The Influence of the Covid-19 Outbreak on the Open Unemployment Rate and Economic Growth in the Affected Sectors in Indonesia

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A B S T R A C T

The Covid-19 outbreak that spreads to almost all countries in the world is predicted to have a huge impact on world economic growth. In early 2020, there were many disasters ranging from floods, natural disasters such as tornadoes, landslides, mountain eruptions, tidal waves or abrasion, forest and land fires and also earthquakes. This study used a simple linear regression analysis method. Simple regression analysis is used to find out the relationships and influences that exist on variables bound to free variables carried out with time series data. The results of the study that the Open Unemployment Rate (TPT) and Economic Growth. dependent var 2.394632. If the economic growth variable is fixed or 0 then the open displacement rate variable is 7.50 percent. The remainder (91.52 percent) is explained by other variables that do not participate in the regression model. The impact of the Covid-19 pandemic or coronavirus is felt by all sectors including the economic sector which results in workers and business people losing income. The weakening economy has an impact on the employment situation in Indonesia. The decline in the rate of economic growth affects the economic performance of all provinces, regencies/cities.

INTRODUCTION

At the beginning of March 2020, all countries in the world were shocked by the coronavirus (Covid-19) outbreak that infected almost all countries. This outbreak began in Wuhan, China in December 2019 and began to spread to various countries in the world, including Indonesia, in March 2020. The virus is known to have first appeared in animal centers and Seafood markets in the city of Wuhan. At this time, the world is in a disorganized and chaotic state in various fields, namely in the fields of health, economy, education, religion and socio-culture. This happened because of the Covid-19 virus from Wuhan China, which then spread to other countries, until it entered Indonesia. The COVID-19 virus has experienced an increasing trend of positive cases, at this time November 25, 2020, positive cases in Indonesia amounted to 512 thousand cases with 430 thousand declared cured and 16,225 died. To reduce the spread of this virus and break the chain of transmission of covid-19, the government issued a PSBB regulation followed by the establishment of a public health emergency.

This situation has a very broad impact on the socioeconomic conditions of the community including the sustainability of employment and the decline in workers' incomes. In the early phases of the International Labour Organization (ILO) estimates that around 25 million jobs in the world could be lost due to the COVID-19 pandemic (ILO, 2020). Furthermore, in the second quarter of 2020 the ILO predicts that the working hours of all workers will decrease by 10.5 percent or the equivalent of 305 million full-time workers assuming full-time working hours are 48 hours per week (ILO, 2020c).

The development of the health crisis that has an impact on the world economy has practically made all countries in the world have to retreat with strategic plans that have been originally set to be replaced by emergency response policies by mobilizing all resources to overcome the Covid-19 outbreak. Think tanks and strategic thinkers corrected their projections, especially in 2020, where there is likely to be a slowdown, recession, and even an economic depression. Development in each country is ensured to be disrupted. Each country revised its state budget and provided a large allocation of funds to overcome this corona outbreak. Given that the diseases that come through the coronavirus are quite deadly (on average about 3-5% of deaths from victims who have been exposed to the virus), then patent drugs have not been found, then only preventive solutions are the best way to be pursued so that each country can protect every life of its citizens (Muhyiddin, 2020).

Finance Minister Sri Mulyani said the impact of the spread of covid-19 on the economy would be much more complex than the crises that occurred in 1997-1998 and 2008-2009. The industrial sectors that have covid 19 are tourism, finance, transportation, mining, construction , automotive and MSMEs.

President Joko Widodo has determined the Covid-19 *pandemic* to have the status of a national disaster with the issuance of Presidential Decree (Keppres) Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Covid-19. The determination of this national disaster status has an impact on the business world because it makes it

difficult for business actors to even be unable to fulfill their contractual obligations. The determination of this national disaster status is a strong reason for any party who is unable to fulfill their obligations , so termination of employment can no longer be avoided. In Law Number 13 of 2003 concerning manpower, dismissal is the termination of a person's employment with a company organization. There are two types of terminations, namely temporary and permanent.

THEORETICAL REVIEW
Economic growth

Economic growth can be defined as the development of activities in the economy that cause the goods and services produced in the community to increase. Macroeconomic problems can be viewed as macroeconomic problems in the long run (Sadono,2008).

To measure the amount of economic growth in a country/region, an important indicator can be used, namely the value of Gross Domestic Product (GDP) or the value of Gross Regional Domestic Product. Gross Domestic Product (GDP) or Gross Regional Domestic Product (GRDP) is the value of the production of goods and services created in an economy within one year. The measurement of GDP or GRDP can be interpreted through three approaches, namely the production method, income and expenditure method. This can be explained, among others: 1. According to the Production Approach. GDP or GRDP is the sum of the final value of goods and services produced by various units of production on the territory of a country in a period of one year. In calculating GDP or GRDP with a production approach, what is calculated is the value of additional production or value added created. In this way it can be avoided the enactment of double calculations. 2.According to the Income Approach. GDP or GRDP is the amount of repayment received by production factors that participate in the production process in a country within a certain period of time. The repayment in question is salary and wages, land rent, capital interest and profits before direct tax deductions. 3. According to the Spending Approach. GDP or GRDP is all components of expenditure carried out by households in the form of Consumption (C), companies in the form of Investment (I), Government (G), and foreign trade in the form of Net Exports (X-M) usually within a period of one year

Open Unemployment Rate (TPT)

According to the central agency statistics the Open Unemployment Rate (TPT) is percentage of the number of unemployed to the number of the labor force. Open unemployment consists of:
    a. Those who don't have a job and are looking for a job.
    b. Those who do not have a job and prepare for business.
    c. Those who do not have a job and are not looking for a job, because they find it impossible to get a job.
    d. Those who already have a job, but have not yet started work.

In managing human resources, there are several important stages that must be considered by the company or related departments, namely:

1. Planning
2. Planning is the most important stage in managing human resources, namely planning how the human resources used will later go hand in hand with the company's vision and mission and can support the achievement of company targets and goals.
3. Attaining Human resources recruited by the company in accordance with the qualifications and standards that have been determined by the company before.
4. Developing Developing human resources that are already available, it is expected that the performance of HR performance will increase after training and development.
5. Maintaining Managing and maintaining quality human resources. The HRD department must develop a payroll and benefit system that is competitive with similar industries.
6. Retaining Is a combination of retaining or removing employees (rationalization). HRD needs to prepare careful planning in terms of releasing HR from the company in the form of rationalization, dismissal or retired employees.

By understanding the stages of human resource management above, at least the company will know the process links that influence in determining the level of company performance supported by the quality of human resources by mapping which links the company needs to revitalize.

Unemployment

According to Sukirno (2008: 13) in the research of Rovia Nugrahani Pramesthi (2013), unemployment is a person who is already classified in the labor force, who is actively looking for work at a certain level of wages, but cannot get the desired job. In line with the above opinion, quoted from Rovia Nugrahani Pramesthi's (2013) research entitled 'The Effect of Unemployment and Inflation on Economic Growth in Trenggalek Regency', Murni (2006: 197) unemployment is people whose age is in the age of the labor force and is looking for work. Murni (2009: 191) explains that the term unemployment has always been associated with the labor force. The labor force is part of those between the ages of 15 and 65, who have the will and ability to work, as well as those who are looking for work.

METHODOLOGY

This study analyzes whether covid-19 has an impact with the open unemployment rate with economic growth in the affected sectors having a reciprocal relationship between the two where the relationship is seen from the results of the analysis using a simple linear method. The type of data used in this study is secondary data. The method used by the authors in collecting data in this study is by means of documentation studies and literature studies.

This study used a simple linear regression analysis method. Simple regression analysis is used to find out the relationships and influences that exist

on variables bound to free variables carried out with time series data. In this method, economic growth will be a free variable and also a bound variable in other words will be dependent and independent, as well as the degree of open aggravation will be a free or independent variable and a bound or dependent variable. Here's a model in simple linear regression that can be written down:

$$TPT\ t\ = a + \beta PE_t + e_t \ .... \quad (1)$$

Keterangan:
TPT : Economic Growth Rate
PE : Economic Growth
α : Constants
β : Coefficient
ε : Term Error

RESULTS

This study tested whether there was an influence of the existing linkages on the two variables studied, namely the Open Unemployment Rate (TPT) and Economic Growth. The result of the regression will be a reference to find out whether the two variables affect each other or not. From the table above, it can be seen that the simple regression equation used in this study is:

$$TPTt= 7.50- 0.30\ PEt+et.......$$

If the economic growth variable is fixed or 0 then the open displacement rate variable is 7.50 percent.

Table 1. Simple Linear Regression Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	7.507110	0.739595	10.15030	0.0000
PE	-0.306272	0.095099	-3.220567	0.0031

R-squared	0.084899	Mean dependent var	5.564161
Adjusted R-squared	0.053343	S.D. dependent var	2.394632
S.E. of regression	2.329888	Akaike info criterion	4.591859
Sum squared resid	157.4230	Schwarz criterion	4.684374
Log likelihood	-69.17381	Hannan-Quinn criter.	4.622016
F-statistics	2.690476	Durbin-Watson stat	1.910855
Prob(F-statistic)	0.111754	Wald F-statistic	10.37205
Prob(Wald F-statistic)	0.003148		

Source: Eviews

If economic growth falls by 1 percent then the open unemployment rate increases by 0.30 percent (negative or opposite direction). probability value or T test of economic growth variable less than alpha 5 percent (prob value. By 0.0031 < 0.5) then the economic growth variable has a significant effect on the open unemployment rate for the Coefficient of Determination, which is 0.0848, meaning that 8.48 percent of the economic growth variable is able to explain the

variation in the open unemployment rate. The remainder (91.52 percent) is explained by other variables that do not participate in the regression model.

DISCUSSION
Covid-19 outbreak on open unemployment rate and economic growth in affected sectors in Indonesia

Covid-19 has become problematic in Indonesia until now. The impact of the Covid-19 pandemic or coronavirus is felt by all sectors including the economic sector which results in workers and business people losing income. Large-Scale Social Restrictions (PSBB) in an effort to reduce the spread of the virus caused workers to be laid off without getting wages, as many as 81% of the global workforce was not allowed to work because workplaces were closed and not operating. In August 2020, a report by the Central Statistics Agency (BPS) stated that Indonesia's economic growth in the second quarter of 2020 was minus 5.32%. Previously, BPS said that the Indonesian economy grew by 2.97%, down from 5.02% growth in 2019. The weakening economy has an impact on the employment situation in Indonesia. SMERU Research Institute, in August 2020 released a policy note that mentioned as many as two implications of the economic crisis experienced by Indonesia on the labor sector, namely an increase in the number of unemployed and changes in the Indonesian labor market landscape after the crisis.

The decline in the rate of economic growth affects the economic performance of all district/city provinces. Districts or cities that are affected by the impact of the Covid-19 pandemic are those that do not have diversified economic sectors that not only develop in various sectors within an area, but the distribution of their labor must be evenly distributed in all sectors. According to Levine (2012) if GDP growth is above the growth of the labor force, then the provision of work will create new jobs to meet the increasing demand for goods and services. This will lead to an increase in the number of workers employed and a decrease in the unemployment rate.

Based on the results of sakernas data analysis, it can be shown that there is a decline in the labor market in the thousand islands district in dki jakarta province, most of the regencies/cities in banten province, west java, jaw atengah, east java. This is due to a decrease in economic activity as indicated by a decrease in the economic rate in the district/city. Oktafianto et al (2019) stated that the level of work participation has a negative influence on the unemployment rate. If the labor force participation rate increases, there will be a decrease in the unemployment rate in an area. The results of Guclu's research (2017) also explained that the growth of the labor force in an area is compensated by job growth so that the unemployment rate of the unemployment rate will decrease.

CONCLUSIONS

This study tested whether there was an influence of the existing linkages on the two variables studied, namely the Open Unemployment Rate (TPT) and Economic Growth. dependent var 2.394632. If the economic growth variable is fixed or 0 then the open displacement rate variable is 7.50 percent. The

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by Hidayat Ariodillah

The Influence of the Covid-19 Outbreak on the Open Unemployment Rate and Economic Growth in the Affected Sectors in Indonesia

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A R T I C L E I N F O

A B S T R A C T

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INTRODUCTION

At the beginning of March 2020, all countries in the world were shocked by the coronavirus (Covid-19) outbreak that infected almost all countries. This outbreak began in Wuhan, China in December 2019 and began to spread to various countries in the world, including Indonesia, in March 2020. The virus is known to have first appeared in animal centers and Seafood markets in the city of Wuhan. At this time, the world is in a disorganized and chaotic state in various fields, namely in the fields of health, economy, education, religion and socio-culture. This happened because of the Covid-19 virus from Wuhan China, which then spread to other countries, until it entered Indonesia. The COVID-19 virus has experienced an increasing trend of positive cases, at this time November 25, 2020, positive cases in Indonesia amounted to 512 thousand cases with 430 thousand declared cured and 16,225 died. To reduce the spread of this virus and break the chain of transmission of covid-19, the government issued a PSBB regulation followed by the establishment of a public health emergency.

This situation has a very broad impact on the socioeconomic conditions of the community including the sustainability of employment and the decline in workers' incomes. In the early phases of the International Labour Organization (ILO) estimates that around 25 million jobs in the world could be lost due to the COVID-19 pandemic (ILO, 2020). Furthermore, in the second quarter of 2020 the ILO predicts that the working hours of all workers will decrease by 10.5 percent or the equivalent of 305 million full-time workers assuming full-time working hours are 48 hours per week (ILO, 2020c).

The development of the health crisis that has an impact on the world economy has practically made all countries in the world have to retreat with strategic plans that have been originally set to be replaced by emergency response policies by mobilizing all resources to overcome the Covid-19 outbreak. Think tanks and strategic thinkers corrected their projections, especially in 2020, where there is likely to be a slowdown, recession, and even an economic depression. Development in each country is ensured to be disrupted. Each country revised its state budget and provided a large allocation of funds to overcome this corona outbreak. Given that the diseases that come through the coronavirus are quite deadly (on average about 3-5% of deaths from victims who have been exposed to the virus), then patent drugs have not been found, then only preventive solutions are the best way to be pursued so that each country can protect every life of its citizens (Muhyiddin, 2020).

Finance Minister Sri Mulyani said the impact of the spread of covid-19 on the economy would be much more complex than the crises that occurred in 1997-1998 and 2008-2009. The industrial sectors that have covid 19 are tourism, finance, transportation, mining, construction , automotive and MSMEs.

President Joko Widodo has determined the Covid-19 *pandemic* to have the status of a national disaster with the issuance of Presidential Decree (Keppres) Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Covid-19. The determination of this national disaster status has an impact on the business world because it makes it

difficult for business actors to even be unable to fulfill their contractual obligations. The determination of this national disaster status is a strong reason for any party who is unable to fulfill their obligations , so termination of employment can no longer be avoided. In Law Number 13 of 2003 concerning manpower, dismissal is the termination of a person's employment with a company organization. There are two types of terminations, namely temporary and permanent.

THEORETICAL REVIEW
Economic growth

Economic growth can be defined as the development of activities in the economy that cause the goods and services produced in the community to increase. Macroeconomic problems can be viewed as macroeconomic problems in the long run (Sadono,2008).

To measure the amount of economic growth in a country/region, an important indicator can be used, namely the value of Gross Domestic Product (GDP) or the value of Gross Regional Domestic Product. Gross Domestic Product (GDP) or Gross Regional Domestic Product (GRDP) is the value of the production of goods and services created in an economy within one year. The measurement of GDP or GRDP can be interpreted through three approaches, namely the production method, income and expenditure method. This can be explained, among others: 1. According to the Production Approach. GDP or GRDP is the sum of the final value of goods and services produced by various units of production on the territory of a country in a period of one year. In calculating GDP or GRDP with a production approach, what is calculated is the value of additional production or value added created. In this way it can be avoided the enactment of double calculations. 2.According to the Income Approach. GDP or GRDP is the amount of repayment received by production factors that participate in the production process in a country within a certain period of time. The repayment in question is salary and wages, land rent, capital interest and profits before direct tax deductions. 3. According to the Spending Approach. GDP or GRDP is all components of expenditure carried out by households in the form of Consumption (C), companies in the form of Investment (I), Government (G), and foreign trade in the form of Net Exports (X-M) usually within a period of one year

Open Unemployment Rate (TPT)

According to the central agency statistics the Open Unemployment Rate (TPT) is percentage of the number of unemployed to the number of the labor force. Open unemployment consists of:
a. Those who don't have a job and are looking for a job.
b. Those who do not have a job and prepare for business.
c. Those who do not have a job and are not looking for a job, because they find it impossible to get a job.
d. Those who already have a job, but have not yet started work.

In managing human resources, there are several important stages that must be considered by the company or related departments, namely:

1. Planning
2. Planning is the most important stage in managing human resources, namely planning how the human resources used will later go hand in hand with the company's vision and mission and can support the achievement of company targets and goals.
3. Attaining Human resources recruited by the company in accordance with the qualifications and standards that have been determined by the company before.
4. Developing Developing human resources that are already available, it is expected that the performance of HR performance will increase after training and development.
5. Maintaining Managing and maintaining quality human resources. The HRD department must develop a payroll and benefit system that is competitive with similar industries.
6. Retaining Is a combination of retaining or removing employees (rationalization). HRD needs to prepare careful planning in terms of releasing HR from the company in the form of rationalization, dismissal or retired employees.

By understanding the stages of human resource management above, at least the company will know the process links that influence in determining the level of company performance supported by the quality of human resources by mapping which links the company needs to revitalize.

Unemployment

According to Sukirno (2008: 13) in the research of Rovia Nugrahani Pramesthi (2013), unemployment is a person who is already classified in the labor force, who is actively looking for work at a certain level of wages, but cannot get the desired job. In line with the above opinion, quoted from Rovia Nugrahani Pramesthi's (2013) research entitled 'The Effect of Unemployment and Inflation on Economic Growth in Trenggalek Regency', Murni (2006: 197) unemployment is people whose age is in the age of the labor force and is looking for work. Murni (2009: 191) explains that the term unemployment has always been associated with the labor force. The labor force is part of those between the ages of 15 and 65, who have the will and ability to work, as well as those who are looking for work.

METHODOLOGY

This study analyzes whether covid-19 has an impact with the open unemployment rate with economic growth in the affected sectors having a reciprocal relationship between the two where the relationship is seen from the results of the analysis using a simple linear method. The type of data used in this study is secondary data. The method used by the authors in collecting data in this study is by means of documentation studies and literature studies.

This study used a simple linear regression analysis method. Simple regression analysis is used to find out the relationships and influences that exist

on variables bound to free variables carried out with time series data. In this method, economic growth will be a free variable and also a bound variable in other words will be dependent and independent, as well as the degree of open aggravation will be a free or independent variable and a bound or dependent variable. Here's a model in simple linear regression that can be written down:

$$TPT\ t\ = a + \beta PE_t + e_t \dots\dots \quad (1)$$

Keterangan:

TPT : Economic Growth Rate
PE : Economic Growth
α : Constants
β : Coefficient
ε : Term Error

RESULTS

This study tested whether there was an influence of the existing linkages on the two variables studied, namely the Open Unemployment Rate (TPT) and Economic Growth. The result of the regression will be a reference to find out whether the two variables affect each other or not. From the table above, it can be seen that the simple regression equation used in this study is:

TPTt= 7.50- 0.30 PEt+et.......

If the economic growth variable is fixed or 0 then the open displacement rate variable is 7.50 percent.

Table 1. Simple Linear Regression Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	7.507110	0.739595	10.15030	0.0000
PE	-0.306272	0.095099	-3.220567	0.0031
R-squared	0.084899	Mean dependent var		5.564161
Adjusted R-squared	0.053343	S.D. dependent var		2.394632
S.E. of regression	2.329888	Akaike info criterion		4.591859
Sum squared resid	157.4230	Schwarz criterion		4.684374
Log likelihood	-69.17381	Hannan-Quinn criter.		4.622016
F-statistics	2.690476	Durbin-Watson stat		1.910855
Prob(F-statistic)	0.111754	Wald F-statistic		10.37205
Prob(Wald F-statistic)	0.003148			

Source: Eviews

If economic growth falls by 1 percent then the open unemployment rate increases by 0.30 percent (negative or opposite direction). probability value or T test of economic growth variable less than alpha 5 percent (prob value. By 0.0031 < 0.5) then the economic growth variable has a significant effect on the open unemployment rate for the Coefficient of Determination, which is 0.0848, meaning that 8.48 percent of the economic growth variable is able to explain the

variation in the open unemployment rate. The remainder (91.52 percent) is explained by other variables that do not participate in the regression model.

DISCUSSION

Covid-19 outbreak on open unemployment rate and economic growth in affected sectors in Indonesia

Covid-19 has become problematic in Indonesia until now. The impact of the Covid-19 pandemic or coronavirus is felt by all sectors including the economic sector which results in workers and business people losing income. Large-Scale Social Restrictions (PSBB) in an effort to reduce the spread of the virus caused workers to be laid off without getting wages, as many as 81% of the global workforce was not allowed to work because workplaces were closed and not operating. In August 2020, a report by the Central Statistics Agency (BPS) stated that Indonesia's economic growth in the second quarter of 2020 was minus 5.32%. Previously, BPS said that the Indonesian economy grew by 2.97%, down from 5.02% growth in 2019. The weakening economy has an impact on the employment situation in Indonesia. SMERU Research Institute, in August 2020 released a policy note that mentioned as many as two implications of the economic crisis experienced by Indonesia on the labor sector, namely an increase in the number of unemployed and changes in the Indonesian labor market landscape after the crisis.

The decline in the rate of economic growth affects the economic performance of all district/city provinces. Districts or cities that are affected by the impact of the Covid-19 pandemic are those that do not have diversified economic sectors that not only develop in various sectors within an area, but the distribution of their labor must be evenly distributed in all sectors. According to Levine (2012) if GDP growth is above the growth of the labor force, then the provision of work will create new jobs to meet the increasing demand for goods and services. This will lead to an increase in the number of workers employed and a decrease in the unemployment rate.

Based on the results of sakernas data analysis, it can be shown that there is a decline in the labor market in the thousand islands district in dki jakarta province, most of the regencies/cities in banten province, west java, jaw atengah, east java. This is due to a decrease in economic activity as indicated by a decrease in the economic rate in the district/city. Oktafianto et al (2019) stated that the level of work participation has a negative influence on the unemployment rate. If the labor force participation rate increases, there will be a decrease in the unemployment rate in an area. The results of Guclu's research (2017) also explained that the growth of the labor force in an area is compensated by job growth so that the unemployment rate of the unemployment rate will decrease.

CONCLUSIONS

This study tested whether there was an influence of the existing linkages on the two variables studied, namely the Open Unemployment Rate (TPT) and Economic Growth. dependent var 2.394632. If the economic growth variable is fixed or 0 then the open displacement rate variable is 7.50 percent. The

remainder (91.52 percent) is explained by other variables that do not participate in the regression model. The impact of the Covid-19 pandemic or coronavirus is felt by all sectors including the economic sector which results in workers and business people losing income. The weakening economy has an impact on the employment situation in Indonesia. The decline in the rate of economic growth affects the economic performance of all provinces, regencies/cities.

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