



IMPACT OF COVID-19 ON INDONESIA'S ECONOMIC GROWTH AND GOVERNMENT POLICIES

Elsa Lidia Pongki¹

S1 Economic Development Study Program , Faculty of Economics, State University of Gorontalo
elsa.pongki@gmail.com

Muhammad Amir Arham²

S1 Economic Development Study Program , Faculty of Economics, State University of Gorontalo
Amier_archam@yahoo.com

Boby Rantow Payu³

S1 Economic Development Study Program , Faculty of Economics, State University of Gorontalo

Article history:	Abstract:
<p>Received: 30th March 2022 Accepted: 28th April 2022 Published: 11th June 2022</p>	<p>The present research aimed to identify the impact of COVID-19 on the economy and government policy of Indonesia. The data used in this research were interactive and non-interactive data. At the same time, the research method employed a quantitative approach with simple linear regression analysis. The analysis result indicated that Covid (COV) had a negative and insignificant effect on economic growth (EG). This meant that an increase in Covid cases would decline Indonesia's economic growth. On the other hand, Covid (COV) had a positive and significant effect on the open unemployment rate (TPT), meaning that an increase in Covid cases would increase the unemployment rate in Indonesia. Covid (COV) also had a negative and significant effect on poverty (KM), meaning that an increase in Covid cases would reduce poverty in Indonesia.</p>

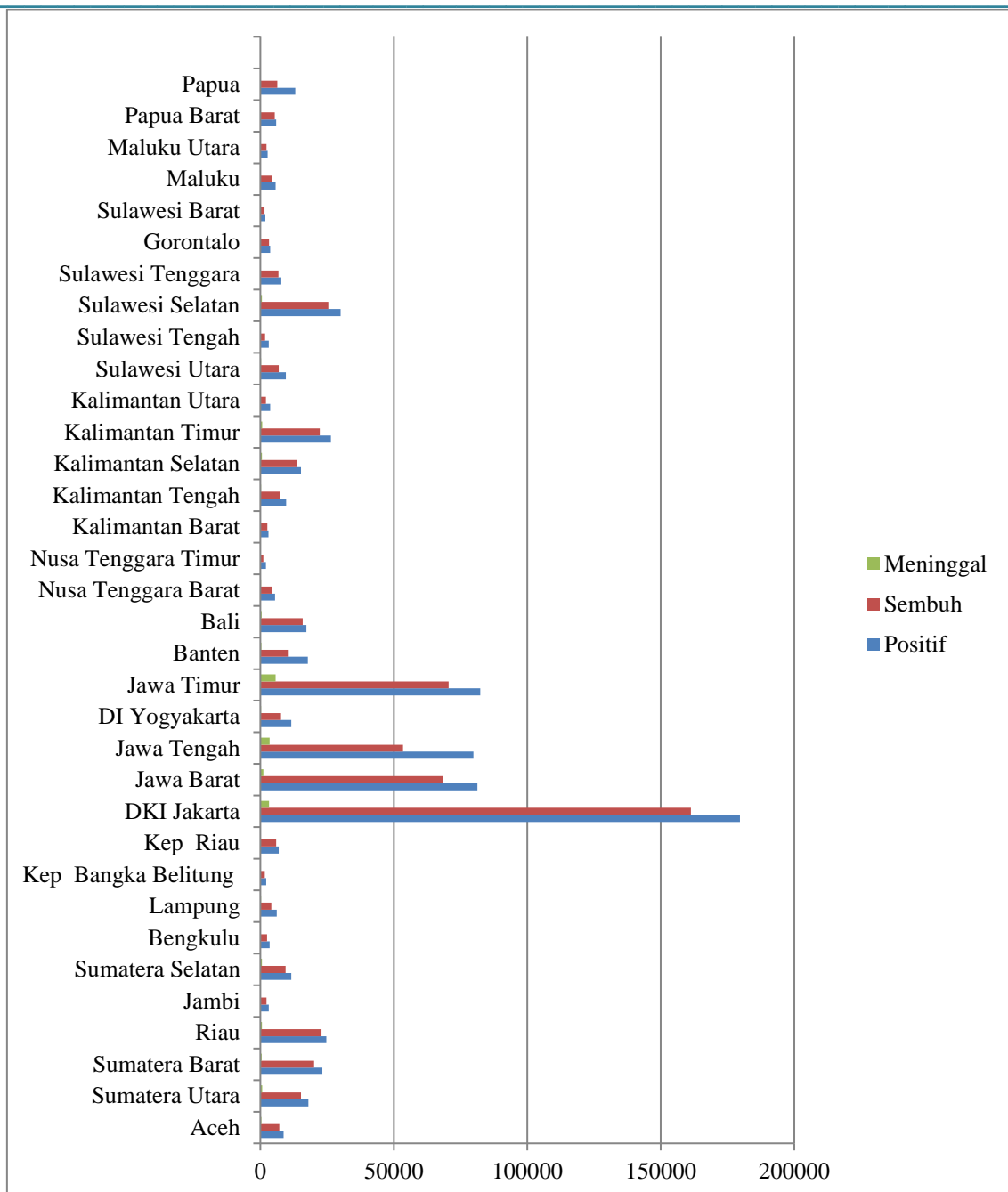
Keywords: Covid-19, Economic Growth, Government

INTRODUCTION

Impacts on the economic sector due to the COVID-19 pandemic in Indonesia include layoffs, the occurrence of Indonesian PMI manufacturing, a decrease in imports, an increase in prices (inflation), and losses in the tourism sector led to the decline in occupancy. It is a disease caused by the latest type of corona virus, namely Sars-CoV-2. The first positive case of the COVID-19 virus was discovered, in Wuhan City, the capital of Hubei Province, China, at the end of 2019. More precisely, on November 17, 2019. At that time, various levels of society were surprised by the strict limitation policies implemented by the Chinese government to control the covid virus. -19. From January to June, Wuhan is closed from the movement of people who intend to enter or leave other cities. Although the lockdown policy strategy has impacted various sectors for residents, it is credible that it has been very successful in overcoming the spread of the corona virus.

A year later, China is one of the few countries with a success story in tackling a pandemic.

The emergence of the Covid-19 pandemic urges the government to take all policies to be an action to resolve the transmission of the virus, which will increase, and some of these policies have an impact on the Indonesian economy.



Source : Tribunnews.com

Figure 1. Graph of Covid-19 Cases in 2020

Covid 19 cases are increasing every day; based on the data above, it can be seen that the total number of Covid 19 cases in all provinces in Indonesia is the number of positive patients 727,122 people, the number of patients recovering is about 596,288 people, and the number of patients dying is 21,703 people. Meanwhile, the province with the highest number of COVID-19 cases was DKI Jakarta, with 179,660 positive patients, 161,243 recovered patients, and 3,228 deaths. Then the region with the lowest number of Covid 19 cases among 34 provinces in Indonesia, West Celebes Province, with the number of positive patients, namely 1,896 people, the number of recovered patients being 1,536 people, and the number of patients dying is 34 people.

Based on the problems above, the researcher wants to raise this issue to be made into a scientific paper with the title: **The Impact of Covid-19 on the Indonesia’s Economic Growth and Government Policies.**

METHOD

This research uses a mixed method or often called a mixed method. The Implementation of use mixed methods research by combining quantitative and qualitative research methods. This type of mixed research using a sequential explanatory strategy. Mixed research is a procedure for collecting, analyzing, and mixing quantitative and qualitative methods in a study or a series of research concepts to understand research problems, (Creswell, 2015: 1088).

RESEARCH RESULT
Regression Analysis Result

Table 2
Dependent Variable Estimation Results
(Economic Growth, Poverty and Open Unemployment)

Variable	Coefficient	Prob.
Persamaan 1 COV vs EG		
C	-0.788231	0.1907 ^{NS}
COV	-1.505233	0.2866 ^{NS}
R-Square	0.035394	
Persamaan 2 COV vs KM		
C	23.44136	0.0000 ^{***}
COV	-9.541599	0.0645 [*]
R-Square	0.102758	
Persamaan 3 COV vs TPT		
C	5.113667	0.0000 ^{***}
COV	2.985176	0.0093 ^{***}
R-Square	0.193118	

Description: *)1%, **)5%, ***)10% NS) Not Significant
 EG) Economic Growth ,KM) Kemiskinan,
 TPT) Tingkat Pengangguran Terbuka, COV) Covid cases

Source: Processing results, 2022 (Appendix)

The interpretation of the estimation results above shows that:

A. Economic Growth

- 1) Economic growth (EG) without being influenced by the covid variable remains worth -0.788231 Percent. This can be seen in equation (1) at the value of C (constant).
- 2) Covid (COV) harms economic growth (EG). This means that an increase in COVID (COV) cases will reduce economic growth (EG) by -1.505233 Percent.

B. Poverty

- 1) Poverty (KM) without being influenced by the covid variable (COV) is still worth 23.44136Percent. This can be seen in equation (2) at the value of C (constant).
- 2) Covid (COV) harms Poverty (KM). This means that an increase in COVID (COV) cases will reduce Poverty (EG) by -9.541599 Percent.

B. Open unemployment rate

- 1) Open unemployment rate (Tingkat Pengangguran Terbuka) or (TPT) without being influenced by the covid variable (COV), it is worth 5.113667 Percent. This can be seen in equation (3) on the value of C (constant).
- 2) Covid (COV) positive effect on Open unemployed rate (Tingkat Pengangguran Terbuka) or (TPT). This means that, with an increase in Covid (COV) cases, the Open Unemployment Rate (TPT) will increase by 2.985176 per cent.

Simultaneous Test (F-test)

F-statistical testing is not used in this study because the regression equation in this study uses simple linear regression analysis. However, t-statistical testing can represent f-statistics testing significantly to the Y variable. Therefore, the t-statistical test is sufficient to explain it.

Pengujian Parsial Test (t-test)

Table 3
t-Statistic test

Persamaan	Probability (<i>p-value</i>)	Kesimpulan
COV→EG	0.2866 ^{NS}	<i>p-value</i> > α 10% Maka Tidak Signifikan
COV→KM	0.0645 [*]	<i>p-value</i> < α 10% Maka Signifikan
COV→TPT	0.0093 ^{***}	<i>p-value</i> < seluruha Maka Signifikan

description: *)1%, **)5%, ***)10% NS) Not Significant
 EG) Pertumbuhan Ekonomi, KM) Kemiskinan,
 TPT)Tingkat Pengangguran Terbuka, COV (Covid cases)

Source: Processing results, 2022 (Appendix)

1. Testing the Significance of the Impact of Covid on Economic Growth

From the results of the analysis that has been carried out, it is known that the p-value for the Cov Equation against EG is 0.2866. If the p-value is compared to the significance level of 10%, the p-value obtained is still greater than 10% so that Ho is accepted. Thus, it can be concluded that Covid has no significant effect on economic growth in 2020.

2. Testing the Significance of Covid's Impact on Poverty

From the results of the analysis that has been carried out, it is known that the p-value for the Cov Equation of KM is 0.0645. If the p-value is compared with a significance level of 10%, the p-value obtained is still smaller than 10% so that Ho is rejected. Thus, it can be concluded that Covid will significantly affect poverty in 2020.

3. Testing the Significance of the Impact of Covid on the Open Unemployment Rate

From the results of the analysis that has been carried out, it is known that the p-value for the Cov Equation against TPT is 0.0093. If the p-value is compared to the significance level of 1%, the p-value obtained is still smaller than 1%, so Ho is rejected. Thus it can be concluded that Covid has a significant effect on the open unemployment rate in 2020.

Classic assumption test

Normality test

The classical assumption used in the model is only the normality test and heteroscedasticity test because the analytical model used in the simple linear regression model and sectional data, multicollinearity and autocorrelation tests were ignored.

**Table 4
Classic Assumption Test**

Persamaan	Normalitas data		Heterokedastistas Prob (χ^1)
	Jarque Bera	Probabilitas	
COV→EG	3.565916	0.196418 ^{NS}	0.8254 ^{NS}
COV→KM	3.501628	0.173633 ^{NS}	0.4917 ^{NS}
COV→TPT	5.828221	0.366492 ^{NS}	0.4240 ^{NS}

*description: *)1%, **)5%, ***)10% NS) Not Significant
EG) Pertumbuhan Ekonomi, KM) Kemiskinan,
TPT)Tingkat Pengangguran Terbuka, COV (Covid cases)*

Source: Processing results, 2022 (Appendix)

In the table of classical assumption test results, it is found that the three equations for the probability of JB are more significant than the significance level used in the observations. Equation **First**, the probability value of JB is 0.196418, which is greater than the 10% negligent level. In the **second** equation, the probability value of JB is 0.173633, meaning that the probability of JB is greater than the 10% level of negligence. In the **third** equation, the probability value of JB is 0.366492, meaning that the likelihood of JB is still more significant than the 10% negligible value.

Heteroscedasticity test

In the classical assumption test table, it can be seen in the heteroscedasticity column that the three equations are free from the classical assumption problem at the 10% level. The second equation, between COV (Covid Cases) and KM (Poverty), has a value of 0.4917, greater than the 10% significant level. The third equation, COV (Covid) and TPT (Open Unemployment Rate), have a value of 0.4240, more effective than the 10% level.

CONCLUSION

Based on the results of the research data testing conducted and the previous discussion, it can be concluded that:

1. Covid has a negative and insignificant effect on Economic Growth. This means that any increase in Covid cases will harm economic growth.
2. Covid has a negative and significant effect on poverty. The phenomenon of covid-19 is the addition of cases infected with the coronavirus, which attacks a person's immune system and can cause health problems and even cause death.
3. Covid has a positive and significant effect on the open unemployment rate. An increase in cases of someone exposed to COVID-19 can increase open unemployment in Indonesia.
4. Supporting and inhibiting factors in handling covid-19 for supporting and inhibiting factors, the task of breaking the chain of the spread of covid-19 is not only the task of the government or the community but to eliminate the covid-19 virus between the government and the community must obey each other and comply with the regulations. Made by the government and foster mutual self-awareness of the dangers of a virus that can kill humans.

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