

# CHAPTER 1

## INTRODUCTION

### 1.1 Problem Identification

Currently the world is shocked by the spread of the Corona virus outbreak that started in China. As a result of this virus many residents of China and several other countries have died. China's economy has also collapsed due to the number of companies that have to close. China is the largest global producer and consumer with GDP in 2018 reaching USD 13.9 trillion. Considering that China is the second largest economy in the world and Indonesia's main trading partner, the disruption of China's economy will affect the world economy, including Indonesia. (Mahera, Nikenzha).

Several countries have also felt the impact, including Indonesia and it had a major impact on the economy, WHO said the transmission of Covid-19 is through interactions between humans, especially those transmitted through humans or can be called droplets, therefore WHO recommends preventing transmission of Covid-19 by means of social distancing and psychological distancing. Therefore, WHO recommends doing everything, whether at work, school, or sports at home or also known as WFH (work form home).

In almost all countries hit by Covid -19, all educational, commercial, sports and spiritual institutions are closed. Industry suffers greatly as many of these except those related to essential facilities, have been closed for extended periods in many countries. People who belong to the tourism and transportation industry also face the greatest difficulties. The production rate is already very low. The economies of many so-called strong countries now face the threat of high inflation and rising unemployment as a result of a lack of productivity

and excessive spending on the care and rehabilitation of victims of Covid -19 and their families (Chakraborty, Indranil and Maity, Prasenjit, 2020)

As a result of the impact of social distancing, psychological distancing and WFA, it has an impact on the economy of a country, especially in tourism, transportation, including the economy of the middle and lower class people such as motorcycle taxis, public transportation drivers, small traders, thereby reducing their daily income, this shows that Covid-19 has an impact on the economy of a country without exception, especially the small people with daily income or low income. It is suspected that the most dominant impact occurs in the middle to lower class, especially traders.

Therefore the government's efforts to overcome inequality during this pandemic have been very serious, have been done such as social assistance distributing basic foodstuffs to and cash meet daily needs and government policies such as deductions in electricity payments and suspension of motorbike credit payers for those who work as special motorbikes (Gojek).

The economic impact of this pandemic has a effect on the welfare of many families and communities. This pandemic will have an impact on low and middle income people such as shop workers, small shops, traders in the market, to other workers who depend on daily income including traders, online motorcycle taxi drivers, and farmers.

Income is a result received by someone or household from business or work. The types of people are diverse, such as farming, fishing, pondering, laboring, and trading and also working in the public and private sectors (Pithma, 2015).

Basically the purpose people working is to generate income. Income is remuneration for work after completing the job. The amount of income received by workers is influenced by the working hours used to complete their work (Sulistyo, 1992 in (Darmawan et al, 2002: 8).

The current situation that forces all people to work from home (work from home / WFH) is not an easy matter. Expenditures for outside the home are indeed reduced, but the household burden actually increases, because of the PSBB and the Covid-19 pandemic, people are reluctant to leave the house, it has resulted in the economy not turning as usual. Therefore the assistance from another people's or government is also important thing for the people's meet their income and daily needs.

Based on this description, researchers are interested in conducting research to find out "the effect the Covid -19 on income in padang city : case of RT 02 Alai Parak Kopi sub-distrect in PSBB Covid-19 ".

## **1.2. Problem Statement**

Based on the background described, what will be focused on in this study are:

1. How does the effect of expenditures, gender, age, jobs, debts, government and neighbors assistance on income of RT.02 Alai Parak Kopi during the PSBB outbreak?
2. How does the Covid 19 effect the income of RT 02 alai parak kopi during PSBB era?

## **1.3 General Objective Research**

Based on the formulation of the problem above, this study aims to test several things:

1. To examine how the effect of expenditures, gender, age, jobs, debt, government and neighbors assistance on income of RT.02 Alai Parak Kopi during the PSBB outbreak.
2. To analyze How does the Covid 19 effect the income of RT 02 alai parak kopi during PSBB era.

