

# Potential Workers of the Impact of Covid-19 in the Informal Sector in the Era of the Industrial Revolution 4.0 in the City of Pekalongan

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## Abstract

*The Indonesian government in facing the war against COVID-19 has taken various policies, one of which is the Implementation of Community Activity Restrictions (PPKM), this PPKM suppresses household activities and company productivity in the form of restrictions on community movement and company operations, resulting in a decrease in household and company consumption, a decrease in income business and a decrease in the demand for labor. The tangible form that can be seen from the impact of covid on the economy that can be seen today is the incident termination of employment (PHK). The purpose of this research is to mknow the conditions and potential of workers affected by termination of employment (PHK). In the informal sector in Pekalongan City in the Industrial Revolution 4.0 era. The research method used is a qualitative descriptive research type, with data sources obtained from informants, namely workers affected by layoffs and in the data analysis process, several stages are carried out, namely data collection, data reduction, data presentation and verification. The results of the study state that every worker who is laid off must survive in the midst of the covid-19 pandemic by utilizing their potential by utilizing assistance from the Government and other organizations or institutions for mastery and use of technology and the internet such as social media, marketplace, dropshipper, trading, youtuber, online motorcycle taxis, partners in go food.*

## Keywords

covid-19 pandemic; termination of employment (PHK); informal sector; industrial revolution 4.0



## I. Introduction

By the end of April 2020, the number of COVID-19 infections worldwide had surpassed 2.8 million cases, with the death toll approaching 195,000 and 210 countries and regions having been affected. The Indonesian government in facing the war against COVID-19 has taken various policies, one of which is the Implementation of Community Activity Restrictions (PPKM), this PPKM suppresses household activities and company productivity in the form of restrictions on community movement and company operations, resulting in a decrease in household and company consumption, a decrease in income business and a decrease in the demand for labor. The tangible form that can be seen from the impact of covid on the economy that can be seen today is the incident termination of employment (PHK). Many employees were laid off and various companies were even threatened with bankruptcy. A total of 114,340 companies have laid off and laid off workers with a total of 1,943,916 workers affected by companies with a percentage of 77% from the formal sector and 23% from the informal sector (Ministry of Manpower, 2020). Meanwhile in Pekalongan City as of April 8, 2020 there were 3,094 employees who were laid off by the company and 24 of them were laid off (Radar Semarang, 2020). The

COVID-19 pandemic has been going on for more than a year, if this condition continues it is predicted that more and more people will fall into poverty because they are not working.

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

According to data from the Central Statistics Agency for Pekalongan City in 2021, the population of Pekalongan City in 2020 is 307,150 people, consisting of 155,145 men (50.51%) and 152,145 women (49.49%). With the number of poor people increasing from 20.21 thousand in 2019 and 22.16 thousand in 2020 or the percentage of poor people in Pekalongan City is 7.17%. Meanwhile, the number of unemployed is 11,041, with details of 6,961 men and 4,080 women.

**Table 1.** Population by Education Level and Labor Status of Pekalongan City in 2019

Level of education	Worker Status		Total
	Official	Not official	
SD	13,945	14,673	28,618
junior high school	9,224	5,083	14,307
senior High School	6,712	5,450	12,162
SMK	3,307	2,520	5,827
DI/II/III	632	285	917
Bachelor	400	1,127	1,527
Amount	34,220	29,138	63,358

Source: BPS Pekalongan City, 2020

The large number of unemployed, due to the lack of employment in the formal sector, and the emergence of poor people living below the poverty line and ultimately forcing them to do any job to earn a living every day, the informal sector itself is very vulnerable from the impact of the COVID-19 pandemic but can be an option alternative in order to survive, where there is no need to require special skills and expertise, large business capital can still produce even though it is not as big as the formal sector (Rini, 2012).

## II. Review of Literature

### 2.1 Potency

Potential is a hidden power, energy or ability that is owned and has not been used optimally (Endra, 2004). Meanwhile, according to Wiyono, 2006 explains that potential is defined as the basic ability of something that is still hidden in it waiting to be realized into something real power in that object. Whereas what is meant by potential labor is something that is owned and can be developed, in this case what is meant by potential labor is the population of working age. The productive age population is one of the main sources of economic development. Because the productive age population can play a role in producing goods and services and will be a contributor to the value of Gross Regional Domestic Income.

## **2.2 Informal Sector**

The informal sector was first raised by Keith Hart (1991) by describing the informal sector as part of the urban workforce that is outside the unorganized labor market. The informal sector is a business unit that does not or does not receive official economic protection from the government. The informal sector in cities and villages does not receive adequate protection from the government so that if the evictions are carried out the informal sector cannot do much. In addition, protection for the informal sector can be in the form of tariff protection, loans with relatively low interest, assistance, counseling, protection and care for workers, guarantees for the flow of imported technology, patents and so on (Mulyadi: 2003).

## **2.3 Industrial Revolution 4.0**

Has a principle that marks that the era has been said to have entered the era of the industrial revolution 4.0, namely the integration of machines, workflows and systems in implementing intelligent networks along the production chain and processes to control each other independently (Lifter and Tschienner 2013).

# **III. Research Method**

This research is a type of qualitative research using a qualitative descriptive approach, namely research that describes data and information based on facts obtained in the field. Sources of data obtained from informants, namely workers affected by layoffs and in the process of data analysis carried out several stages, namely data collection, data reduction, data presentation and verification.

# **IV. Results and Discussion**

## **4.1 Indonesian Government Policy**

The COVID-19 pandemic has forced the Indonesian government to issue regulations/policies related to its handling. The regulations/policies referred to include 4 Presidential Decrees, 2 Presidential Regulations, 1 Government Regulation, 1 Presidential Instruction and 1 Government Regulation in Lieu of Law. The regulations that have been made are alternative solutions to problems that can be seen from the health, bureaucracy, politics and finances of the Indonesian state resulting from the COVID-19 pandemic (Widianingrum & Mas'uid, 2020).

The social programs that have been launched by the President to overcome the impact of the Covid-19 pandemic include: (1) Assistance with basic food packages; (2) Cash assistance of IDR 600,000.00 for people affected by Covid-19 who have not been included in the Integrated Social Welfare Data (DTKS); (3) Village Fund Direct Cash Assistance (BLT) (transfer of part of the Village Fund budget) for beneficiary families (KPM) of Rp. 600,000,000 per month; (4) Free electricity for customers affected by the Covid-19 pandemic; (5) Pre-Employment Cards issued by the government to help employees who have been laid off and unemployed; (6) Salary subsidies for private employees registered with the Employment Social Security Administration (BPJS Ketenagakerjaan) with salaries below Rp. 5,000,000.00; and (7) BLT for micro and small businesses in the amount of Rp. 2,400,000.00 (Ihsanuddin, 2020).

Workers, both those who work in companies (formal workers) and those who work in the informal sector, are one of the community groups affected by the Covid-19 pandemic. The social assistance provided by the government to the workers group is in the

form of a salary subsidy of Rp. 600,000.00 for three months for workers whose income is below Rp.5,000,000.00 as stated above. The requirement for recipients of assistance is that they must be registered with BPJS Employment (Retnaningsih, 2020).

#### **4.2 Conditions of Formal Workers Impact of Covid-19 in Pekalongan City**

The impact faced by formal workers is termination of employment (PHK). This impact causes the worker to become unemployed. To survive, respondents were helped by assistance from the Government, namely food packages and cash assistance, but there were some respondents who had to sell their personal assets such as tv, refrigerator, cellphone, motorcycle to owe money to relatives, neighbors and financial institutions.

On the way, respondents look for new jobs, including being odd jobs in a home-based batik business, participating in selling people's batik, becoming construction workers, sewing craftsmen and trading times five. However, they still experience obstacles in meeting their daily needs because the work is only temporary and they have not mastered how to trade, especially in the Covid-19 condition which has quite difficult challenges for them.

Some respondents also registered and took advantage of the pre-employment card program and had attended trainings held by the Government, including Training on Digital Marketing, Embroidery, Packaging, Beginner Business to Virtual Expo. Respondents who fall into the young age category are quite easy to understand and apply technology in some of these training programs and can adapt again in earning a living. However, it becomes an obstacle for respondents in the old age category because they still need extra assistance in using technology.

In general, workers affected by layoffs acknowledge that there are negative and positive impacts caused by the Covid-19 pandemic, either directly or indirectly. The positive impact in general is to be more aware of the importance of health and always maintain cleanliness, then for the next Covid-19 pandemic it is slowly making awareness to always be technology literate because at this time inevitably you have to understand more about digital considering that direct social activities are currently limited even banned. As for the negative impact, he himself has lost his job so that other efforts are needed to continue to meet his needs even though he has to sell existing assets to the point of debt.

#### **4.3 Potential of the Informal Sector in the Industrial Revolution 4.0**

Potential is defined as the basic ability of something that is still hidden in it waiting to be realized into something real power in that object. A person under certain conditions will look for opportunities to achieve his goals by maximizing his potential. Meanwhile, the era of the industrial revolution 4.0 is an era of massive internet and technology development that makes everything unlimited and the data available is unlimited, this becomes the backbone and movement and connectivity of machines and humans (Risdianto, 2019).

The Covid-19 pandemic requires humans to be technology and internet literate because of the limitations of direct activities. Workers affected by layoffs can maximize their potential by utilizing technology and the internet to deal with current conditions. The informal sector is a good alternative choice because it has the characteristics of a business activity that is not well organized, because the emerging business unit does not use the facilities or institutions available in the formal sector. Generally, business units do not have a business license with an irregular pattern of business activities, both in terms of location and working hours. The technology used is traditional, the capital and business turnover is

quite small, so the scale of operation is also small. No formal education is needed, because the education needed is obtained from work experience (Suradi, 2010).

There is a lot of potential that can be developed for informal workers in the era of the industrial revolution 4.0, including:

- a. Utilization of social media in product marketing, such as Facebook, Whatsapp, Instagram, Tiktok, Twitter and the like
- b. Utilization of Marketplaces such as Bukalapak, Shopee, Bli-Bli, Toko Pedia, Lazada and the like
- c. Trading Application Utilization
- d. Dropshipper
- e. Youtuber
- f. Ojek Online
- g. Partners in Go Food, Grab Food and the like
- h. Sales of image results in paid apps

#### **4.4 Recommendations for Informal Workers in the Industrial Revolution 4.0 Era**

##### **a. Capital Assistance**

The government has provided assistance for MSMEs and workers to overcome the impact of the COVID-19 pandemic, including Productive Micro Business Assistance (BUPM) for micro businesses, Wage Subsidy Assistance (BSU) for workers with salaries below 5 million. This assistance can be used for business capital and starting a business. However, if it is deemed insufficient, it is necessary to seek capital assistance from several government-owned and private companies as well as social institutions or agencies. Capital assistance does not have to be in the form of material, but it can also be in material according to their needs. In the search for capital assistance, of course, it is necessary to provide assistance both from the administrative side, such as letters, proposals for assistance and reporting to open the use of the capital.

##### **b. Training and Mentoring**

The government also issued a policy on the Worker's Card in which the card is a work competency development program and entrepreneurship in the form of financial assistance aimed at job seekers, laid off workers or workers who need competency improvement, including micro and small business actors. This program contains materials and practices for work and entrepreneurship, including the use of technology, so this program is very helpful for workers affected by the COVID-19 pandemic because recipients of this card receive training, assistance and business capital to survive. in the face of challenges that occur in the midst of a pandemic. Covid-19. Apart from the government,

Strive for training to be dominated by material on mastery, understanding and practice of using technology and the internet to support challenges in the midst of the COVID-19 pandemic by providing in-depth and ongoing assistance during and after training to measure the level of effectiveness of existing training to become independent informal workers.



## V. Conclusion

Every worker who is laid off must survive in the midst of the COVID-19 pandemic by utilizing his potential by utilizing assistance from the Government and other organizations or institutions for mastery and use of technology and the internet such as social media, marketplace, dropshipper, trading, youtuber, online motorcycle taxi, partners in go food, grab food to sell image results in paid applications to get profits for survival and business development in the midst of the covid-19 pandemic in the era of the industrial revolution 4.0.

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