(RESEARCH ARTICLE)

# An analysis of the welfare of informal sector workers in the city of cirebon in the new normal period after the Covid 19 pandemic

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## Abstract

The Covid-19 pandemic which is endemic in almost all parts of the world has had a major impact on various lines of life, including the economy. This condition requires the government to issue a Large-Scale Social Restrictions (PSBB) policy. This policy limited people's activities and resulted in a limited economy. However, after the pandemic conditions began to improve, and new normal policies began to be implemented. The method used in writing this article is quantitative with the method of regression analysis. This article aims to analyze the welfare of informal sector workers against the conditions of the new normal in the city of Cirebon. The results of the regression analysis show that the sig value (P-value) is <0.05 so there is a significant influence between the conditions of the new habit (X) on the welfare of the informal sector workers (Y).

## 1. Introduction

The success of economic development is motivated by development policies based on economic growth that can create optimal employment, both in terms of quantity, productivity, and efficiency. Regional economic development involves many parties from various sectors that require cooperation and coordination between interested parties.

To support a country's economy, labor has a crucial role because it is part of the production factor. Current employment problems in Indonesia include the size of the workforce which is not matched by the availability of jobs and the low quality of the existing workforce. So, not only is the unemployment rate high but the workforce in Indonesia is still dominated by informal sector workers (1). Based on BPS data, in 2022 out of 100% of workers 59.31% will be informal sector workers (2).

The informal sector has the characteristics of a large number of business units on a small scale, individual or family ownership, utilizing simple technology, relatively low levels of education, skills, productivity, and access to financial institutions (3). Usually, workers in the informal sector rely a lot on physical strength (blue collar) in their work, such as pedicab drivers, construction workers, street vendors, and others. Informal sector workers are very vulnerable to economic conditions, while informal workers can make it difficult for the government to provide targeted economic assistance (4).

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Covid-19, which was declared a pandemic in March 2020, had a major impact on the world economy, including Indonesia. The impact of Covid-19 has resulted in a decrease in people's mobility so that it can affect the determinants of socio-economic factors (5). In Indonesia, the informal sector provides job opportunities without special educational or skill requirements, especially in the construction industry, but informal workers receive less social protection, leading to economic vulnerability and worsening conditions during Covid 19(6).

The government issued a Large-Scale Social Restrictions (PSBB) policy to prevent the spread of this virus. This policy limited community and economic activities so Indonesia's economic growth in the second to third quarters of 2020 experienced a negative impact. The decline in economic activity also made business actors carry out massive efficiency to reduce losses, as a result, many workers were laid off, even laid off (PHK) (7). In Indonesia, Covid 19 has caused many to lose income and jobs which are dominated by men, people who are younger and less educated, as well as self-employed and part-time workers in the non-agricultural sector (8).

The Indonesian Institute of Sciences (LIPI), the Ministry of Labor's Labor Research and Development Agency, and the Demographic Institute, Faculty of Economics and Business, University of Indonesia conducted an online survey conducted from April 24 to May 2 2021 with the characteristics of respondents aged 15 years and over with a total of 2160 respondents spread across 34 provinces in Indonesia. The survey results stated that the wave of layoffs and decreased income occurred as a result of disruptions to business activities in several sectors. As many as 14% of workers were laid off, 50% were laid off without layoffs, and the other 36% did not add/reduce employees (9).

Meanwhile, the employment situation in Cirebon City was also affected due to the implementation of the PSBB policy. In August 2021, it was recorded that the total workforce of 155,789 decreased by 702 people compared to August 2020. More than 36,885 people or 14.88% of the total population of Cirebon City were affected by Covid 19. This figure consists of 5,511 unemployed people due to Covid 19, 1,513 people not in the labor force, 2,065 people not working, and working residents who have experienced reduced working hours reaching 27,796 people.

As an area that is the axis of economic activity in the three regions (Cirebon, Indramayu, Majalengka, and Kuningan), Cirebon City is a benchmark as well as a reflection of the surrounding areas to prepare for the crisis caused by the Covid-19 pandemic. Therefore, an analysis of workers' welfare, especially in the informal sector, needs to be carried out in the context of recovering from the impact of the Covid 19 pandemic.

## 2. Material and method

This study uses a mixed method, namely a combination of qualitative and quantitative methods (10). The quantitative approach is intended to analyze macroeconomic conditions and analyze the sectoral economy in Cirebon City. While the qualitative approach is aimed at finding alternative solutions to the economic problems of Cirebon City that are encountered in the field in a comprehensive manner.

The location of this research is Cirebon City, West Java Province, with a research period of one month. The population is the area of generalization or objects/subjects with certain qualifications to conclude from, while the sample is part of the population (11). The population in this study are workers who work in the informal sector both in services and products, such as public transportation services, repairs, street vendors, tailors, and so on.

The sample in this study was calculated using a simple random sampling technique in which the sample was taken randomly without regard to strata in the population (11).

$$n = \frac{2,05^2 \times 0,5(1-0,5)}{0,1^2}$$

$$n = \frac{4,203 \times 0,25}{0,01}$$

$$n = 105$$

Based on simple random sampling calculations with a 96% confidence level and 10% sampling error, a total sample of 105 respondents was obtained.

The analytical method used is regression analysis which aims to analyze the relationship between variables expressed in the form of a regression equation which is sourced from sample data (12).

## 3. Results and discussion

Welfare analysis in the informal sector in Cirebon City in this article uses the regression analysis method. The variables used are New Normal Conditions (X) and Welfare of Informal Sector Workers (Y). New habits or what is often called the new normal, by the Government of Indonesia as a new order for adapting to Covid-19. This policy reopens community activities, including limited economic and social activities by established health protocols (13). Meanwhile, informal sector workers are workers with labor-intensive characteristics, small scale, and simple technology (14). The concept of welfare in this article refers to the concept of social welfare for the community and workers, where the basic needs of life (clothing, food, shelter) can be met. (15). The following are indicators used in conducting field surveys so that analysis can be carried out.

**Table 1** Variable Indicator

| Variable | Indicator |
|---|---|
| New Normal Condition (X) | Ease of getting job<br>Freedom of space to work<br>Life expectancy<br>Post-pandemic challenges<br>New habit state<br>Adaptation to new habitual conditions |
| Welfare of Informal Sector Workers (Y) | Income adequacy<br>Possession of special skills<br>Profession change<br>Saving habits |

Source: Primary Data

### 3.1. Respondents Identity

Respondents in this study amounted to 105 people with the character of informal sector workers who are located in the city of Cirebon. We categorize respondents according to their identity based on gender, age, last education completed, and amount of daily income earned. The majority of respondents were male (92%), with an age range of 17-29 years (70%), graduated from high school or equivalent (33%), and earned a daily income of more than IDR 50,000.

**Table 2** Respondents Identity

| Category | Frequency | Percentage |
|---|---|---|
| **Gender** | | |
| Man | 97 | 92% |
| Woman | 8 | 8% |
| **Age** | | |
| <40 years | 74 | 70% |
| >40 years | 31 | 30% |
| **Last education** | | |
| Elementary School | 22 | 39% |
| Junior High School | 41 | 21% |
| Senior High School | 35 | 33% |
| Bachelor | 5 | 5% |

| Category | Frequency | Percentage |
|---|---|---|
| Others | 2 | 2% |
| **Daily Income** | | |
| >50.000 IDR | 95 | 90% |
| <50.000 IDR | 10 | 10% |

Source: Primary Data

Based on the table above, it can be seen that the majority of respondents have a final level of education only up to the elementary school level. Whereas in the concept of welfare, it is stated that one of the basic needs to achieve prosperity is the fulfillment of educational elements (16). The higher the education attained, the stronger and greater one's work motivation (17). Then in the daily income section, the majority of respondents answered their daily income was above IDR 50,000, this shows the positive impact of the enactment of the new normal (new normal conditions).

## 3.2. Regression Analysis

### 3.2.1. Linear Regression Analysis

**Table 3** Results of Linear Regression Analysis

| Regression Statistics | |
|---|---|
| Multiple R | 0,85515 |
| R Square | 0,731281 |
| Adjusted R Square | 0,728672 |
| Standard Error | 0,770513 |
| Observations | 105 |

Source: Primary Data

Based on the results of the analysis, R Square2 or the coefficient of determination to measure the goodness of fit of the regression equation, the percentage of the total variance of the Welfare of Informal Sector Workers variable (Y) explained by the New Habit Condition variable (X) is 73.13%.

### 3.2.2. ANOVA Test

The ANOVA test in regression shows whether the independent variable as a whole significantly affects the dependent variable or not. The regression model is said to be good if the p-value in the ANOVA is less than 0.05.

**Table 4** ANOVA Test Result

| | df | SS | MS | F | Significance F |
|---|---|---|---|---|---|
| Regression | 1 | 166,4118 | 166,4118 | 280,3004 | 3,71E-31 |
| Residual | 103 | 61,15014 | 0,593691 | | |
| Total | 104 | 227,5619 | | | |

Source: Primary Data

Because the p-value (Significance F) <0.05, the regression model can be used to predict the Informal Sector Labor Welfare (Y) variable.

*3.2.3. Linear Regression Test*

**Table 5** Results of Linear Regression Test

|  | Coefficients | Standard Error | t Stat | P-value |
|---|---|---|---|---|
| Intercept | 2,762586 | 0,488733 | 5,652544 | 1,42E-07 |
| X | 0,650022 | 0,038825 | 16,74218 | 3,71E-31 |

Source: Primary Data

In the output table above, it is known that the coefficient value of the regression equation. In this study, the following simple regression equation was used:

$$Y = a + bX$$

Information:
X = New Normal Condition
Y = Informal Sector Labor Welfare

From the table above it can be obtained the Linear Regression equation as follows.

$$Y = 2{,}7626 + 0{,}65X$$

From the coefficients of the simple linear regression equation above, it is known that a constant of 2.7626 indicates that if the New Normal Conditions variable is zero or constant, it will increase the Welfare of Informal Sector Workers by 2.7626. The coefficient of New Normal Conditions is 0.65 indicating that if the New Normal Conditions variable increases by 1 unit, the Welfare of Informal Sector Workers will increase by 0.65 units.

In addition to describing the output regression equation, it also displays a significance test with the t-test, namely to find out whether there is a real (significant) effect on variable X (New Habit Conditions) on variable Y (Welfare of Informal Sector Workers). Before making a decision, first, make a hypothesis as follows:

- $H_0$ : There is no significant (significant) effect of the New Habit Conditions variable (X) on the Informal Sector Workforce Welfare variable (Y)
- $H_a$ : There is a significant (significant) effect of the New Habit Condition variable (X) on the Informal Sector Workforce Welfare variable (Y)

With the provision of:

- If the sig value > 0.05, then H0 is accepted and Ha is rejected statistically there is no significant effect
- If the sig value <0.05, then H0 is rejected and Ha is accepted, meaning that statistically there is a significant influence between the New Normal Conditions on Welfare of Informal Sector Workers

Because the sig value (P-value) < 0.05 then H0 is rejected and Ha is accepted. This means that there is a significant influence between the independent variable New Habit Conditions (X) on the dependent variable the Welfare of Informal Sector Workers (Y).

According to the results of the research, the condition of the new normal (new normal) has a significant influence on the welfare of informal sector workers in the city of Cirebon. This is due to the leeway given by the Government to return to activities with all the established health protocols, besides that, there is a policy of providing incentives for MSMEs affected by Covid-19, these things certainly affect the welfare of informal sector workers.

# 4. Conclusion

The Covid-19 pandemic has had an impact on employment conditions in Cirebon City. The total workforce in August 2021 was recorded at 155,789 people, this number decreased by 702 people when compared to August 2020. In line with this, the labor force participation rate also decreased by 0.89%.

After conducting regression analysis and T-test on the two variables, it was found that the condition of new habits (X) or new normal after Covid-19 influenced the welfare of informal sector workers (Y) in Cirebon City,

## Compliance with ethical standards

*Disclosure of conflict of interest*

The authors assure that there is no conflict of interest with the publication of the manuscript or an institution or product mentioned in the manuscript and/or important for the result of the presented study.

*Statement of informed consent*

Informed consent was obtained from all individual participants included in the study.

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