

Positive Negative Ecoomic Impact of Covid-19 and Macroeconomic Policy on Industry, Business Sector in Indonesia

Didin Fatihudin¹, Musriha², Nahu Daud³, Eni Wuryani⁴, MJ. Sembiring⁵, Iis Holisin⁶

¹⁶Universitas Muhammadiyah Surabaya, Indonesia

²Universitas Bhayangkara Surabaya, Indonesia

³Universitas Khoirun Ternate, Indonesia

⁴Universitas Negeri Surabaya, Indonesia

⁵Universitas Machung Malang, Indonesia

Correspondent: didin.fatihudin@fe.um-surabaya.ac.id¹

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ABSTRACT: This paper present the result of analysis that economic impact of Covid-19 on industrial prices/commodities, the business sector in Indonesia is not all negative, but there are also positives. WFH policy, social distancing, physical distancing, #dirumahaja, many people do not leave the house, negatively impact the inhibition of the distribution channel of goods/services. from upstream to downstream, from supplier to manufacturer, distributor to consumer. But there are certain sector companies that have a positive impact on their financial performance even though they are not as big as when normal, especially those based on virtual, pharmaceuticals and food. The methods used in this study are descriptive and expost facto. The resurt of this study in indonesian macroeconomic policies in the face of covid-19 economic stabilization, in the form of interest rate subsidies, tax rates, social assistance, direct cash assistance (BLT), low-cost staples. Lower banking rates, lower income tax rates, ease of provision of basic materials. Delays in paying credit installments (principal and interest), easier provision of capital for medium-small enterprises (SMEs), micro-empowerment capital, to increase banking capital, control prices, avoid inflation. Delays in paying credit installments (principal and interest), easier provision of capital for medium- small enterprises (SMEs), micro-empowerment capital, to increase banking capital, control prices, avoid inflation. The limitation this study needs many sampling and objective analysis for sectors affect by covid 19.

Keywords: Covid-19, Economy, Industry, Business Sector, Indonesia.



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INTRODUCTION

Covid-19 pandemic starts from Wuhan China in December 2019 (Stawicki & Galwankar, 2020). The impact of Covid-19 is devastating for the economy in Indonesia, especially production, trade and services. Because of the Covid-19 pandemic, it also affects export- import. Including Indonesia-China trade relations are also disrupted, especially imports of medicinal raw materials. Similarly, Indonesia exports to other countries. Covid-19 has a negative impact, but there are also positives for certain sectors. Activities of manufacturers, distributors and consumers. Factory (manufacturer) process raw materials into semi-finished goods. then the end becomes finished goods. Related to the supplier of production raw materials. which is then sold to consumers through intermediaries, distributors or retailers. In terms of selling price, the manufacturer will calculate between the costs incurred and the profit margin to be obtained. Traders are always looking for the difference in the price of goods purchased with the price of goods will be sold. Also the same in the service sector. Service serving or mediating between the interests of producers with consumers or the interests of producers with distributors.

Work-learning from home (WFH) policy, social distancing, physical distancing, #dirumahaja. On a household scale causing many people to stay at home, the internet traffic to rise, electricity payments to rise. because the air conditioner continues, as well as drinks, food, snacks, snacks increase. In general, the cost (cost) increases. While income is relatively fixed, especially those working in the informal sector. On a business scale, because many people do not leave the house. Negative impact on the inhibition of goods/services distribution channels, from upstream to downstream, suppliers to manufacturers, distributors to consumers. Many layoffs, inflation, falling rupiah exchange rate (IDR), decreased purchasing power of consumers, sales volume decreased, goods piled up in warehouses. Production volume decreases, profits lose, investment stalls, ability to pay bad credit, company profits decrease.

Banking sector, bank profits fell (NPL) due to bad credit. Felt once in the tourism sector, especially in Bali, foreign tourist visits decreased sharply. The impact is lowering the occupancy of hotels, travel-tour-guide services, restaurants, restaurants, handicraft until street vendors close. Shops, traditional markets, coffee shops to shopping centers, malls, supermarkets quiet shoppers closed all. This all causes both structurally and exponentially the distribution channels of goods to be hampered, even stagnant, stop. Almost all economic activity of the community is hampered, slowing from day to day, week to week, month to month (March-December 2020). Goods and services are dwindling in the market. Reduced gross domestic product.

But there are certain sector companies that have a positive impact on their performance. although not as big as when normal, such as Telkom, Fintech, pharmaceuticals, hospitals, medical devices, ready meals (food frest). Suppliers, manufacturers and distributors related to that sector still benefit. There are government policies in efforts to stabilize the economy, in the form of; interest rate subsidies, tax rates, social security, direct cash assistance (BLT), need basic. Lower banking rates, lower income tax rates, ease of provision of basic materials. Delay in paying principal and interest credit installments, easier provision of capital for medium- small businesses, micro-empowerment capital, to the addition of banking capital. Uncertainty over the end of the Covid-19 pandemic will disrupt the economy in various sectors. From large- scale social

restriction policies (PSBB) in major cities in Indonesia (Jakarta, Surabaya, Bandung, Medan, Semarang, Pontianak, Palembang etc.) to this new normal era. Indonesia strives to continue to rise to a better recovery to normal before Covid-19. Indonesia's economic growth before covid-19 reached 5%, after covid-19 to 2-3%, even if Covid-19 continued Indonesia's economic growth could be negative. Currently being pursued continuously through new normal reach back to 3-5% (Sri Mulyani, Menkeu-RI/ kontan.co.id).

Covid-19 has changed people's behavior from the old transaction system to new transaction behavior, ranging from suppliers, manufacturers, distributors, consumers, logistics, and investors. Cash payment system becomes non-cash. All transactions use digital. Money transfer services are also virtual through financial technology (fintech), such as Oppo, go food. From conventional offline to online, online, virtual. The rise of online systems improves internet/telkom services, finance and logistics. Although virtual trading has long been done trading in securities, such as; stocks, bonds, mutual funds, debt securities, in all three world capital markets; American, European and Asian. The impact of Covid-19 on the Indonesia Stock Exchange (IDX) almost all stock prices decreased sharply such as JCI, LQ45, Kompas100, Jakarta Islamic Index (JII). Blomberg, RTI Business or Indonesian Capital Market (IDX). But certain sector stocks are still the target of local-foreign investors. such as; telkomsel, banking, fintech, food-beverages, pharmaceuticals and medicines. Great expectations of expected value in the future become expensive. Capital gains and dividends will be obtained by investors. It could be technically declining, but fundamentally its financial performance is still healthy. It is possible that production, trade and services continue to run in accordance with the business cycle as well as financial volatility. But with the uncertainty of the end of Covid-19, it becomes difficult to predict the optimal business cycle. both by government policy makers and industry as economic actors. Keep going, but the cycle slows down. This is worrying, Indonesia's economic crisis will repeat as in 1998 and 2009 the global financial crisis. New normal is sought to stabilize the Indonesian economy back to normal. This research aims to analyze the positive and negative impacts of Covid-19 on industry and the business sector in Indonesia and to evaluate the effectiveness of macroeconomic policies implemented in response to the pandemic.

Theoretical Studies

Economic growth, regulating long-term economic activity from 5.10 years to 25 years. Economic stability, regulating short-term economic activity from week to week, from month to month such as inflation, interest rates, commodities. There are differences between Economic growth, economic development, economic shifting. Economic growth; increase in goods and services in a certain period, determined by 3 factors; capital accumulation, population growth, technological advancements (Todaro,1969). Economic development is the increase of service goods in addition to the increase in human resources in education, health and per capita income (Kuznet, HB. Chenery,1968). Economic development; changes in people's economic activity from the primary sector, to the secondary and then to the primary. Shift from the agricultural sector, to the processing industry sector and then to the financial and service sector. While per capita income; average income of the entire population per head. Total GDP for the total population by one

hundred percent (Fatihudin, 2020).

From a macro-economic perspective, government policy, OJK and central bank Indonesia. to stimulate investors, industry players and other economic actors from individuals, families, corporations, both as producers and consumers. first, monetary policy (regulating money supply, regulating interest rates) for banks and other financial institutions (financial industry). Second, Fiscal policy (tax subsidies, tax rates, import-export taxes). Third, supply policy said (supply side). Impact of Covid-19 economic growth slows down, tax revenues decrease, state spending and development financing decrease. Government efforts to save people's health and economic stability were born law UU No.1/2020 on state financial policy and stability of the country's financial system for handling Covid-19. Presidential Decree Inpres No.12/2020 on handling covid-19 non-natural disasters. OJK Regulation No.11/POJK/03/2020 on National Economic Stimulus as a counter cyclical policy on the impact of the spread of Covid-19 (<http://republika.co.id.13/6/20>).

Previous research companies in Europe during Covid-19 are more effective in marketing products through social media, advertising over the internet to build communication with customers (Prinja & Pandav, 2020). Covid-19 control strategy in health services; management, infrastructure added, economic welfare and household income need to be guaranteed, as well as investment in the health sector (Thorpe et al., 2020). Covid-19 is causing economic difficulties for individuals, low and middle incomes, especially the informal sector. The government needs to make health policy and health financing.

Rubino et al. (2020) through understanding the phenomenon of COVID-19 multidimensional resources conservation, management, environment, culture and socioeconomic in terms of economy need to be sustainable, integrated, can improve the quality of the urban environment and produce externalities, especially the real estate, hospitality, and tourism sectors. Ioan (2020) Covid-19 has an impact on the labor crisis, the loss of the workplace. The labor market is moving very quickly from one place to another. this labor crisis affects the company's business development objectives.

Ciobanu et al. (2020) Foreign capital is beneficial to the economy, despite the influence of local markets. Foreign companies bring the economic benefits of the local country; adoption of new technologies, managerial ideas, human capital, foreign capital flows, development of banking activities support the financing needed by the market. Expand, Covid-19 impacts on industry and public transportation improves sector during. According to Xiarewana & Civelek (2020) emergence of the digital economy has an impact on increasing unemployment. All lines of business, human power replaced digitalization and automation. Production technology is changing, artificial intelligence, machines are taking over human roles. The Covid-19 pandemic has the role of catalysts to accelerate the destructive effects of the digital economy and add to these effects

According to Iskrov et al. (2019) Health investment is important in the Covid-19 era to save lives. The quality of health care depends on the equipment and the quality of the hospital. Yao & Tanaka (2016) that Covid-19 has an indirect impact on students' mental health on demographics, physical activity, negative emotions, sleep quality, and aggressiveness. Covid- 19 impacts the property stock market, thus demanding a response from policy makers to improve stock market

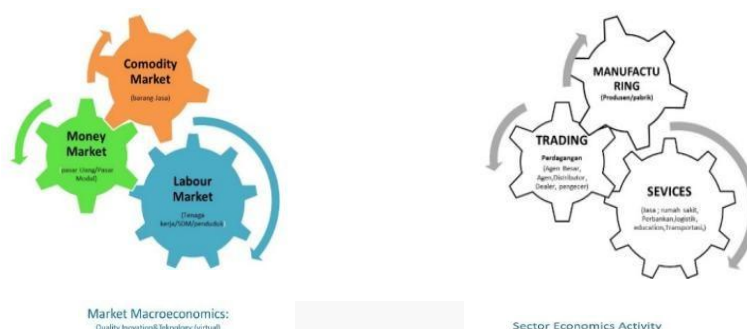
efficiency (Namagembe, 2021). the importance of robot utilization technology in the Covid-19 era to minimize people's contact, hygiene assurance, sterilization and minimize threats to health nurses and doctors (Eashan H.K. et.al, 2020). It's impossible without using advanced technology. Covid-19 adversely affects the economy and business in 200 countries; capital market, national income, gross domestic product, balance of payments, import-export and supply of goods (Lythreathis et al., 2019).

World Health Organization/WHO upgraded the status of covid-19 outbreak from epidemic to global pandemic on March 11, 2020. Various mathematical and statistical models are proposed to predict the spread of Covid-19 in Japan, South Korea (Belyaeva et al., 2020). India has made efforts to handle public health emergencies through the government's decision to contain the spread of Covid-19 and economic impacts (Bhushan, 2014). The decision was enough to protect the People of India. Covid-19 has a devastating impact on the global economy (Surya et al., 2021). Cause social distancing. Demanding the concept and collaboration efforts of all communities to prevent this pandemic.

The Covid-19 pandemic began in Wuhan China in December 2019. Cause social and physical isolation, cause sudden and profound economic difficulties, decrease in global trade and local small business activities (Stawicki & Galwankar, 2020). Covid-19 causes panic and paralyzes vital economic and social activities. Amid fears consumers are storming supermarkets and

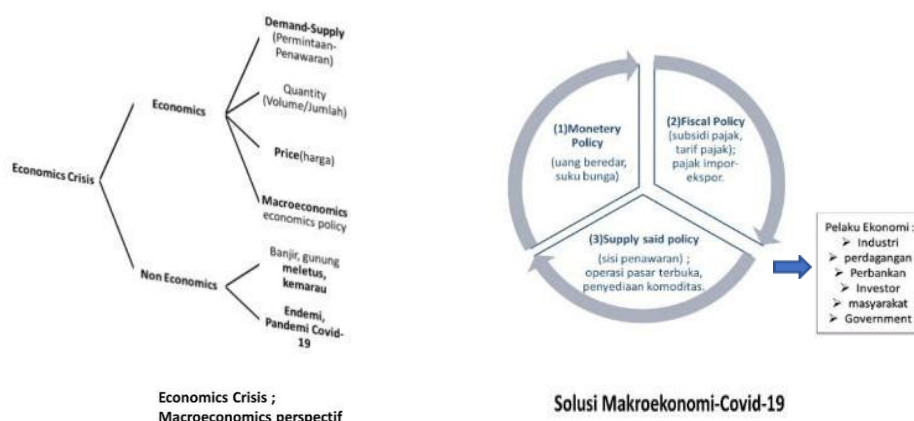
pharmacies buying masks, sanitizers, food as supplies (Coppola & Fabiis, 2020). It needs the role of the government to convince and prevent pandemics. Covid-19 causes restrictions in many areas, including business economic activities. Decreased GDP growth, reduction in industrial production, unemployment increased (Murinde et al., 2022).

Needs to create, design preventive methods and measures to reduce the risks of occupational health and safety services in the business community and institutions (Zimon & Zimon, 2020). Covid-19 has killed many people in several countries around the world. Analyzing the performance of different countries it is necessary to reference information, lessons and transfer knowledge from high-performing countries to low-performing countries in handling the impact of Covid-19 (Akbar et al., 2021). There needs to be public policy and health efforts in the prevention of Covid-19, especially for women (e.g. nurses) whose burden is increasing. From productive work, reproduction, to community, domestic to public activities.



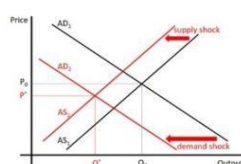
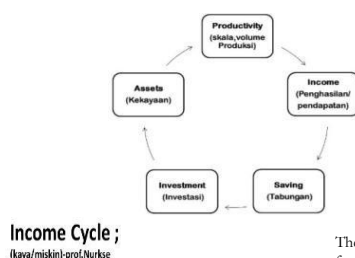
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Three macroeconomic markets; commodities, money and labor. Commodity markets are influenced by prices. The money market is influenced by interest rates and money supply. The labor market is influenced by wages. People's economic activities are generally divided into activities; manufacturers, traders and services.

The causes of economic crisis in macroeconomic perspective there are 2 main factors; economic and non-economic. Economic factors consist of market mechanisms of demand and supply (supply said), volume and quantity, price, and macroeconomic policy. this can be controlled by economic instumen. Non-economic, can not be controlled by economic instruments, such as drought, erupting mountains, floods, fires, endemic, pandemic covid-19. Covid-19 Work for home (WFH), social distancing, physical distancing, #dirumahaja. no exit, no crowds, stalls, shops, traditional markets, minimarkets, supermarkets, hypermarkets must be closed. Economic impact of Covid-19 many factories close, production volumes fall, quantity of goods/services decreases, sales volume shrinks, retailers/distributors close, many layoffs, limited supply, prices of services rise (inflation). Gross Domestic Product/GDP decreased. Goods/services increasingly scarce (crisis 1998, 2009, 2020). purchasing power is declining. economic growth slowed, state revenues declined, state spending and development financing decreased. If this continues to happen it could cause the economic crisis to repeat itself. Where actual economic growth is below potential economic growth. Then recovery is needed, even expansion. Despite deflation, state spending is still being raised to increase people's incomes and maintain health from covid-19 attacks. Economic recovery New Normal. Indonesia's economic activities must continue to run towards returning to normal.



The global pandemic caused a supply shock for global manufacturing as many factories in the world's supply chains halted production activity. Aggregate curve supply (US) shifts to the left of US 1 to US 2. Stock markets and bonds were depressed. Stagnant investment. Millions of workers are housed (laid off). All of that results in demand shock, shifting aggregate demand (AD) left or down from AD₁ to AD₂. Output and price levels fall from the initial balance (Q₀, P₀) to the new equilibrium (Q₂, P₂).

Potential Short-term impact of Covid 19 on Global Economy

The economic impact of covid-19 in the income cycle is positively correlated between

productivity, income, savings, investment and wealth. the six variables move in the same direction. When productivity increases, then other incomes, savings, investments and wealth also increase together encourage each other. Similarly, the good if the production decreases, then the others also decrease simultaneously. If public demand for commodities decreases, then the income of entrepreneurs, investors also decrease. To avoid an economic crisis, governments with authority need to be able to control the availability of commodities, price levels, as well as encourage public consumption so that there is a supply-demand balance without excessive inflationary turmoil.

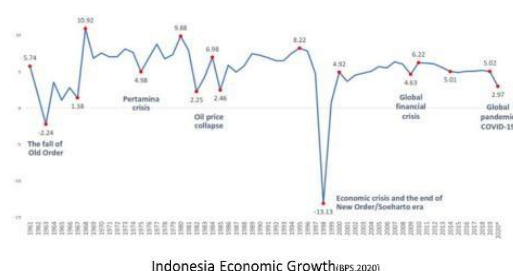
METHOD

The methods used in this descriptive analysis and expost facto. The expost facto method is a research method that examines cause-and-effect relationships after an incident or events have occurred. In this method, researchers do not manipulate independent variables, but observe and analyze existing cause-and-effect relationships. The scope of the study outlines the negative-positive impact of Covid-19 on economic growth, industry and business sectors in Indonesia. Pandemic period 2019-2020. Secondary data obtained from the central statistics agency (BPS), Bank Indonesia (BI), Indonesia Stock Exchange (IDX), research institutions and business journals. The data collected, classified, interpreted and then analyzed for conclusion as a recommendation material for Indonesia's Covid-19 economic impact solution.

RESULT AND DISCUSSION

This section is presented descriptive results and discussion of data findings analysis; PDRB, Pasar komoditas, tenaga kerja dan pariwisata, pasar modal, pasar uang dan nilai tukar.

Indonesia Gross Regional Domestic Product (GDP).



Industrial sector impact of Covid-19 pandemi

The industrial sector has a positive impact	The industrial sector has a negative impact
a) Pharmaceuticals, medicines (multivitamins)	a) Transportation (aircraft, trains, buses, ships)
b) Medical devices (medical devices)	b) Textiles, apparel
c) Telecommunications & information (wifi,internet)	c) Electronics (nonmobile phones)

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d) Food and beverage packaging	d) Banking, bad credit
e) Food frozen, sardines, packaged food	e) Manufacturing
f) Fintech, virtual money (go food)	f) Tourism, hotels, travel-tour guides,
g) Electricity Usage	g) Restaurant

Source: data from various media (2020)

Commodity market, Labor and Tourism

The popular Haji-umrah business in Indonesia is experiencing a 60% decrease in Umrah-Hajj travel companies (Himpuh, Republika.co.id, 19/7/20). The results showed that remuneration and work motivation simultaneously affected employee performance and remuneration was the most dominant influence on the performance of banking employees during the Covid-19 pandemic (Murpin et al., 2020). The fate of the business world in Indonesia in the midst of the Covid-19 pandemic (Bank Indonesia, 2020), is divided into three groups; (1) difficult to survive / depressed, (2) to survive, and (3) to increase. Companies that are difficult to survive/depressed; aviation, energy, restaurant, hotel, trade, construction, processing industry, mining, excavation, mining goods export (10 sectors). Surviving companies; Electricity, Gas, Clean water, Transportation, agriculture, plantation, livestock, transportation, fisheries (9 sectors). While the company is increasing; Information and communication technology, health, food, retail, health products such as personal medical devices and multivitamins (5 sectors).

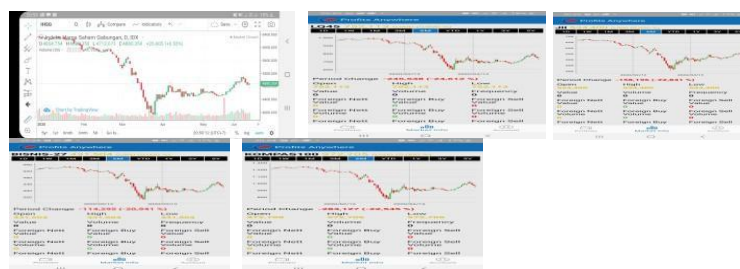
Bank Indonesia Survey (2020) on 3,719 businesses in Indonesia admitted to experiencing a decrease; 3.60% processing industry, 3.4% trade, hotels and restaurants, 0.62% mining, 0.53% Transportation and communication, 0.08% construction, and others experienced slowdowns such as gas, electricity, clean water, finance, real estate, corporate services and other services. According to the BPS survey (2020) on the social impact of demographics-covid19 on 87,379 respondents showed 56% were still working, 23% were affected by layoffs, 18% worked, but were temporarily housed, and 3% were not working. Its revenue decreased to 76.84% of accommodation and food providers 62.60% of the transportation and warehousing sector. At the same time there was an increase in spending between 25 to 50%. Similarly, the value of east java exports-imports decreased. Exports fell by 8.25%. China destinations USD218.7 million, Japan USD156.72 million and Switzerland USD152.64 million. While the value of imports also fell to 30.21%. From China 323.03 million, United States USD 145.96 million, Thailand USD65.81 million (BPS, June 2020). Similarly, the tourism sector in June decreased by 99.64% compared to March 2020. Foreign tourist visits to East Java in January-April 2020. Tourists from Malaysia 10.45.000 IDR (30%), Singapore 3.94.000 IDR (4.4%) and China 2.29 thousand (6.62%).

Capital Market and Money Market.

Data on the last 6 months (January-June 2020) share prices in the Indonesian and World capital markets have similarly declined sharply; IHSG, LQ45, Jakarta Islamic Indexs(JII), Bisnis27, Kompas100.

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(Rosuorce; Bloomberg)

Amerika Serikat (Dow Jones), Eropa (FTSE 100 Index) dan Asia (Hang Seng Indeks).



Falling share prices for investors are an opportunity to have potential industrial sector stocks in the future priced up. Before covid-19 it was expensive. Banking, fintech, telecommunications, internet, infrastructure, oil, Gas, Pharmaceutical, foodfreest. While that decreases; hospitality, travel, tour, paper, property, tourism and transportation (Kontan.co.id). The impact of covid-19 use of high internet traffic encourages everything from personal activities, family, to office meetings, webinars, video conference zoom applications, google meet, Hangouts meet, Skype increasing the profits of telecommunications companies such as towers.

In The Asian, European and American Capital Markets the rupiah depreciated against foreign currencies; us dollar (USD/IRD), Australian rupiah-dollar, Chinese rupiah-yuan, Japanese rupiah-yen, British rupiah-foundstreling. USD/IRD from 16.000/\$US, 15.000/\$US, the weakest month in May. June perched 14,083/\$US. July 14,703/\$US, Bank Indonesia 14,780/\$US. But potentially strengthened to 14,590 to 14,800/\$US (Kontan.co.id, 7/19/20). The ups and downs of the rupiah have boosted the value of export-imports, as well as capital traffic, goods, labor. The impact of Covid-19 on foreign countries is holding back exports of products to meet domestic needs. Pharmaceutical industry raw materials production of 99% of imports from China and India is disrupted. Forex traders are always looking for buy-sell differences in domestic-foreign currency exchange rates.

There are macroeconomic solutions that can be applied to overcome the economic crisis impact of Covid-19, namely; (1) Monetary policy, the authority of Bank Indonesia and the Financial Services Authority (OJK) such as regulating the amount of money in circulation, decreasing the interest rate on loans/loans and savings. (2) Fiscal policy, the authority of the director general of tax to regulate tax subsidies, tax rates, export-import taxes, and other taxes. Progressive, proportionate taxes, tax amnesty. If the government wants to increase export capacity, then the export tax is lowered. In contrast raise taxes to suppress imports. (3) the offer policy, the authority on the dolog / kabulog, the ministry of industry is tasked to provide the commodities needed by

the community, especially foodstuffs (rice, oil, eggs, vegetables, fruit, sugar, iodine salt, flour, milk, meat, fish.

Commodities should not be scarce due to inflation, prohibited hoarding, as well as conspiracy of traders (cartels). The three solutions are intended for industry, banking, trade, other economic actors. Implementation of solutions can be started from the side of manufacturers and consumers. The manufacturer side ensures the availability of production raw materials, certainty of interest rates and production costs, injection of banking capital, smooth logistics, transportation ranging from supply chain to sales distribution. The emergence of small-medium businesses in the home sector such as herbal health drinks traditional medicine in the form of herbs, spices, red ginger, empon-empon, young coconut, finished products that become added value.

The consumer side of increasing income encourages purchasing power, debt repayment relief, principal through income subsidies, job provision, virtual free job training, to subsidize internet quotas for employees, students, students to teachers and lecturers. The government needs to ensure the availability of production raw materials and maintain the purchasing power capability of the accuser does not decrease. Banks continue to provide capital loans to the industrial sector with stable interest rates. The central bank ensures that the availability of money in circulation is in accordance with the needs of the population to witness.

Implementation of Macroeconomics-Covid-19. Government efforts to save people's health and stabilize the economy from Covid-19: Law UU No.1/2020 on state financial policy and stability of the country's financial system for handling Covid-19. Presidential Decree No.12/2020 on handling covid-19 non-natural disasters. OJK Regulation No.11/POJK/03/2020 on National Economic Stimulus as a counter cyclical policy on the impact of the spread of Covid-19 (<http://republika.co.id.13/6/20>).

CONCLUSION

The fate of the business world in Indonesia during the Covid-19 pandemic can be categorized into three groups: those that are struggling to survive, those that are managing to survive, and those that are actually experiencing growth. Sectors that are struggling or under pressure include aviation, energy, restaurants, hotels, trade, construction, manufacturing, mining, quarrying, and mining goods exports—totalling ten sectors. Meanwhile, sectors that are surviving include electricity, gas, clean water, transportation, agriculture, plantations, livestock, and fisheries—covering nine sectors. On the other hand, sectors that have shown growth amidst the pandemic include information and communication technology, health, food, retail, and health products such as personal protective equipment and multivitamins.

While the economic impact of Covid-19 has largely been negative, there are also positive outcomes for specific companies and business sectors. Enterprises such as Telkom, pharmaceutical companies, fintech startups, frozen food producers, medical device manufacturers, and hospitals have experienced increased demand and opportunity. Nevertheless, the majority of sectors still suffer adverse effects.

To mitigate these impacts, the government has introduced several measures including lowering interest rates, deferring loan principal payments, reducing tax rates, and simplifying the provision of basic necessities. Additionally, the government has implemented macroeconomic policy instruments effectively, involving monetary and fiscal policy, supply-side strategies to boost purchasing power, and ensuring smooth distribution of goods and services.

Despite the widespread negative effects of Covid-19, various stakeholders—government, banks, companies, and MSMEs—continue to strive for survival by fostering optimism, innovation, technological advancement, and creativity to maintain productivity and business continuity, or at the very least, avoid losses. The government's decision to allow deferred payments of loan principal and interest, along with direct social assistance, is commendable, although closer supervision is necessary to ensure fair implementation. Capital injections to strengthen banks' capital adequacy ratios and continuous support for micro-enterprises are vital, especially to cover non-performing loans.

Furthermore, the effectiveness of macroeconomic policy responses must be well-targeted, addressing needs across private enterprises, households, corporations, and ensuring integrity among Covid-19 policy implementers. To support research on the post-Covid-19 impact, comprehensive secondary data across sectors is needed to provide a thorough understanding. The effects of Covid-19 are not limited to Indonesia; other developing countries have experienced similar economic disruptions. Therefore, comparative data from those nations would enrich the scope of the discussion and provide broader insights into global economic recovery efforts.

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