

Impact, Stimulus and Life After The Economi Crisi During The Covid-19 Pandemic: Case Studies In Indonesia

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Abstract

This research examines the impact of the Covid-19 pandemic in Indonesia, especially in terms of economic impact and policies taken by the government and life after the Covid-19 pandemic. The research method used is qualitative. The results of this study indicate that the Covid-19 Pandemic has had a sizable impact on the economy in Indonesia. Policies and stimulus were taken so that in this new normal era, Indonesia was able to survive and rise to build the economy in Indonesia as it was before. Micro, Small and Medium Enterprises are the sector that the government prioritizes in becoming the foundation of the economy in Indonesia.

Keywords: Impact, Stimulus, Crisis, Covid-19, New Normal.

Abstrak

Penelitian ini mengkaji dampak pandemi Covid-19 di Indonesia, khususnya dari segi dampak ekonomi dan kebijakan yang diambil pemerintah serta kehidupan setelah pandemi Covid-19. Metode penelitian yang digunakan adalah kualitatif. Hasil penelitian ini menunjukkan bahwa Pandemi Covid-19 memberikan dampak yang cukup besar terhadap perekonomian di Indonesia. Kebijakan dan stimulus diambil agar di era new normal ini Indonesia mampu bertahan dan bangkit membangun perekonomian di Indonesia seperti sediakala. Usaha Mikro, Kecil dan Menengah merupakan sektor yang diprioritaskan oleh pemerintah untuk menjadi tumpuan perekonomian di Indonesia.

Kata Kunci: Dampak, Stimulus, Krisis, Covid-19, New Normal.

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PENDAHULUAN

An economic crisis is a condition in which a country experiences a drastic economic downturn (Zubaidah et al., 2021). A crisis can occur due to a country's large debt, high inflation and slow or declining economic growth. The economic crisis also had a huge impact on the government and society (Zubaidah et al., 2021). Some examples of the world economic crisis occurred from 2007 to 2008, where in that year there was a fuel oil crisis to a food crisis that hit the world's economy, in turn causing a financial crisis that was quite felt and its impact is likely to be felt to this day. The financial crisis emerged from the United States of America (US), which is known as the number one economic power in the world today. The impact of the crisis has affected several sectors, and affected many countries, one of which is Indonesia (Burhanuddin & Abdi, 2020).

Recently, at the end of 2019, an infectious disease emerged, namely Covid-19 from China (Dai, 2020). Covid-19 caused an economic crisis in various sectors in several countries (Pitaloka et al., 2020). Covid-19 has caused many countries to limit the activities of their people, causing many social changes. These activity restrictions have had an impact on hampering economic activity in several countries. This can be seen from the decline in the world economy reaching -1.1% in 2020 which was disclosed by JP Morgan (Iskandar et al., 2020). In Indonesia, the impact of Covid-19 has also had an impact on the economic sector, especially the capital market (Pitaloka et al., 2020).

In Indonesia, due to the presence of Covid-19, several policies have been carried out by the government, namely by implementing social distancing (Hadiwardoyo, 2020). This policy was not fully implemented by the Indonesian people due to a lack of public awareness. This can be seen from the fact that there are still many offices and world centers and crowd centers that are still operating (Yamali & Putri, 2020). However, the impact of this policy also raises problems, namely causing economic losses so that the production of goods and services is disrupted (Misno, 2020).

The formulation of the problem in this research is, first, what is the impact of the economic crisis due to the Covid-19 pandemic in Indonesia? Second, how will the government use the stimulus to overcome the economic crisis caused by Covid-19 in Indonesia? Third, how is life after the economic crisis due to Covid-19 in Indonesia?

Based on the formulation of the problem, the objectives to be achieved in this research are: First, to determine the impact of the economic crisis during the Covid-19 pandemic in Indonesia. Second, to find out the government's stimulus to overcome the economic crisis due to Covid-19 in Indonesia. Third, to find out about life after the economic crisis due to Covid-19 in Indonesia.

Research with the theme of the economic crisis was carried out by several previous researchers such as Herawati & Gustan (2020) who examined the global crisis in 2008. The results of the study explained that the financial crisis that started in the United States very quickly spread to other countries so that it developed become a problem that is serious enough to affect the financial economy. The 2008 crisis was the worst global financial crisis in the last 80 years. The crisis that was initially experienced because of the subprime mortgage in the United States turned out to have an impact on the international community. Therefore, state leaders seek to minimize the crisis by holding a meeting attended by the G-20. The G-20 is the largest economic group in the world. From the aspect of the crisis due to the Covid-19 pandemic, Burhanuddin & Abdi (2020) conducted research on the threat of an economic crisis from the impact of the Covid-19 virus. The results of this study indicate that the crisis due to the Covid-19 virus is not only limited to the economic sphere itself but also affects the cultural and health sectors. This is evidenced by the spread of the Corona virus which also had a negative impact on the world economy.

Research by Pitaloka et al. (2020) examines the impact of Covid-19 on the economy in Indonesia but focuses on the impact on the capital market. The research results show that the consequences of Covid-19 greatly impacted the capital market, marked by the decline and decline of

all stock indices at that time, and according to him, the crisis that occurred in the capital market in Indonesia would have a more impact than during the 2008 global crisis. The 2008 global crisis can still be predicted predictably. There is no certainty of recovery from the crisis so that investors can predict when the capital market will improve, whereas during Covid-19 it was very difficult to predict because at that time it was very difficult to predict when the crisis would end. Another study by Jones & Comfort (2020) conducted research on Covid-19, and explored the relationship between tourism and sustainable development as posed by the Covid-19 crisis. The research suggests that the Covid-19 crisis not only poses challenges for industrial travelers but also signals some environmental changes that may transition into a more sustainable future.

Research by Borio (2020) says that the Covid-19 economic crisis is unique and dangerous. This devastating recession will not originate in the economy, will largely follow non-economic factors, and is truly global. Its policy response was equally unique, in terms of speed, size and scope, giving rise to an unprecedented concerted effort combining monetary, financial and prudential policies. It has an impact. At the time of writing, financial markets have recovered to the point of appearing vibrant, but things are feeling more like a truce than a peace treaty. The crisis is transitioning from the liquidity phase to the solvency phase in the context of limited policy space. All of this poses difficult short-term and long-term challenges. Rebuilding policy buffers across all policy areas is likely to be a policy challenge a decade ahead.

Research by Chen & Yeh (2021) examines the industry's reaction to the 2008 global financial crisis and the Covid-19 pandemic. Even though most of the industry in the US suffered from the two events, stock performance. Most of the industry started to recover after the announcement of quantitative easing. The results showed that quantitative easing was effective in increasing investor confidence. Chen & Yeh (2021) also found that the effect of quantitative easing in 2020 on stock performance was more significant for industries that were more impacted by the pandemic.

Research by Olivia *et al.* (2020) examine the impact of the outbreak on the Indonesian economy, as well as the government's response to the emerging public health and economic crises. The results of the study found that Indonesia was slow to respond to the health crisis when Covid-19 spread. The government's policy response focuses on the grassroots. However, when this research was carried out, Covid-19 had not been able to be overcome, so the implications for economic growth, employment and welfare remained uncertain. However, policies regarding opening up economic restrictions imposed during the Covid-19 pandemic will emerge, which is currently being called the new normal.

Some of these previous studies had different focuses so that in this study, although they raised a similar theme, namely the economic crisis during the Covid-19 pandemic, the emphasis on the differences in this research was on the economic conditions after the Covid-19 pandemic in Indonesia.

METHOD

This research is a type of qualitative research. Qualitative research is a research method without calculations that uses data based on arguments. The data in this study uses secondary data, where secondary data is data collected from other people (Ghozali, 2016). Secondary data in this study comes from articles, news, and other sources relevant to the research theme. Collecting data in this study using a library study or research library. Data analysis uses a technique where data sources are analyzed to produce actual conclusions in accordance with the research focus, namely the focus on the analysis of the economic crisis in Indonesia during Covid-19.

RESULT AND DISCUSSION

The impact of the economic crisis during the Covid-19 pandemic in Indonesia

The Covid-19 pandemic is the main factor causing the economic crisis not only in Indonesia but almost all over the world. An economic crisis is a situation where an economy in a country experiences a drastic decline (Zubaidah et al., 2021). The Covid-19 pandemic has caused worsening economic conditions such as a decline in gross domestic product (GDP), plummeting property and stock prices, high inflation so prices will increase. It is estimated that the Covid-19 pandemic will be like the 1930 crisis, no longer the 2008 and 1998 crises (Zubaidah et al., 2021).

In Indonesia the Covid-19 outbreak caused several sectors to be affected and almost the entire sector was paralyzed. The Covid-19 pandemic is different from the 1998 crisis where at that time the MSME sector was a support when the banking sector collapsed. But the current Covid-19 outbreak, MSMEs are the sector that feels the most direct impact of Covid-19. This is due to the declining purchasing power of the people, especially the lower class (Semaun, 2020). According to Pitaloka *et al.* (2020) the Covid-19 outbreak also had a more impact than the 2008 crisis. Covid-19 caused the economic sector to plummet. The following is a visualization of the impact of the Covid-19 pandemic seen in the following image.

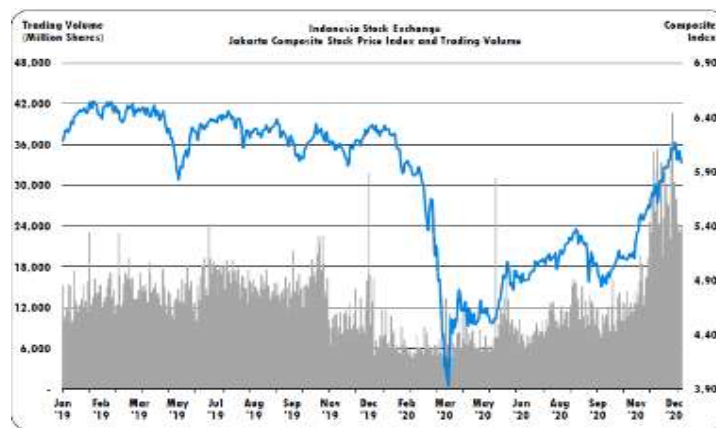


Figure 1. The decline in share prices during the Covid-19 pandemic

Source: (Murdhaningsih et al., 2022)

Based on Figure 1, it can be seen that there has been a decline since the Covid-19 pandemic took place, namely from January 2019 to March 2020. The Composite Stock Price Index touched the number 3900. This decrease was quite significant because starting from the number 6400 it indicated a decrease of almost 50%. This condition was due to the fact that during the Covid-19 Pandemic many people made sales or panic buying. Where it causes a big change in this case is the capital market in Indonesia. The decline in the JCI in the capital market also continued to decline in sectoral fields in Indonesia. This can be seen in the image below.

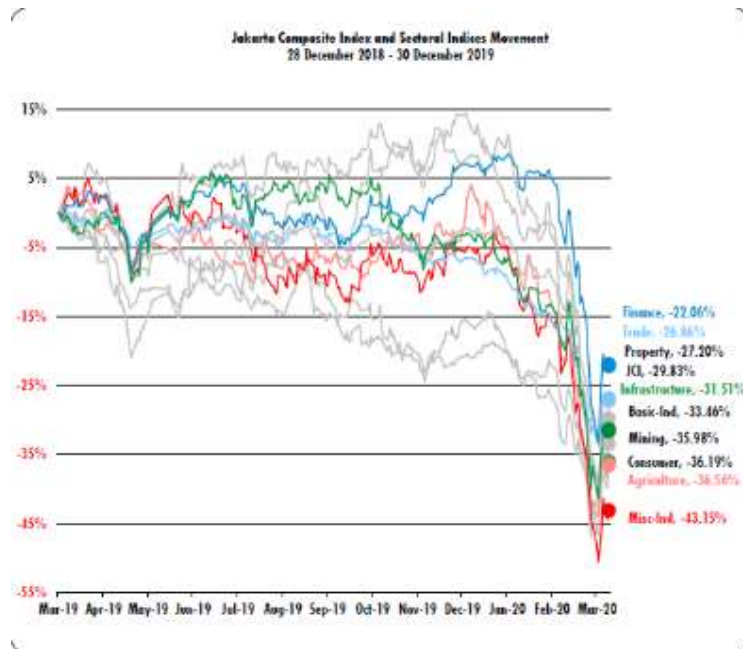


Figure 2. Sectoral index movement

Source: (Murdhainingsih et al., 2022)

Based on Figure 2, it can be seen that the decline in sectoral indices occurred during the Covid-19 Pandemic. The sharpest decline was in the miscellaneous industry sector, which in March 2020 decreased by -43.15%, then the agriculture sector decreased by -36.56%, the consumer sector decreased -36.19%, the mining sector decreased by -35.98%, the mining sector decreased by -35.98%. Basic Industry decreased by -33.46%, Infrastructure sector decreased by -31.51%, JCI decreased by -29.93%, Property sector decreased by -27.20%, Trade sector decreased by -26.86%, and Finance sector decreased by -22.06%. This indicates that all sectoral sectors in Indonesia experienced a significant decline during the Covid-19 Pandemic. In general, the Covid-19 pandemic also had an impact on economic growth in Indonesia, as shown below.



Figure 3. Indonesia's economic growth during the Covid-19 Pandemic

Source: (Katadata, 2021)

Based on Figure 3, it can be seen that in the first quarter of 2019 the Indonesian economy was still at 5% but during the Covid-19 Pandemic the most severe decline occurred in the third quarter of 2020 where Indonesia's economic growth was -5%. This means that the Covid-19 Pandemic has also had a significant impact on economic growth in Indonesia.

Stimulus to overcome the economic crisis due to the Covid-19 pandemic

The Indonesian government made several policies to deal with the Covid-19 case with 2 policy directions. First, the government must see policies as preventive (substantive) and second, the government must make policies as a focus on regulating the economy (Yamali & Putri, 2020). If these policies are implemented simultaneously, they will result in ineffective implementation of these policies. In addition to being ineffective, this policy will also result in coordination between the central government and regional governments that is not well aligned (Budi & Anshari, 2020). This policy basically aims to break the chain of transmission of Covid-19 even though the economic recovery is even worse (Kurniawansyah et al., 2020).

The Indonesian government in dealing with Covid-19 has also made several regulations or regulations including Presidential Decrees, Presidential Regulations, Government Regulations, Presidential Instructions, Government Regulations in Lieu of Laws. These regulations were made to deal with Covid-19 and are expected to be an alternative in terms of health, politics, bureaucracy and the country's economy caused by the Covid-19 pandemic (Widianingrum & Mas'uid, 2020). The regulations that have been issued are basically the basis for allocation, distribution and stabilization efforts to deal with the Covid-19 pandemic outbreak (Yamali & Putri, 2020).

The stimulus carried out by the Indonesian government as a policy maker is as follows:

1. Fiscal stimulus to encourage community economic growth, including:
 - a. Postponement of payment of import income or PPh Article 22 for 6 months,

- b. Temporary exemption from income tax or Article 21 Income Tax for 6 months for processing industries,
 - c. Article 25 PPh tax reduction of 60% for 6 months,
 - d. Restaurant and hotel tax exemption for 6 months,
 - e. Relaxation of refunds for value added tax or VAT for 6 months,
 - f. Acceleration of distribution for social assistance (bansos), public housing subsidies and implementation of pre-employment cards,
 - g. discount airline tickets,
 - h. Insurance and compensation for medical personnel who are involved in handling the Covid-19 outbreak.
2. Non-fiscal stimulus in the export and import sectors, among others:
- a. Acceleration of import and export processes for business actors who have a good reputation,
 - b. Process of accelerating import and export,
 - c. Facilitate export activities so that they can have an impact on smooth export activities and increase competitiveness,
 - d. Facilitate imports for companies that have status as strategic food products, producers and commodities of medicine, horticulture and food.
3. Stimulus in the financial sector, such as:
- a. OJK issues leeway for issuers to buy back shares without a general meeting of shareholders (GMS) mechanism.
 - b. Easing credit restructuring,
 - c. Ease of payment of social security program contributions to workers affected by Covid-19,
 - d. Decreasing Indonesia's benchmark interest rate.
 - e. BI expanded the underlying transactions for foreign investors so that it could provide an alternative to protecting the rupiah exchange rate. (Semaun, 2020).

Incentives or other stimuli during the Covid-19 Pandemic caused several sectors to be affected, namely the tourism sector (Utami & Kafabih, 2021). This can be seen from the decrease in the number of foreign tourists which will result in decreased foreign exchange transactions. Other policies in the fiscal economy are also carried out such as providing tax incentives in several sectors, namely transportation, tourism, aviation, trade, hospitality to encourage the affected tourism sector.

Several stimulus or policies are also expected to deal with the Covid-19 pandemic such as credit relaxation as a fiscal policy to encourage manufacturing production which can have a direct impact on workers. Then optimizing the Omnibus Law on Job Creation which takes into account the potential for termination of employment (PHK) in terms of providing incentives in the form of money, training and access to new jobs. Another economic stimulus that can be maximized is maximizing monetary policy through lowering interest rates and maintaining the stability of the

rupiah exchange rate. Then it is also necessary to limit hoax news that develops in society to maintain public trust and will have implications for price stability and food security in society (Semaun, 2020).

Life after the economic crisis due to the Covid-19 pandemic

Indonesia has now entered a normal period or is called the new normal era. The normal period or the new normal era is the period after the Covid-19 pandemic. Several policies were taken by the Indonesian government in the normal era in the focus on health that had been taken, namely vaccinations had been carried out. This policy can have an impact on the lives of Indonesian people to carry out normal activities, including economic activities. In 2022 now, vaccination has been carried out to the third stage and community activities have started to normal, although there are still several sectors that need recovery, such as the tourism and financial sectors. From the tourism sector, the government has started to allow tourists, both local and foreign, to visit Indonesia, of course, with the conditions that apply. Tourism can also boost the Indonesian economy because tourism can trigger the purchasing power of both local and foreign people so that sales will increase, especially from Micro, Small, Medium and Micro Enterprises (MSMEs).

Micro, Small and Medium Enterprises (MSMEs) are a sector that the Indonesian government pays close attention to (Savitri et al., 2020). MSMEs are the backbone of the Indonesian economy in the current era. The purchasing power of the people starts from below, namely the rise of MSMEs which will circulate money and will have an impact on the economy as a whole. This is reinforced by the fact that in this new normal era, people's economic activities are very normal, running as usual. The Indonesian government has also pursued various policies to overcome and minimize the economic impact caused by the Covid-19 pandemic previously so that to recover from the Covid-19 pandemic, Indonesia has quite good capabilities.

After the Covid-19 Pandemic in the future, it is expected to be both a challenge and an opportunity for Indonesia. It becomes a challenge because the Covid-19 Pandemic, whose impact has been described, creates certain conditions where it takes time to rise. It becomes an opportunity due to the conditions after the Covid-19 Pandemic where various behavioral and system adjustments are able to change patterns of life and possibly change the pattern of the future economy in Indonesia.

CONCLUSION

Based on the findings, it can be concluded that the cause of the global economic crisis, especially in Indonesia, was caused by the Covid-19 Pandemic which appeared in most countries in the world. The Covid-19 pandemic has had a major impact on the economy in Indonesia and is estimated to have a bigger impact than the 2008 crisis. However, with various policies and stimulus the Indonesian government has been able to survive even though many sectors have been heavily affected but at least it can be minimized. In the post-Covid-19 Pandemic era or the new normal era, people have resumed their activities as before and it is hoped that MSMEs will be the foundation for building the economy in Indonesia.

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