

## Socioeconomic Wellbeing Amid The Covid-19 Crisis: Indonesia and Malaysia

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**Abstract.** *Massive and ongoing outbreaks of the corona virus have become a serious threat with a negative impact on the living standards and socio-economic well-being of the community. The objective of this study is to investigate the severe level of pandemic impact on both countries, Indonesia and Malaysia, and analyze the effectiveness of policy response, particularly on the economic stimulus to bring back socioeconomic well-being on the right track. This article employs content analysis as well as a comparative approach between two countries, Indonesia and Malaysia. Both mitigation plans from Indonesia and Malaysia have advantages and disadvantages to their economy and socioeconomic conditions. It is expected that this study contributes both theoretically and practically to the field of socioeconomic well-being in both countries.*

**Keywords:** *Covid-19, socioeconomic well-being, mitigation policy, Malaysia, Indonesia.*

**Abstrak:** *Wabah virus corona yang masif dan berkelanjutan menjadi ancaman serius yang berdampak negatif terhadap taraf hidup dan kesejahteraan sosial ekonomi masyarakat. Tujuan dari penelitian ini adalah untuk mengetahui tingkat parah dampak pandemi di kedua negara, Indonesia dan Malaysia, dan menganalisis efektivitas respons kebijakan, khususnya pada stimulus ekonomi untuk mengembalikan kesejahteraan sosial ekonomi ke jalur yang benar. Artikel ini menggunakan analisis isi serta pendekatan komparatif antara dua negara, Indonesia dan Malaysia. Baik rencana mitigasi dari Indonesia maupun Malaysia memiliki kelebihan dan kekurangan terhadap kondisi ekonomi dan sosial ekonomi mereka. Diharapkan penelitian ini memberikan kontribusi baik secara teoritis maupun praktis dalam bidang kesejahteraan sosial ekonomi di kedua negara.*

**Kata kunci:** *Covid-19, kesejahteraan sosial ekonomi, kebijakan mitigasi, Malaysia, Indonesia.*

### Introduction

The world was hit by a new corona virus in early December 2019 and later declared as a global pandemic of Covid-19 by the World Health Organization (WHO). After the first outbreak from its origin in Wuhan China, there have been over 72.4 million cases and more than 1.6 million deaths

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worldwide in December 2020. Meanwhile, roughly 1,3 million confirmed cases have been reported in the ASEAN region with a total of 30,362 deaths (ASEAN Biodiaspora Virtual Center, 2020). This pandemic impacted not only the health sector, but even worse it devastated almost all the sectors in the social system. For instance, in March 2020 the International Monetary Fund (IMF) announced a global economic recession that caused thousands of factories and businesses shuttered-down. China, the country with the second largest economic power in the world, was immediately paralyzed. China's economic growth grew by a negative 6.8% in the first quarter of 2020. In the same vein, the United States which is known as the world's largest economy also experienced minus growth of 6.1% in the first quarter of 2020.

In ASEAN, the pandemic has so far brought immediate disruptions in economic activities across the region, as evident in the decline in tourism flows, disruption in air travel, and weakening in consumer and business confidence, as several countries imposed lockdowns, community quarantines, stay-at-home orders, temporary business closures, and travel restrictions or prohibitions to contain the virus. The impact not only shocked the world economy but also human civilization in the world. Each country, through its authority, asks its people to stay at home, keep physical and social distancing, and even lockdown (quarantine areas) in purpose to slow down the spread of the corona virus. These regulations bring significant changes to the lives of the world community from all aspects. Indonesia and Malaysia are among the countries in the world which enforced strict social and physical distancing regulations and even lockdown regulations to slow down the spread of the virus. As the result of the restriction regulations, Indonesia projected a 5.3% growth in 2020 prior to the outbreak; by 1 April, the forecast has been reduced to -0.4% to 2.3%, meanwhile, Malaysia has projected a 4.8% growth in 2020, by 3 April the prediction has been decreased to -2.0% to 0.5% (ASEAN Policy Brief, 2020<sup>2</sup>).

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<sup>2</sup> [https://asean.org/storage/2020/04/ASEAN-Policy-Brief-April-2020\\_FINAL.pdf](https://asean.org/storage/2020/04/ASEAN-Policy-Brief-April-2020_FINAL.pdf)

The most critical social issues after the covid 19 crisis are the impact on the socioeconomic life of society. This effect can be seen from the high level of unemployment, inflation, and poverty, the gap in income distribution, as well as reduced access to education and health. These facts have shown that the long covid 19 pandemic crisis has left a negative impact on the living standards and socio-economic well-being of the community. Significant changes in economic activity, unemployment, unsustainable debt levels, the purchasing power of consumers and financial markets can all contribute to job losses, income inequality, rising poverty, and low living standards that threaten progress toward achieving socio-economic sustainability. Choudhury (2014b) states that the relationship between inequality and world economic growth is complex. It depends and relates to all economic and non-economic variables. He argues that: *“sustainability focuses on the capability to sustain the ultimate goals which is the social wellbeing. Each of the learning processes formalized from circular causation within “good” outputs from macro and micro views. Hence, sustainability is formalized as the wellbeing function (Choudhury, 2014b).*

The COVID-19 pandemic has disrupted economic activities and upended lives, tapering growth prospects around the world. This study therefore attempt to investigates the severe level of pandemic impact on both countries, Indonesia and Malaysia, and analyse the effectiveness of policy response particularly on the economic stimulus to bring back the socioeconomic wellbeing on the right track. This article employs content analysis as well as comparative approach between two countries, Indonesia and Malaysia. It is expected that this study contributes either theoretically and practically in the field of socio-economic wellbeing on Muslims majority countries with the specific theme in the Islamic perspective. The remaining chapters are laid down as follows: Indonesia socio economic wellbeing during the pandemic followed by the government of Indonesia mitigation plan in chapter two. Similarly with chapter three but subject to Malaysia’s socio economic wellbeing and governmet’s mitigation plan to slow down the

spread of the virus and to preserve the society's basic needs. Chapter 4 analyse through comparison approach about these both countries and eventually the last chapter is conclusion.

## **Literature Review**

### **1. Indonesia Socioeconomic Well-Being**

#### **a. During Pandemic**

On 30 June 2020, the total number of coronavirus cases in Southeast Asian countries has reached 150,571 with most cases reported in Indonesia (Hospita, 2020). The regions's tally is still far off the hundreds of thousands compared to the US and some European nations (Lee, 2020). The impact of COVID-19 has led global economy to shrink. Economic growth (year-on-year) in second quarter of 2020 has already declined by 5.32%, where transportation and storage and accommodation, food, and beverage sectors experienced the deepest decline (30.84% and 22.02%, respectively) (BPS, 2020). Furthermore, while the government is expected to have counter-cyclical measure during this crisis, its expenditure is also declined by 6.9% (year-on-year) in the second quarter of 2020. SMERU Research Institute (2020) shows that poverty rate in Indonesia will increase up to 12.37% depending the economic growth that will be realized in 2020 (Suryahadi *et al.* 2020).

Implementation of physical distancing methods, social distancing, and large-scale social restrictions (PSBB). On the one hand, it can suppress the spread of the virus as experienced by China and South Korea (Satya, 2020). However, this policy also holds consequences that are no less painful. These three methods can kill the economy of the people in the regions implementing this policy. As Indonesia is dominated by informal sector, large-scale social restriction (LSSR) has severe impact on employment. Indonesian Government estimates show that 2.8 million people had been unemployed by April 2020 due to the crisis. A joint study between Lembaga Demografi FEB-UI and LIPI (2020) suggests that the unemployment rate soars up to 17% (LD FEB UI, 2020). Workers in sectors that depend on "crowds" are the most vulnerable to lost their jobs since these sectors are heavily affected by social distancing. The

survey shows that wholesale retail and trade and accommodation and food service activities, community services, manufacturing, and transportation, storage, and communication. As per March 2020, J-PAL COVID-19 Survey (2020) shows that around 56% of men and 57% of women had lost their jobs or no longer working (Hanna and Olken, 2020). The job loss occurred mostly in urban cities as compared to rural areas, and particularly large in Java.

**b. Government Mitigation Plan**

The Indonesian Government have rolled out policy packages to response to the health and crisis during the COVID-19 pandemic. The packages focus on three areas: supporting the health sector and workers, the poor and vulnerable, and businesses. Although there is no specific policy responses for the marginalized groups, the government already provides support for the poor and vulnerable, including the micro and small enterprises, to cushion the economic impacts of COVID- 19. The packages are in the form of cash transfers, such as conditional cash transfer (Program Keluarga Harapan or PKH), ration card (Kartu Sembako), and Village Fund cash transfer (Bantuan Langsung Tunai Dana Desa), and tax incentive and credit relaxation for the micro, small, and medium enterprises (World Bank, 2020).

For the cash transfers, the government increase the amount disbursed to the existing beneficiaries as well as making an effort to extend the support to those impacted and fall into poverty due to COVID-19 (Ministry of Finance, 2020). For PKH, the government is expanding the beneficiaries from 9.2 to 10 million households, while for Kartu Sembako, the government increase the target from 15.2 million to reach 20 million households. In Greater Jakarta, Kartu Sembako is disbursed to 1.2 million households in Jakarta and 600 thousand households in the outers of Jakarta. For unemployment, the government initially rolled out the benefit package for those who lost their jobs due to COVID-19 through Kartu Prakerja program. Unlike unemployment benefit that provides income support for the unemployed, Kartu Prakerja is designed as cash transfer with pre-requisite. Individuals have to register, pass the tests and participate in an online training provided

as a requirement to obtain the cash transfers. However, the program is currently being on hold due to issues of eligibility, disbursement, and training providers.<sup>3</sup>

Although the package is targeted to support businesses, the government is prioritizing the ultra- micro, micro and small businesses, particularly poor and vulnerable enterprises, to stay afloat during pandemic and to restart their businesses. By the end of June 2020, the government releases The National Economic Recovery Programs or Program Pemulihan Ekonomi Nasional (PEN). PEN is designed to reduce the economic impact of COVID-19 with the objective of protecting, maintaining, and increasing the capabilities of enterprises and individuals to continue their businesses during COVID-19. Under PEN, the government focuses on helping the micro, small, and medium enterprises (MSMEs) through credit relaxation and interest subsidies for enterprises that take micro and small loans through Kredit Usaha Rakyat (KUR), Ultra Micro (UMi) credit, and other micro credits and financing through formal financial services. The government is planning to provide working capital in the form of grant for poor and vulnerable micro enterprises. At the moment, the government is developing a database to determine the target and priority for micro working capital.

Government regulations on the country's financial policy were adopted to deal with the health crisis is the Presidential Regulation No 54 of 3 April 2020 (*Perpres 54/2020*) on "The Revision of Allocation and Details in the Income and Expenses of the State Budget 2020". The spending will go to various policies designed in view to mitigate economic effects of the COVID-19 pandemic, including an allocation of 8.6 trillion Rupiah or approximately USD 526.6 million towards a previously announced 6-month exemption from income taxes for workers with an annual income of up to 200 million Rupiah or approximately 12,262 USD in the manufacturing industry sector. Moreover, budgets of several ministries have been reduced by 97.42 trillion Rupiah or approximately 5.98 billion USD, except the leading Ministry in this crisis, the

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<sup>3</sup> According to Presidential Decree Number 76 Year 2020 (Peraturan Presiden Nomor 76 Tahun 2020).

Ministry of Health, that have their budget increased up to 76 trillion Rupiah or approximately 4.7 billion USD, and of the Ministry of Education and Culture, increased up to 70 trillion Rupiah or approximately 4.3 billion USD

## **2. Malaysia Socioeconomic Well-being**

### **a. During Pandemic**

In particular, the Malaysian development index has been reported to the United Nations Development Program (UNDP, 2016). The human development index is a summary measurement to evaluate human development improvement in three fundamental dimensions which comprise life and health, access to knowledge, and a good standard of living. Life and health are measured by the average of life period at birth. The level of knowledge is measured by the average of years of education in the adult community. The stand of living is assessed by using the Gross National Income (GNI) per capita which shows by the exchange rate of the dollar in 2011 based on the parity conversion rate.

Between 1990 and 2018, Malaysia's HDI value increased from 0.644 to 0.804, an increase of 24.9 percent. Malaysia's life expectancy at birth as well increased by 5.1 years, mean years of schooling increased by 3.6 years, and expected years of schooling increased by 3.7 years. Malaysia's GNI per capita increased by about 167.6 percent between 1990 and 2018 (Human Development Report, UNDP, 2019).

The well-being issues have been studied by many previous researchers although the terms used varied. It is also studied that showed the new method to calculate the quality of the index by using mathematical models of Fuzzy Sets Theory (M Abdullah & Abu Osman, 2009). This model is supported by the significant improvement in the quality of life. Haryati & Nurasyikin (2011) also studied on the formulate indicators and life quality index. The study was focused on the socio-economic changes, needs, and wants of the citizens in terms of space and time.

In the study of Hasbullah, N. A., & Ab Rahman, A. (2020) it is stated that a special survey conducted by the Department of Statistics Malaysia (DOSM) (2020a) in the first round during the Covid-19 pandemic for the period 23-31 March 2020 states the socioeconomic conditions Malaysian citizen. This study was participated by a total of 168,182 respondents and found that 52.6 percent of respondents stated that they were very affected during the Perintah Kawalan Pergerakan (PKP) or Movement Control Order (MCO) period. The sectors that recorded a higher percentage of job loss compared to other sectors were the agriculture and service sectors which were 21.9 percent and 15.0 percent respectively. In the agricultural sector, workers in the fisheries sub-sector recorded the highest loss of employment at 33.0 percent, while for the service sector it was the food and beverage service sub-sector at 35.4 percent. They also found that 46.6 percent of self-employed workers lost their jobs. At the same time, almost all self-employed workers (94.8 percent) reported experiencing a reduction in monthly income and 35.5 percent of them recorded a reduction of more than 90 percent. This data was recorded when the country was going through the third phase of MCO. If this MCO continues, there is no doubt that it will have a greater impact on the economy of Malaysians.

#### **b. Government Mitigation Plan**

Malaysian citizens did not initially realize how deadly the virus is. Malaysians were also not well prepared to fight the pandemic, mainly because of the political crisis that was happening at the same time and also because they were assured that the virus would not spread easily in Malaysia. However, with the number of positive COVID-19 cases in Malaysia increasing in less than a week from 99 on March 8 to 200, with the first two deaths reported in mid-March, Malaysians began to panic (Majid, 2020). Consequently, the government took many steps to alleviate the mass panic and protect the health of Malaysian citizens. To enhance the MoH efforts in keeping the spread and mortality under control, a Movement Control Order



(MCO) was implemented on March 18, 2020. The MCO related to the restriction of movement of people into or out of an area.

Another measure taken by the MoH to cushion the impact of COVID-19 was the setting up of a special fund known as the COVID-19 Fund, to raise money to be channelled to patients, particularly those affected financially due to the quarantine procedure. This fund initially received RM 1 million from the government and private sectors. NGOs and individuals were welcomed and encouraged to direct their contributions too. Through this fund, RM 100 was given daily to those who had no source of income throughout the quarantine and treatment processes. In addition, the money collected was used to cover medical expenses such as buying crucial equipment and other supplies (The Star, 2020b).

On March 27, 2020, when announcing the RM 250 billion PRIHATIN Package to support micro, small, and medium-sized enterprises struggling to retain their employees, the Prime Minister announced an additional budget of RM 1 billion to cater for medical needs, such as the purchase of equipment and services to overcome COVID-19. The Ministry also received support from the insurance sectors, both conventional and Islamic insurance, whereby a RM 8 million fund was set up to bolster COVID-19 testing. The government also showed its gratitude to healthcare employees by increasing their monthly allowance from RM 400 to RM 600 per month beginning April 1, 2020, to be continued until the epidemic ends (Sunil, 2020).

Through this strategy, the minimum contribution to the Employment Provident Fund (EPF) was reduced from 11% to 7% effective from April 1, 2020 until December 31, 2020. In addition, an extra RM 100 has been paid to all the Household Living Aid recipients and RM 50 will be given in the form of e-cash. In brief, Household Living Aid is aid given by the Malaysian government to certain categories of receivers who qualify according to a set of criteria that was announced by the government. Furthermore, an allocation of RM 40 million has been provided to SMEs involved in food production and agriculture, RM 1000 grants have been allocated to 10,000 e-commerce entrepreneurs, and RM 20 million has been given to Malaysian Digital

Economy Corporation so that rural internet centres (Pusat Internet Desa) can be transformed into e-commerce hubs. Apart from this, the strategy has also focused on reducing the cost of living and improving infrastructure, specifically in rural areas.

## Method

By using qualitative content analysis as a methodology, this study focuses on the characteristics of socio-economic wellbeing by paying attention to the content or contextual meaning of texts or literature (Budd, et.al, 1967). The aim of content analysis is “to provide knowledge and understanding of the phenomenon under study” (Downe, 1992). In this case, the study is related to the comparasion between the socio-economic wellbeing of Indonesia and Malaysia during pandemic Covid-19.

## Results and Discussion

### Comparisson

If we look at the number of people infected with the Covid-19 virus, Indonesia as a country that has a population of eight times more than Malaysia certainly has a larger number of infected people than Malaysia. Based on WHO data, as of the end of February, there were around 1.3 million confirmed cases in Indonesia with 35,518 deaths. while in Malaysia, around 294 thousand cases were confirmed with 1,100 deaths.

**Table 1. Comparison analysis between Indonesia and Malaysia**

INDICATOR	INDONESIA	MALAYSIA
Cases	1.31 M	294 K
Recovered	1.12 M	264 K
Deaths	35,518	1,100
GDP Q4 2020	-2.07	3.40%
GDP Q4 2019	4.97%	3.60%
HDI 2020 (UNDP)	0.718	0.810
HDI Rank 2020 (UNDP)	62 of 189	107 of 189

Unemployment Q3 2020	7.07%	4.70%
Unemployment Q3 2019	5.28%	3.30%
Poverty 2020	9.78%	5.60%
Government Regulations to reduce the spread of the virus	Large-scale social restrictions (Pembatasan Sosial Skala Besar – PSBB)	Several Social Restriction Policy: PKP, PKPB, PKPD, PKPDB, PKPDS, PKPP.
	The elimination of collective leave	
Government Stimulus	National economy recovery Program	Packages of economic stimulus concern

Source: Own analysis derived from various sources.

In terms of economic growth in both countries during the first year of the pandemic, the corona virus pandemic (Covid-19) has slowed the world economy and has dealt a heavy blow to the Indonesian economy. According to World Bank data, Indonesia's economic growth from 2014 to 2019 shows that the growth rate tends to be stable at around 5%. However, in the second quarter of 2020, Indonesia's economic growth contracted sharply by -5.32%. Then, Indonesia closed 2020 with a slightly improved economic growth rate of -2.07% and Indonesia has officially declared a recession. This figure has decreased considerably when compared to GDP in the same quarter in the previous year 4.97%.

While in Malaysia, GDP in the fourth quarter of 2020 was 3.40%, which is a decrease of 0.20% from the fourth quarter of the previous year. This sharp decline in economic growth has resulted in a significant decrease in people's income which has occurred simultaneously and led to a decline in company sales, so that overall the country's economic spending also decreased. Many business industries are forced to stop their operations, which causes the unemployment rate to increase and the people's purchasing power decreases. As per the third quarter of 2020, the unemployment rate in Indonesia was 7.07%, increasing 1.79% from the same quarter in the previous year, 5.28%. In

Malaysia, the unemployment rate also increased from the previous year. In 2019, Malaysia's unemployment rate was recorded at 3.30%, while in 2020 the unemployment rate rose 1.40% to 4.70%. This situation also increased the poverty rate in Indonesia and Malaysia in 2020, which was recorded at 9.78% and 5.60% respectively.

The covid-19 pandemic has put the world in a new state of crisis, including Indonesia and Malaysia. In fact, the 2020 crisis is not the first crisis faced by Indonesia. Indonesia has been through a crisis in 1997-1998 and a crisis in 2008 before the 2020 crisis. The three crises that have been and are being faced by Indonesia have different backgrounds, impacts, and how they have been handled. Previously there was the Asian financial crisis in 1997-1998 and the situation in Indonesia was exacerbated by the political turmoil that occurred. Indonesia also felt the impact of the global financial crisis in 2008 which started in the United States, where this crisis hit developing countries in the world. The crisis occurred again in early 2020 and hit almost all countries in the world, not only Indonesia. This crisis was caused by the corona virus pandemic (Covid-19). The virus, which was originally detected in the city of Wuhan, Hubei province, China, spreads very rapidly throughout the world, threatening human safety and causing economic activity in many countries to stagnate.

The crisis in the health sector caused by Covid-19 has had a domino effect in other fields, such as social, economic, and financial. The impact of the crises that occurred in 1997-1998 and 2008 was limited to economic impacts only. Whereas the crisis that occurred in 2020 had an impact not only from an economic perspective, but the main thing was its impact on human health and safety. Different impacts require different ways of handling. In the case of a crisis caused by the Covid-19 virus pandemic, many countries have implemented lockdown policies in terms of handling the spread of the virus. However, this policy put pressure on the economy until a crisis occurred. Recently, there have been many handling policies introduced by the governments of each country to save their people and at the same time revive the country's economy.

Indonesia and Malaysia both impose physical restraint and distancing policies. However, the two countries implemented policies that were not exactly the same in reducing the spread of the Covid-19 virus. In Indonesia, the government establishes a social and physical distancing policy through a large-scale social restriction policy in almost all regions throughout Indonesia. The government has also eliminated collective leave for workers in the hope of minimizing transmission. The policies taken by the Indonesian government in an effort to reduce cases of Covid-19 infection are still not as strict as the policies implemented by the Malaysian government in their country. Indonesia has never implemented a lockdown policy in handling Covid-19.

In Malaysia, the government establishes several types of social restriction policies, including the Movement Control Order (MCO) or (Perintah Kawalan Pergerakan - PKP), the Enhanced Movement Control Order (EMCO) or (Perintah Kawalan Pergerakan Diperketat - PKPD), the Conditional Movement Control Order (CMCO) or (Perintah Kawalan Pergerakan Bersyarat - PKPB), the Targeted Enhanced Movement Control Order (Perintah Kawalan Pergerakan Diperketat Bersasar - PKPDB), the Semi Enhanced Movement Control Order (Perintah Kawalan Pergerakan Diperketat Separa - PKPDS), and the Movement Control Order - Recovery (Perintah Kawalan Pergerakan Pemulihan - PKPP). Each of these policies has differences in its implementation. In the enhanced movement control order policy or PKPD, the Malaysian government established this control order with the rule that residents are prohibited from leaving their homes and that food will be delivered to them by the authorities. Outsiders and visitors are not allowed to enter the area and all business activities are stopped. In PKP policy, movement is limited within a 10 kilometer radius only. For the purpose of buying goods necessities from a nearby supermarket or grocery store, only two household members are allowed to get out and be in the same vehicle. Cross-state movement is not allowed nationwide while for PKP areas, cross-district movement is also not allowed. Five sectors are allowed to operate and are categorized as essential economic sectors (Essential economic

sector) namely manufacturing, construction, services, trade and distribution, as well as plantations and commodities.

In terms of policies that stimulate the economy, both the Indonesian and Malaysian governments have done their best in order to survive the crisis caused by this pandemic. Although the MCO is able to reduce the effects of infection among Malaysians, there are effects on the economy not only for the country, but for the people as well. This is because of their limited mobility to do work that affects their income and expenses. In the study of Hasbullah, N. A., & Ab Rahman, A. (2020) it was said that according to the Chief Executive Officer of SME Corporation Malaysia (SME Corp Malaysia), Noor Azmi Mat Said, the majority of micro entrepreneurs will not be able to continue operations if the MCO is extended (Zainuddin, 2020). This is also acknowledged by economic analyst Bardai (Ramlan, 2020). This situation is very worrying because it will result in an increase in the unemployment rate. This is confirmed by a report issued by DOSM (2020b) which found that since 18 March 2020, the number of unemployed in March increased by 17.1 percent which is 610,500 people compared to March last year which was 521,300 people. It caused the unemployment rate for the month to increase to 3.9 percent as a result of the MCO compared to 3.3 percent recorded in February 2020. Through a press conference, the Chief Statistician, Datuk Seri Dr. Mohd Uzir Mahidin expects the maximum range of the unemployment rate for this year to be in the range of 3.5 percent to 5.5 percent (Mohamad, 2020). Therefore, it can be understood that the implementation of the MCO in curbing the spread of COVID-19 also has a huge impact on the community from an economic point of view. This situation certainly interferes with their well-being in living life during this MCO period.

Therefore, the Malaysian government issued a policy called Pekej Rangsangan Ekonomi Prihatin Rakyat. Pekej Rangsangan Ekonomi Prihatin Rakyat is divided into 3 objectives: (1) protecting the people; (2) business support; (3) strengthening the economy. Where the main highlight is : (a) Bantuan prihatin nasional (RM 10 billion); (b) Membendung Covid-19 (RM 1.5 billion); (c) Program Subsidi Upah (RM 6 billion); (d) Pengeluaran KWSP

Akaun 2 (RM 40 billion); (e) Dana Tambahan untuk PKS (RM 4.5 billion); (f) Skim Jaminan Korporat Danajamin (RM 50 billion); (g) Moratorium Pinjaman (RM 100 billion); (h) Project-project kecil (RM 2 billion); (i) Bantuan Pelajar IPT (0.3 billion); (j) Diskaun Bill Elektrik (0.5 billion). (Pejabat Perdana Menteri Malaysia, Kementerian Kewangan Malaysia, 2020g).

Meanwhile in Indonesia, the stimulus policies undertaken by the government at the initial stage, two fiscal incentive packages worth IDR 33.2 trillion (0.2 percent of GDP) were issued, then added a stimulus package worth IDR 405 trillion (2.6 percent of GDP) on March 31. Then on June 4, an additional Rp. 677.2 trillion (4.2 percent of GDP) as part of the national economic recovery program. This fiscal package includes: (a) health sector support for increased diagnostic testing and treatment of Covid-19 cases; (b) increasing benefits and expanding the scope of existing social assistance schemes for poor households, such as food assistance, cash assistance, and electricity subsidies; (c) extending layoff benefits, particularly for workers in the informal sector, (d) tax breaks, including in the tourism sector and individual taxpayers (with certain income limits); and (e) reduce the corporate income tax rate from 25 percent to 22 percent for the period 2020-21 and to 20 percent from 2022. In addition to tax and expenditure policies, the fiscal package also includes an injection of funds for SOEs and interest subsidies, credit guarantees, and funds. restructuring of loans for MSMEs.

Bank Indonesia (BI) reduced interest rates by 75 bps cumulatively in February, March, and June 2020 to 4.25 percent. BI also announced other policies to increase banking liquidity, including: (a) reducing the requirement for bank capital adequacy ratios; (b) increasing the maximum duration for reverse repo operations (up to 12 months); (c) enforcing daily repo auctions; (d) increase the frequency of FX swap auctions for tenors of 1, 3, 6 and 12 months from three times a week to daily; and (v) scale up refinancing operations each week if necessary. In addition, a Presidential Decree was issued which increased BI's authority to maintain financial system stability amid the Covid-19 pandemic by allowing BI liquidity assistance to banks, so that BI could buy government bonds in the primary market as a last resort,

and finance the Deposit Insurance Corporation (Lembaga Penjamin Simpanan - LPS) (BI report, 2020). To ease capital market volatility, the Financial Services Authority (OJK) introduced a new policy on share buybacks (listed companies can buy back their shares without prior to the general meeting of shareholders) and impose limits on the rate of decline in the stock index (OJK report, 2020).

## **Conclusion**

The hit of the Covid-19 virus pandemic has caused a crisis for many countries including Indonesia and Malaysia. Several countries declared recession due to the impact of the pandemic. In term of the size and its complexity cannot be compared apple to apple between Indonesia and Malaysia as the affected countries of Covid-19 pandemic. But there is nothing wrong if we want to take a deeper look at the two countries in dealing with the current Covid-19 pandemic.

Indonesia and Malaysia both applied physical restraint and distancing policies. However, regulations issued by these two countries were not exactly the same in reducing the spread of the Covid-19 virus in term of differences in several factors such population and demographic factor. While Indonesia employs social and physical distancing policy namely large-scale social restriction policy in almost all regions throughout Indonesia, Malaysia itself applied more strict regulation namely lockdown. Consequently, Malaysian government has to provide more bailout to help the economy remain operates.

Both mitigation plans from Indonesia and Malaysia have advantages and disadvantages to their economy and socioeconomic conditions. This article expects to give contribution theoretically in the sphere of socioeconomic condition amid the global pandemic Covid-19 and how governments responded with policy mitigation plan. Accordingly, this article also expects practically that governments among ASEAN countries to adopt similar policies from these countries in order to tackle the challenges and to slow down the spread of the virus with minimum impact to the socioeconomic condition of the people.



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