

Does Health Protocol Contribute to the Indonesia's Economic Growth in COVID-19 Pandemic?

Wiwin Priana¹, Dewi Khrisna Sawitri²

¹Department of Economic Development, Faculty of Economics and Business,
UPN "Veteran" East Java

²Department of Management, Faculty of Economics and Business, UPN "Veteran" East Java

Correspondent: dewikhrisna.mnj@upnjatim.ac.id

Submitted : March 27, 2021 Revised : April 6, 2021 Published : April 30, 2021

ABSTRACT

The COVID-19 has affected many aspects of life within a year. Some countries have declared to lockdown their nations to protect their citizens. That also happens in Indonesia. Many efforts are conducted to restrict human interaction and it directly has impacted a lot for business and economy sector. In the beginning, the emerge of COVID-19 in Indonesia had directly decreased the economic growth. It also gives an impact on the next growth during the year 2020. Finally, It results in the average of economic growth in overall 2020. This research explores the data of economic growth taken from BPS. The result shows the economic growth in percentage and it also shows how the economic growth declines. This research also tries to elaborate on the existence of government policy in the Public Health sector that tries to simulate the operation of a business. Health Protocol is implemented for business during this pandemic through its implementation cost more money.

Keywords: COVID-19 Pandemic, Economic growth, the Health Protocol

INTRODUCTION

Most people nowadays can easily get infected with this COVID-19. Leach et. al., (2021) mentioned news from China, South Korea, even Italy, and Spain had stated that this new disease is an infectious disease. The pattern of this virus has caused some limitation of human movement and works have become less productive. Locally, this COVID-19 give a bad impact on business. The lockdown raised telework and telecommuting, canceled operations, also limited supply and demand (Shrestha et al., 2020). The development of a city even a nation is also affected because of the existence of this pandemic. Eichenbaum et al (2020) stated that there is no advanced transformation in social, economic, and politics during this year of the COVID-19 pandemic, and the economic growth, market freedom, globalization, and many things are being under challenge. Discussing globalization, we can also find out how the business affects the currency. Many businesses globally give a contribution to strengthen of currency. So, the condition of a nation is struggling with its economic activity also give an impact on its currency. It is known that during this pandemic, targets have always been debated in being out of reach since getting more outputs is difficult as discussing how performance is achieved.

How pandemic affect a nation's economic growth has been witnessed in the existence of avian influenza (Burns et al, 2006). According to Burns et al. (2006), in the first year, the global and local movement restrictions caused by this virus had given impact up to 4.8 percent of global

GDP. Barry (2005) also discussed how Spanish influenza in 1918 affected major economic destruction globally and because of the four-year struggle, the economy was smaller and so much far connected. Understanding those historic moments, the researcher realized that pandemics can give economic problems. It cannot be neglected that this COVID-19 can also affect economic growth. It is interesting to find out whether this pandemic situation affects economic growth significantly. This research tries to elaborate on how the pandemic affects economic growth and the health protocols can contribute to economic growth in 2021. The percentage of economic growth in the year 2020 is provided and it is divided into four periods of times (three-month period). Next, we also provide the number of COVID-19 cases that happen in Indonesia to show how this pandemic still needs the government's focus to overcome while at the same time it has also targeted higher economic growth in the year 2021.

METHODS

This is qualitative research by conducting a scientific literature review based on theories. This research is a multidisciplinary analysis since it elaborates on phenomena that happen in society not only from an economic point of view but also health and social. The rate of economic growth in 2020 was presented to relate how it affected the way society reacted in their day-to-day economic activities. Using secondary data of economic growth from BPS periods, researchers explained how the economic growth in the year 2020 for every three months has reflected the economic condition during a pandemic. Data from BPS exhibited either there were any changes in each period. Each growth for every three months was also shown to the difference and also the average from total economic growth's periods. The average of economic growth is then used to describe how economic activity happens in society. Besides, This research also uses data and information from journals, an online newspaper, and a magazine. The reviewed articles mostly were in 2020 and 2021 and relate to the latest pandemic situation.

RESULT AND DISCUSSION

The Analysis of Economic Growth Reflect the Society's Economic Activity

The Modern Economic Growth theory mentions that Government plays a role to overcome the failure of the system of a free market. This theory tends not to support the effectiveness of the free-market system without interference from the government. McKibbin and Fernando (2020) stated that necessary phases to control the spread of COVID-19 across the world will have significant negative consequences for the global economy. The government does have authority in deciding the economic growths of its nation. Discussing the role of government there are some theories underlie. A theory mentions that the government role cannot give influence growth in the form of expenses or taxes. This refers to The Neoclassical's. Hence, population growth will affect labor availability but will not have an impact on economic growth. Another theory explains that physical capital investment and human capital play a role in determining long-term economic growth. This is called the endogenous growth theory. The interference of the government on economic growth exists in the form of expenditure for public investment and revenue from taxes. Other contributions of government's influence that give an impact on economic growth are infrastructure, laws and regulations, political stability, bureaucracy.

Based on the table below, starting from the first quarter of 2020, Indonesia's economic growth is noted at positive 2.97 %. The next quarter reached at - 5.32% in 2nd Quarter and the

3rd Quarter can reach - 3.49 %. The 4th quarter still noted minus for the growth at 2.19%. The average growth was considered low since it shows at minus 2.0%. Bradsher (2020) mentioned that even China shows a decrease of 6.8% in its first four months. This shows how the pandemic had affected the nations not only in Indonesia but also China which is the second-largest economy. According to Tooze (2020), the COVID-19 has raised economic impacts such as the loss of economic activity, the requirements for credit and loan finance to run the businesses. During this pandemic, Bank Indonesia continuously elaborates coordination with the Government to handle economic instability. Many economic policies are implemented to support the wheel of the economy in Indonesia. How the pandemic caused Indonesia's economic growth in 2020 can be seen in the table below.

Table 1.
The Indonesia's Economic Growth Year 2020

Three-month period	GROWTH (%)
I	2.97
II	- 5.32
III	- 3.49
IV	- 2.19
Average	- 2.0075

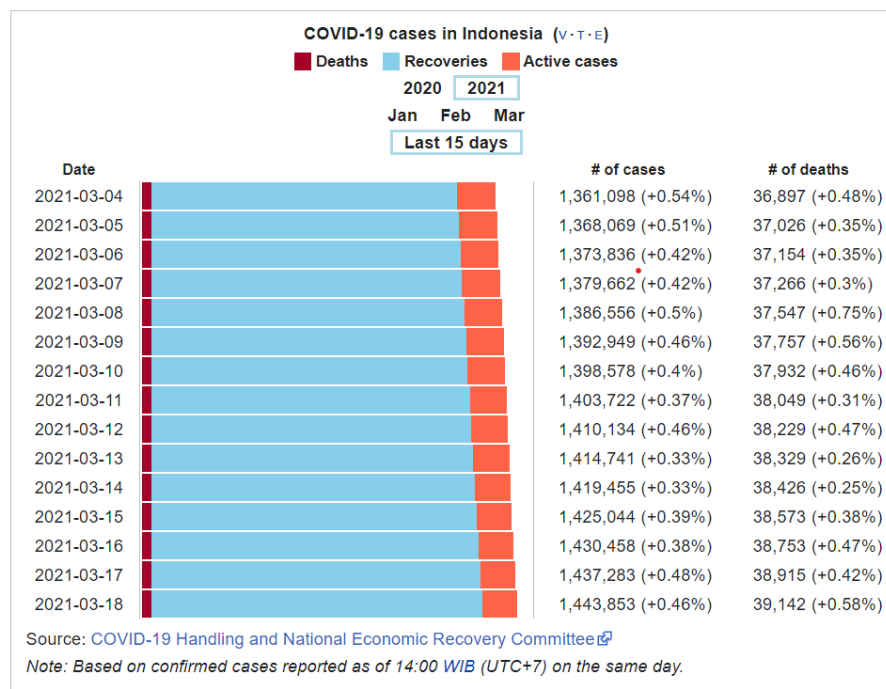
Source : *Badan Pusat Statistik*, Feb 8, 2021

From the table above, the second three-month period of economic growth has declined at minus 5.32 %. The number showed the period of COVID-19 had entered Indonesia for the first time. The COVID 19 entered Indonesia on March 2, 2020, when The President announced the first case of two citizens mentioned to be positively suffered from COVID-19 (Djalante et al., 2020). Since then, many cases are found to emerge in other cities of Indonesia. The movement of COVID 19 limits human interaction. The spread of the COVID-19 virus has the greatest impact on the financial and investment business sector including the most affected ones such as Aviation, tourism, hotel, restaurant, shipping, and transportation (Djalante et al., 2020). Many workers also got infected with this virus as they interact with others if they keep on working outside. Because of this virus, new policies related to labor insurance have been declared. According to the Ministry of Finance (2020), there is a decision to expand labor insurance (*BPJS Tenaga Kerja*) to cover COVID-19 related job losses. This policy is a form of protection for workers by giving cash transfers Rp. 1 million per month for three months if he is infected with this virus.

The average of economic growth was still experiencing a decline. Table 1 has shown economic growth at the end of the year 2020 at negative 2.19 and its rate stayed at negative 2.00 %. That number showed how the economy of society strongly struggles with the impact of COVID-19. The growth crawled slowly from its downfall in the second period of the three months at negative 5.32 %. The government is optimistic that economic growth in 2021 will reach 5% as supported by the calculations of the Head of the Center for Macroeconomic Policy at the Fiscal Policy Agency (BKF) Ministry of Finance, Amir Hidayat which stated that the 5% growth projection is a moderate assumption taking into account various uncertainties (Kontan.co.id). The main motor of Indonesia's gross domestic product (GDP) is household consumption. Therefore, when people's activities arise, consumption will easily follow. Government interference can give a contribution to supporting the business activity. Under these circumstances, it is necessary to do some efforts to elevate economic growth in 2021 by implementing mutual synergy between health and economic interests. Until today, the number of the case get infected and death is still

increasing. Data of covid 19 cases can be seen from Table 2. the total of the infected case has reached 1,443,853 cases and 39,142 for death cases (Wikipedia). But this does not make the government being so strict as it did in the year 2020. Sweeping to all restaurants and food vendors were conducted regularly to warn people to gather with one another. Those who crossed these rules were fined and temporarily closed. But now, the government has been so flexible by conducting *Pemberlakuan Pembatasan Kegiatan Masyarakat* (PPKM), with some rules.

Table 2.
COVID 19 Cases in Indonesia per March 2021



The Health Protocols and The society reaction to its Implementation

To stimulate the operation of any business activities, the government has released a health protocol that must be obeyed by all companies. The Minister of Health, Terawan Agus Putranto, declared a Ministry Decree about health protocol for restaurants implemented not only for a business owner but also for visitors and workers of restaurants (Kompas, 2020). This protocol can support the continuity of any business in culinary though this set of rules do not directly keep the people safe from being infected by this virus. On the economic analysis side, this government policy can give rooms and air for businesses to conduct their operations. There was still a crowd yet people are now urged to do the Health Protocol. Earlier, the government released the 3M Health Protocol in the year 2020 but lately the protocol has been adapted with the new normal condition and consists of the 5M procedure. The differences between the 3M and 5M Health Protocols are shown in Table3 below:

Table 3.
The difference between the 3M and The 5M of Health Protocol

THE 3M HEALTH PROTOCOL	THE 5M HEALTH PROTOCOL
1. Wearing face mask	1. Wearing a mask
2. Washing hands	2. Washing hands
3. Maintaining physical distance	3. Maintaining physical distance
	4. Staying away from crowds
	5. Limiting mobilization and interaction

Table 3. above exhibits two differences from the previous 3M Health Protocol. The government keeps on mentioning to the citizens wearing masks if gathered in a closed room, being in a car, in an office. The protocols directly state “to stay away from crowds”. It has a meaning that whenever there are crowds, people are told not to get closer and not being part of the crowd. People can keep on doing their activity but they still have to be aware of their surroundings. Another protocol “limiting mobilization and interaction” has meant that people are advised to prioritize their activity. They can keep on doing their daily activity but are suggested to reduce it. Lately, it can be seen from the traffic that fewer people go out at night. Fewer motorcycles and cars are seen if we go out to main streets.

Minister of tourism and creative industry mentioned that culinary supported the largest to the GDP of Indonesia's creative economy for about 41 % or approximately IDR 410 trillion in 2017 and the APJI's protocols hopefully can support this industry to operate and remain productive but still get protected from COVID 19 (Kemenparekraf, 2020). Besides, one of the triggers for optimism for recovery in 2021 is the provision of vaccines to Indonesian citizens. When the handling of COVID-19 can be gradually overcome, economic activity will be more vibrant. Economic growth in all components will also rise. The prospect of Fiscal Policy in 2021, written in the *Kebijakan Ekonomi Makro dan Pokok-Pokok Kebijakan Fiskal (KEM-PPKF) 2021* also mentions the strategic steps conducted by the government which is to optimize innovative earnings and support the business for economic recovery (Pratiwi, 2020).

Society has been so well informed with any kind of information. There are many sources, not just from the television but also from social media such as WhatsApp, Instagram, and other applications such as Tik Tok, youtube, etc. From those social media, it can be seen that people do the protocols when they enter some restaurants; they washed their hands with soap and clean waters, they willingly do the body temperature check conducted by the official workers, they sit separately with others, they still wear a face mask when entering restaurants, etc. The society performs no resistance and refusal. For the online order, they also obey the rules given by the restaurants. Online order is given separated room and they also still wear a mask while waiting for their orders, they also use sanitizer and wash their hands. These cooperative conditions show the possibility of good business activities that can stimulate more sales for business owners. Food businesses can show more selling growth and stabilize their condition after having their downfalls during a year pandemic in 2020.

CONCLUSION

Unpredictably, a Pandemic happens and it has changed all human activities. Many cases are related to the violation of the food business which does not obey the protocols. Punishments are given in the form of penalties and temporary closings. According to Katz et al. (2020), a crucial challenge of the global socio-economic system exist during this COVID-19 pandemic. The pandemic has shaped the new human behavior. This COVID-19 has limited human movement and interaction and it results in the existence of low societies' consumption.

It is undebatable that pandemic has made all people struggle especially those who are already fighting for getting good earnings for the pandemic. The non-permanent workers, for example, are striving more than before to survive. Late experiences related to the COVID-19 lockdowns indicate how labor is core to economies and is low-paid, precarious, and carried out by women, ethnic minorities, and migrants (Meadway, 2020).

REFERENCES

- Burns, A., Van der Mensbrugge, D., Timmer, H. (2006). Evaluating the economic consequences of avian influenza. World Bank. Washington DC.
- Barry, J. M. (2005). The great influenza: The epic story of the deadliest plague in history. London: *Penguin Books*.
- Bradsher, K., (2020) China's Economy Shrinks, Ending a Nearly Half-Century of Growth. Available at <https://www.nytimes.com/2020/04/16/business/china-Coronavirus-economy.html>. *The New York Times*: Business.
- CNBC Indonesia. (2020). Tutup Tahun 2020 dengan Manis, Rupiah Juara Asia! Archived from <https://www.cnbcindonesia.com/market/20201230153041-17-212604/tutup-tahun-2020-dengan-manis-rupiah-juara-asia>, Retrieved 30 December 2020
- Djalante, R., Lassa J., Setiamarga D., Sudjatma A., Indrawan M., Haryanto B., Mahfud C., Sinapoy, M.S., Djalante S., Rafliana, I., Gunawan L.A., Surtiari, G.A.K., Warsilah H., (2020). Review and analysis of current responses to COVID-19 in Indonesia: Period of January to March 2020. *Progress in Disaster Science* 6 (2020) 100091
- Eichenbaum, M. S., Rebelo, S., & Trabandt, M. (2020). *The macroeconomics of epidemics*. 26882. *National Bureau of Economic Research*. <https://doi.org/10.3386/w26882>
- Katz, R., Jung, J., Callorda, F. (2020). Can digitization mitigate the economic damage of a pandemic? Evidence from SARS. *Telecommunications Policy* 44, 102044. <https://doi.org/10.1016/j.telpol.2020.102044>
- Kemendagri. (2020). Siaran Pers: Menparekraf Apresiasi Terbitnya Buku Panduan Protokol Kesehatan Pelayanan Makanan Minuman. Archived from its original <https://pedulicovid19.kemendagri.go.id/siaran-pers-menparekraf-apresiasi-terbitnya-buku-panduan-protokol-kesehatan-pelayanan-makanan-minuman/>. Retrieved march 2021
- Kompas. (2020). Protokol Kesehatan di Restoran: Boleh Prasmanan dengan Syarat. <https://nasional.kompas.com/read/2020/06/20/11224621/protokol-kesehatan-di-restoran-boleh-prasmanan-dengan-syarat?page=all>
- Leach, M., MacGregor, H., Scoones, I., and Wilkinson, A. (2021). Post-pandemic transformations: How and why COVID-19 requires us to rethink development. *World Development* 138 (2021) 105233. (2020). <https://doi.org/10.1016/j.worlddev.2020.105233>
- McKibbin, W.J., Fernando, R., (2020). The Global Macroeconomic Impacts of COVID-19: Seven Scenarios. *Asian Economic Papers* 20:2. https://doi.org/10.1162/asep_a_00796
- Meadway, J. (2020). Coronavirus is the greatest challenge capitalism has ever faced: Will a new system result? *New Statesman*, 23. March <https://www.newstatesman.com/politics/economy/2020/03/coronavirus-financial-economy-impact-labour-market>.
- Ministry of Finance, GoI, 26 March 2020, COVID 19
- Prawati, D.R., (2020). Outlook Perekonomian Indonesia 2020: Optimisme Penguatan Fundamental Ekonomi di Tengah Ketidakpastian. Pusat Kajian Anggaran -Badan Keahlian DPR RI.
- Shrestha, N., Shad, M.Y., Ulvi, O., et al., (2020). The impact of COVID-19 on globalization, *One Health*. <https://doi.org/10.1016/j.onehlt.2020.100180>.
- Tooze, A. (2020). Shockwave: The world goes bust. *LRB*, 42, 8.

Wikipedia. (2020). Timeline of the COVID-19 pandemic in Indonesia. Archived from its original at https://en.wikipedia.org/wiki/Timeline_of_the_COVID-19_pandemic_in_Indonesia. Retrieved March 18, 2020

World Health Organization. (2020). Coronavirus disease (COVID-19) advice for the public