

The Role of Business Field in Increasing Economic Growth in West Java Post Covid-19

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Research aim : This study aims to find out the role of the business field in economic growth in West Java as a result of the post-covid-19 impact.

Design/Method/Approach : This study uses a qualitative descriptive method with a review of various literature.

Research Finding : The results of this study indicate that the economic growth in West Java that has contracted the most is the Government Administration, Defense and Compulsory Social Security sector, which is minus 6.35% and the fastest improving is the Transportation and Warehousing sector with an economic growth rate in the second quarter of 17.85 %. Efforts to accelerate the improvement of economic recovery in West Java must start from domestic demand which must be maintained by accelerating the economy by strengthening regional fiscal expansion, encouraging investment realization and continuing infrastructure development, as well as the continuity of main business activity activities.

Theoretical contribution/Originality : -

Practitioner/Policy implication : -

Research limitation : -

Keywords : Business Field, West Java, Economic Growth, Covid-19

1. Introduction

The world was hit by an extraordinary disaster in the end of 2019, namely the outbreak of the covid 19 virus which has been able to change the order of world life from various aspects. Not only the world but also Indonesia is one of the countries that has been affected as a whole. In 2021 WHO confirmed the number of positive victims of Covid-19 was 1.6 million people and those who had died were 45 thousand people [1]. Data from the International Monetary Fund (IMF) shows that the national economic growth in 2020 is -2.07 % . Meanwhile, Vietnam is the only country that has an uncontracted economic growth rate, which grew by 4.5% in the fourth quarter [2]. The fact that there was a decline in almost all sectors in Indonesia. SMEs faced many challenges, such as logistical disruptions, labor

mobility regulations, and decreased market demand during the pandemic [3]. As a result of the Covid-19 pandemic it had greatly affected micro, small and medium enterprises (MSMEs), in which more than 50% of MSMEs were indicated to have left their business during the pandemic. With the contribution of MSMEs to the Indonesian economy (GRDP) of 61.07 %, this decline had a great impact on the national economy and investment [4]. Along the way, there were economic sectors that have also experienced an increase from the Covid-19 disaster, including the information and communication sector, financial services, agriculture, real estate, educational services, health services, and water supply [5]. Economic growth was measured nationally using GDP or Domestic Product. Gross. Meanwhile, GRDP or Domestic Product. Gross Regional as a measure of economic growth with an area or smaller area/ region coverage [6]. Several countries, such as Malaysia, Singapore, had implemented lockdown policies to minimize the spread of the virus. A lockdown policy is a situation that prohibits residents from entering a place due to an emergency. Lockdown could also mean a country closing its borders so that no one enters or leaves the country. While Indonesia prefers policies to reduce the number of activities outside the home and interactions with other people, reduce direct face-to-face contact or Physical Distancing as a strengthening basis for the spread of COVID-19 [7]. Restricting community activities was used as a solution offered by the government at that time, but the impact was so large for the rate of economic growth in Indonesia, especially West Java.

West Java is one of the provinces in Indonesia which has the largest contribution on Java island in terms of the rate of economic growth. In the second quarter of 2022, West Java is experiencing an improved growth rate, this can be seen from the stability of the community order from various sectors. The decline in Covid-19 that has occurred has made West Java experience an improved condition, also driven by the increased stability of community activities after the lifting of the PSBB and entering the *new normal era*. In terms of expenditure, economic growth originates from the components of household consumption and exports [8]. Exports are still growing positively but slightly slowing compared to the first quarter of 2022. Other aspects can also be seen in the performance of the business sector which shows quite good performance, especially in the main business fields, including the manufacturing industry, the transportation & warehousing sector, and the accommodation & food supply sector drinks [9]. This phenomenon occurs when demand comes from domestic during the Ramadan and Idul Fitri periods. In addition, the permit to go home during Eid has succeeded in increasing the performance of the trade, transportation and accommodation sector which previously had limited growth.

1.1. Research Problems

Data in the West Java Financial report for the second quarter of 2022 shows that the business sectors affected by the contraction are the Government Administration, Defense and Compulsory Social Security sectors, which are minus 6.35%. Meanwhile, the government has not been able to provide a definite solution to this sector to stabilize the current rate of economic growth.

1.2. Research Objectives

The background and problems stated above make the writer interested in conducting research with the aim of being able to find out how the role of the business sector has on economic growth in West Java as a post-covid-19 impact.

2. Method

The research that we conducted used a method, namely a qualitative descriptive approach, where the analysis used through a review of the literature from the results of previous research as well as references to government policies related to the rate of economic growth that occurred during the Covid-19 pandemic. The research data that we conducted was sourced from the 2022 West Java financial reports, Journal data, IMF, Bank Indonesia, Ministry of Health and related previous research results.

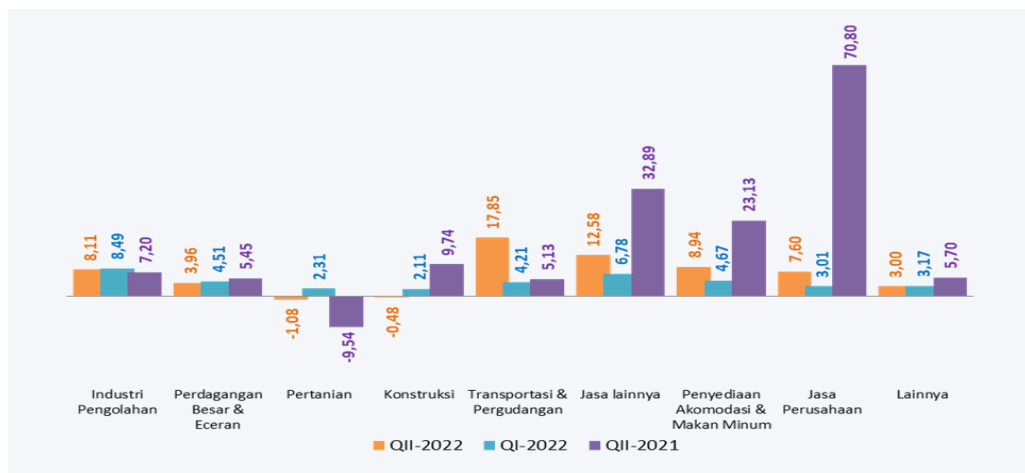
3. Results and Discussion

3.1. Results

The decline in the Covid-19 cases experienced by various regions , as well as in West Java Province, has provided a breath of fresh air for businesses. This is clearly happening because at this time people are given more freedom than previously imposed by the government in the form of Large-Scale Social Restrictions (PSBB). This has an impact on the rate of economic growth.

In the view of classical economists based on classical growth theory, there are four factors that can influence economic growth, including population, total stock of capital goods, land area and natural resources, as well as the level of technology that can be used by the Central Bureau of Statistics (BPS) to report growth. Indonesia's economy, which previously experienced an increase of up to 7.07 percent in the second quarter of 2021 on an annual basis (year on year / yoy). In addition, the Indonesian economy based on the size of the Gross Domestic Product (GDP) at current prices in the second quarter of 2022 reached IDR 4,919. 9 trillion and on the basis of constant 2010 prices reached IDR 2 923.7 trillion [10].

The rate of economic growth in West Java Province in the second quarter of 2022 compared to the second quarter of 2021 (*y-on-y*) has growth of 5.68 percent. The highest growth was supported by the main business sector which grew quite well in that quarter, such as the Manufacturing Industry which grew 8.11% . This can be seen in the graph below:



Source: BPS, 2022

Figure 1. West Java GRDP for the Quarter II of 2022 Against the Quarter II of 2021

The graph above shows that GRDP Most of it came from the Processing Industry with a positive contribution of 3.38 percent. The Transportation and Warehousing business field contributed 0.77 percent; followed Wholesale and Retail Trade by 0.58 percent; Information and Communication of 0.37 percent; and Other Services by 0.27 percent. Other business fields provide donation each in lower 0.25 percent. The role of business fields in an effort to increase the rate of economic growth in West Java is as shown in the following figure:

Table 1. Rate and Source Growth GRDP Province Java West According to Field Effort Quarterly II-2022 Year Base 2010 (percent)

Lapangan Usaha	Price apply			Price Constant 2010		
	True II-2021	True to-2022*	Triw II-2022**	True II-2021	True to-2022*	Triw II-2022**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Agriculture, Forestry and Fishery	51,82	47,70	53,07	29,77	26,71	29,45
B. Mining and Excavation	6,31	6,66	7,18	5,93	6,02	5,99
C. Industry Processing	224,77	248,02	253,34	156,24	167,15	168,91
D. Procurement Electricity and Gas	2,65	3,00	2,83	1,31	1,46	1,38
E. Procurement Water, Management Rubbish, Waste and Cycle Repeat	0,59	0,60	0,60	0,35	0,36	0,35
F. Construction	47,22	49,58	49,60	31,44	31,81	31,29
G. Trading Big and Retail, repairCar and Bicycle Motorcycle	79,77	83,48	86,63	55,26	56,38	57,45
H. Transportation and Warehousing	26,38	30,28	32,06	16,21	18,49	19,11
I. Provision Accommodation and Eat Drink	15,96	17,00	17,93	9,84	10,30	10,72
J. Information and Communication	21,42	22,55	22,73	22,54	23,74	23,92
K. Service Finance and Insurance	16,00	16,95	17,38	9,71	9,81	9,60
L. Real Estate	6,57	6,88	6,89	5,49	5,65	5,60
M Service Company	2,42	2,56	2,73	1,61	1,66	1,73
N.						
O. Administration Government, Defense and Guarantee Social Required	11,87	10,40	10,91	6,68	6,07	6,26
P. Service Education	19,01	18,63	20,17	10,97	10,83	11,67
Q. Service Health and Activity Social	4,38	4,70	4,74	3,13	3,30	3,32
R, S, T, U. Service Other	11,25	12,69	13,26	8,03	8,86	9,04
Product Domestic regional Gross (GRDP)	548,39	581,68	602,07	374,52	388,58	395,79

Source: (BPS West Java Province (r) Revision Figures)

Note: CPI data uses the 2022 Base Year

Growth in the transportation and warehousing sector experienced a significant increase in the second quarter of 2022, namely 17.85% (yoy), with growth also increasing 3x from the previous quarter. This condition is a positive impact of being allowed to go home on Eid (the Great Islamic Holiday) so as to encourage demand for transportation facilities both air and land transport, in addition to the high demand in the logistics sector, especially for the delivery of goods. On the other hand, the information and communication sector can also consistently contribute to the economy of West Java with the same share in the second quarter of 2022 as it did in the first quarter of 2022. In addition, those that were most affected by the contraction were the areas of Government Administration, Defense and Social Security. Mandatory i.e. minus 6.35%.

Even so, the condition of the Covid-19 pandemic has begun to ease and the majority of activities have been carried out face-to-face, the use of information technology has remained stable, even still high. Meanwhile, various development projects in the information & communication sector are still being intensively carried out to support West Java to *go digital province*.

3.2. Discussion

The Covid-19 pandemic at the end of 2019 affected the growth rate in West Java Province. Based on BPS data for 2022, the macro indicator in the form of business opportunities in West Java is ranked first for making a real contribution to the rate of economic growth. This is the basis for the government to make decisions in improving West Java's economic growth. Table 1 provides an illustration that before the Covid-19 pandemic, business opportunities could already provide benefits for the perpetrators in supporting the community's economy. Meanwhile during the Covid-19 pandemic, the real impact of business opportunities for almost all sectors on this macro indicator was affected, although along the way there were still sectors that benefited from the Covid-19 outbreak on the economy of the West Java region, originating from the PSBB which required people to remain silent so that the process the economy stalled. This means that the Covid-19 pandemic has reduced the performance of economic growth. Innovation can also be carried out using business strategies through the adoption of digital transformation in maintaining its existence until the post-pandemic era [3]. Prioritized digital transformation is digital payments using mobile money which requires the support of the government, supply chain partners and the community [11].

4. Conclusion

1. The slowing down of cases of the spread of the COVID-19 virus in Indonesia has had a major impact nationally and regionally on economic growth. This can be seen from the increase in community activity, especially in the economic sector, where people have high mobility after the lifting of the PSBB regulation in early 2022.
2. The macro indicator sector in the form of business opportunities that has a large impact and is able to improve economic growth is the transportation and warehousing sector.
3. Government policy in an effort to accelerate the improvement of economic recovery in West Java must start from domestic demand which must be maintained by accelerating the economy by strengthening regional fiscal expansion, encouraging investment realization and continuing infrastructure development, as well as the continuity of main business activity activities.

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