society is tremendously easy to employ as a political tool and vulnerable to being administered as a political commodity as well.

BLT is not an effective method to decrease poverty and escalate welfare. The government requires a more strategic and real program to overcome the economic problems of cigarette factory workers. The government can further optimize the allocation of DBHCBHT by 50% for the welfare of the community in a more productive way. It would be better if the

government combined the provision of DBHCHT BLT with a more realistic empowerment program.

For instance, the provision of BLT is corroborated by skills training for small and medium enterprises. The objective is that the money received can also be administered as basic capital to start establishing a microenterprise. Furthermore, BLT DBHCHT recipients are also provided business assistance and financial management to produce it more comprehensively. It will assist the poor to strengthen the economic foundation of their households and promise a more sustainable economic cycle.

The current system is more likely to benefit the company. Companies do not need to sacrifice capital to improve the welfare of workers. Meanwhile, the state must bear the burden of subsidies by distributing this BLT DBHCHT, as well as losses borne by consumers with price increases. Even though the increase in excise duty is indeed done to reduce cigarette consumption, the company's actions that do not increase the wages of workers are the same as perpetuating the spirit of capitalism which accumulates capital and ignores the interests of workers.

Conclusion

From this research, it can be concluded that communication between institutions associated with DBHCHT is still limited to formal communication, and has not reached the real needs of beneficiaries. The Office of Manpower, Industry, Cooperatives, Small and Medium Enterprises in Kudus Regency, which should be the leader or dominant in fighting for the fate of beneficiaries, does not appear vocal, and instead tends to be reluctant to perform further care. BLT DBHCHT is the easiest way for a pragmatic government. However, in the past, DBHCHT was channeled through activities in BLK, but recently, it is through the BLT mechanism, which is tremendously short-term in nature.

The implementation so far has been established smoothly if employing merely the standard assessment of the output. Policy actors and stakeholders are willing to be easy, and workers too, without innovating for the long term. Moreover, the policy was to accommodate up to the handover of BLT. The local government through the Office of Manpower, Industry, Cooperatives, Small and Medium Enterprises of Kudus Regency is less open, limited to formalities, and very technical. In addition, this element of participation goes through several media, such as WAG, and the website is referred to as a means of transparency for complaints of aspirations, it is also a form of community participation in overseeing policies for better governance. For future and further studies, it is a high contribution if the research is concerned

with its effectiveness and efficiency, considering that BLT will not be beneficial in the long term. In closing, the design of the DBHCHT BLT program should be improved by restructuring the DBHCHT management by giving cigarette companies a role in improving the welfare of workers and taking steps to empower workers as part of the poor community. So, BLT funds are not only the responsibility of the government and should be used for more realistic social empowerment programs.

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