

Determinants of Household Consumption with Government Funds during the Covid-19 Pandemic in Klungkung Regency, Indonesia

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Abstract

The Covid-19 pandemic caused a decline in household consumption. Financial stimulus from the government plays an important role in increasing public consumption. This study aims to analyze the simultaneous and partial influence of income variables, the number of family dependents, education levels, and Government Fund Assistance on household consumption of Government Fund Assistance recipients in Klungkung Regency, as well as analyze the role of Government Fund Assistance in moderating the influence of income on household consumption. This study was conducted on Government Fund Assistance recipients in Klungkung Regency with 148 respondents. The collection method uses observation methods, structured interviews, in-depth interviews, and it is analyzed with moderated regression analysis. The results of this study are income, number of family dependents, education level, Government Fund Assistance simultaneously affecting household consumption. Partially income, the number of family dependents, the level of education, and Government Fund Assistance have a positive and significant effect on household consumption. Government Fund Assistance significantly acts as a moderation variable that weakens the relationship between income and household consumption of Government Fund Assistance recipients in the Klungkung Regency. Although households have received additional income from Government Fund Assistance, if the consumption they do between before and after getting help tends to remain, then the proportion of income used for consumption will certainly decrease.

Keywords: *household consumption, income, number of family dependents, education level, Government Fund Assistance*

1. Introduction

Household Consumption Expenditure is the value of spending made by certain households to meet all their needs in a certain year [1]. Keynes argues that there is a relationship between disposable income or income received today with current consumption. If income increases, consumption will also increase and vice versa, if income decreases, consumption levels will also decrease [2]. The Covid-19 pandemic has caused the household sector in Bali to experience a decline. The province of Bali, whose economy is very dependent on the tourism sector, is one of the areas worst affected by the Covid-19 pandemic [3]. The decline in consumption levels occurs because households experience a decrease in income due to most of them losing their jobs [4]. In the second quarter of 2020, the percentage of people's incomes that decreased in number was even greater, May 2020 was the most severe during the second quarter of 2020, which was 88.1 percent. The declining income during the Covid-19 pandemic also forced households to make adjustments and reduce consumption costs, which resulted in a decline in household consumption performance.

Most households in Bali responded to the decline in income by reducing consumption levels, so that in May 2020 the reduction in household consumption performance was very large, namely 88.1 percent [5]. This seems to be under Keynes's theory that the lower the income, the lower the level of consumption. The increasing uncertainty and decline in income during the Covid-19 pandemic caused consumption to decrease [3]. In addition to the declining level of household consumption, the phenomenon of the Covid-19 pandemic seems to have also affected the household consumption pattern of the Province of Bali. One of the districts that have experienced a large change in consumption patterns is Klungkung Regency. Changes in consumption patterns by regencies/cities in Bali Province can be seen in Table 1.

Table 1: Average Monthly Consumption Per Capita of Bali Province by Regency/City (IDR) 2018-2020

	Food			Non-Food		
	2018	2019	2020	2018	2019	2020
Jembrana	499,420	520,731	564,209	478,086	425,693	524,042
Tabanan	579,435	556,741	584,746	671,090	641,445	718,918
Badung	725,574	756,619	816,074	1,112,070	1,082,936	1,097,757
Gianyar	497,835	603,967	652,287	753,998	834,498	851,551
Klungkung	578,638	505,782	608,369	537,990	609,388	577,321
Bangli	522,247	502,788	589,409	532,989	478,310	515,829
Karangasem	414,230	402,280	455,317	358,735	367,057	429,222
Buleleng	501,445	496,558	526,310	449,087	433,460	443,654
Denpasar	782,980	773,883	893,654	1,171,759	1,226,376	1,354,068
Bali	599,976	609,181	675,146	767,056	777,972	834,520

Table 1 shows the average consumption per capita of each district in Bali by food and non-food groups. One of the regencies that has experienced a large change in consumption patterns is Klungkung Regency, where food consumption in 2020 is IDR 608,369, an increase of 20.3 percent from 2019 which only amounted to IDR 505,782, while non-food consumption has decreased by 5.3 percent from IDR 609,388 in 2019 to IDR 577,321 in 2020. Five districts with food consumption exceeding 50 percent are Buleleng, Bangli, Jembrana, Karangasem, and Klungkung. One of the five regencies with food consumption exceeding 50 percent is Klungkung Regency. Food expenditure in Klungkung Regency in 2020 reached 51.31 percent, while for non-food expenditure it was 48.69 percent. Household Consumption Expenditure, which contributed 57.09 percent to Bali's economic structure in the first quarter of 2021 from the expenditure side, appears to have contributed -2.02 percent negatively to Bali's economic growth in the first quarter of 2020 [6]. The decline in household consumption that occurred during this pandemic, if allowed to continue, could worsen economic growth, especially in the province of Bali. The government's intervention is to expand the social safety net by allocating village funds to focus on three policies during Covid-19 including (1) Covid-19 response villages by forming volunteers to fight Covid-19 in the village, (2) Intensive Village Fund Assistance to maintain opportunities work for communities in villages during the Covid-19 pandemic, and (3) the Village Fund Cash Government Assistance Program to increase community income to meet basic needs

Policies that have been issued by the government such as the Village Fund Cash Government Assistance and Intensive Village Fund Assistance programs are fully aimed at increasing people's purchasing power so that they are expected to be able to increase household consumption of rural communities amid the Covid-19 pandemic. The factors that can affect household consumption are the number of family members covered, the last education level of the head of the family, and the level of income [7]. Income, education, and several dependents affect household consumption. This Village Fund Cash Government Assistance is very helpful to encourage public consumption because the demand side is the most affected by the pandemic and suppresses government spending [8]. Likewise, the Intensive Village Fund Assistance program can increase the income/wages of rural communities without having to leave their main job, so that the additional income can be used for consumption [9]

Therefore, it can be concluded that apart from economic and demographic factors that influence household consumption, government policies in the form of Social Safety Nets also play a major role in influencing household consumption levels. When the economy weakens due to Covid-19, what can be expected is government policies in the form of fiscal stimulus which can directly impact the recovery in the health sector and the economy in the village. One of the indicators that can measure the success of a program is the level of household expenditure [10].

Keynes explained that there is a relationship between disposable income or income received at this time with consumption carried out at the same time. If income increases, consumption will also increase and vice versa, if income decreases, the level of consumption will also decrease [2]. Several factors influence consumption, namely economic factors, demographic factors, and other factors. Economic factors such as income level are directly proportional to household consumption, namely the higher the income level, the higher the consumption level. Demographic factors also affect the level of consumption. The influencing demographic factors are population composition, population size, and gender. The pattern of public consumption is a description of the tendency of people to consume food or non-food [7]. The factors that influence household consumption patterns are income, consumer tastes, prices of goods, education, number of families, and

the environment. Social assistance provided by the government seems to have an impact on increasing the amount of consumption and changes in household consumption patterns [11]

The income used in this study is household income. Household income is the sum of all monetary income plus the value of self-consumed goods and the value of imputed housing occupied by the owner. Households have three sources of income, namely salary or wage income, income from productive assets, and income from the government. According to Keynes' theory, household income can affect the consumption and saving function, the greater the income of a household, the consumption will increase and the saving rate will also increase, whereas if the income is getting smaller, then all of its income will be allocated for consumption so that the level of zero savings [12].

Family dependents are several people who live in one house who are directly a burden or dependent on the head of the family or who are not at home but are still dependent on the head of the family. The number of family members greatly determines the number of family needs. The more the number of family members, the more family needs that must be met. And vice versa, the fewer the number of family members, the fewer needs that must be met. The more family members, the burden on the household to meet daily needs is getting heavier [13]

Education is an activity that has certain aims and objectives that are directed at developing the potential of humans both as humans and as a society to the fullest. Education is a tool for economic development, educated people are more productive than uneducated people. This productivity arises because of the technical skills obtained from education [14]

Village Fund Cash Government Assistance is financial assistance to poor families in villages sourced from village funds to reduce the impact of the Covid-19 pandemic. The value of the Government Assistance to Village Fund given every month for each poor family that meets the criteria is IDR 300,000 per month. The implementation of the Government Fund Assistance is exempt from taxes [15]. Prospective recipients are poor families, both those recorded in the Integrated Social Welfare Data and those not recorded (exclusion error) who meet the following criteria: (1) did not receive previous government assistance; (2) experiencing loss of livelihood (not having sufficient economic reserves to survive for the next three months); (3) have family members who are prone to chronic illness. The data collection team is required to ensure that vulnerable groups such as poor families headed by women, the elderly, and people with disabilities are registered as potential beneficiary families [15]. Intensive Village Fund Assistance is an activity to empower poor, unemployed, and families with malnourished children under five productively based on the use of natural resources, labor, and local technology to reduce poverty, increase income, and reduce stunting rates. This program aims to reduce unemployment in villages by opening temporary employment opportunities for rural communities

2. Research Method

This research is an associative type of research with a quantitative approach conducted in Klungkung Regency with a total of 37 villages, the number of samples used is 148 respondents with the quota sampling method. Sources of data used in the form of primary and secondary data with data collection techniques through observation, structured interviews, and in-depth interviews. The research instruments used were questionnaires, interview guidelines, and checklists. The data analysis technique is used in moderated regression analysis (MRA).

3. Results and Discussion

The number of respondents in this study initially was 148 respondents, but in the data analysis, data outliers were carried out so that the number of respondents used in the analysis was 144 respondents. In this study, the majority of respondents, namely 25.69 percent of respondents had a household consumption level between IDR 2,410,000 to IDR 3,100,000. The total income of most respondents ranged from IDR 0 to IDR 460,000 which is 38.2 percent of the total respondents. Most of the respondents had 3 dependents, namely 26.39 percent of the 144 respondents. The number of respondents who have no dependents is 16.67 percent. This is dominated by respondents who are not married and also elderly so that they do not have or no longer have dependents. The majority of recipient respondents have the last education level of elementary school, which is as much as 25.69 percent of the total respondents. The amount of funds received by respondents varies, Village Fund Cash Government Assistance depends on the length of time receiving assistance, while Intensive Village Fund Assistance depends on the type and wages of the project being undertaken. Most respondents have received funds ranging from IDR 50,000 – to IDR 1,090,000 as much as 57.64 percent of the total respondents.

Table 2: Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
X1	144	0.000	3.800	0.94410	0.994276
X2	144	0.000	10.000	2.77778	1.849001
X3	144	0.000	16.000	7.30556	4.659418
M	144	0.050	8.550	1.86118	2.135559
Y	144	0.300	6.000	2.32483	1.159672

Table 2 states that the income (X1) and Government Fund Assistance (M) variables each have a standard deviation value that is greater than the average value. This indicates that the distribution of the data used is uneven because the difference between one data and another is greater than the average value or it can be said that the data used is heterogeneous. Then for the variables of the number of family dependents (X2), an education level (X3), and household consumption (Y) each have a standard deviation value smaller than the average value. This indicates that the distribution of the data used is even.

Table 3: simultaneous effect

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	67.136	5	13.427	14.881	.000
Residual	124.520	138	.902		
Total	191.655	143			

Based on Table 3, it is obtained that the value of F-count (14.881) > F-table (2.60) with a significance level of 0.000 < 0.05 so that H0 is rejected and H1 is accepted. This means that income, number of dependents, education level, and Government Fund Assistance have a simultaneous and significant effect on household consumption (Y) recipients of Government Fund Assistance in Klungkung Regency.

Table 4: Partial effect test results

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constan)	0.713	0.224		3.181	0.002
X1	0.630	0.117	0.541	5.385	0.000
X2	0.197	0.051	0.315	3.850	0.000
X3	0.046	0.020	0.185	2.302	0.023
M	0.184	0.052	0.339	3.507	0.001
X1M	-0.111	0.041	-0.320	-2.670	0.008

The income variable has a positive and significant effect on household consumption in Klungkung Regency. It can be seen in Table 4, that the value of t-count obtained is greater than t-table (5.385 > 1.645); the coefficient value of 0.640; and the resulting significant value is 0.000. This means that as income increases, the level of household consumption of rural communities who receive Government Fund Assistance also increases, and vice versa. Every time there is an increase in income of IDR 1,000,000, it will increase household consumption by IDR 630,000, and vice versa. Both in the long term and in the short term, the income variable affects the level of household consumption [16] [17].

The number of dependents also has a positive and significant influence on household consumption of the recipients of Government Fund Assistance in Klungkung Regency. The value of t-count obtained is greater than t-table (3.850 > 1.645); coefficient value 0.197; and the resulting significant value is 0.000. This means that the greater the number of dependents, the household consumption level of rural communities who receive Government Fund Assistance also increases, and vice versa. Every time there is an increase in the number of family dependents by 1 person, household consumption will increase by IDR 197,000, and vice versa. The number of family dependents has a positive influence on household consumption [18]. The more the number of family members, the more household consumption will increase and vary

Another factor that has a positive and significant effect on household consumption of the village community recipients of Government Fund Assistance in Klungkung Regency is the variable level of education. the value is 2.302, which means it

is greater than the t-table value, which is 1.645 with a significance value of 0.023, which is smaller than 0.05. The education variable coefficient, which is 0.046, indicates that every time there is an increase in the number of successful years of education by 1 year, it will increase household consumption by IDR 46,000, and vice versa. The role of education level on consumption by a person is when deciding to consume. The higher the level of education, the allocation of food consumption will decrease and the allocation of non-food consumption will increase to continue education and vice versa [8]. Every time there is an increase in the number of years of education followed, it will affect the increase in consumption [19].

The Government Fund Assistance variable has a positive and significant effect on household consumption of the Government Fund Assistance recipient community in the Klungkung Regency. The t-count value is $3.507 > t$ -table, which is 1.645 with a significance value of 0.001. The coefficient of the Government Fund Assistance variable which is worth 0.185 means that every time there is an increase in the amount of Government Fund Assistance received by IDR 1,000,000 it will increase household consumption by IDR 184,000, and vice versa. The existence of policies from the government can lead to additional income in the household sector which is then able to increase the amount of consumption. The transfer of funds provided by the government has a positive effect on the level of household consumption [20].

The proportion of community food consumption after receiving Government Fund Assistance in Klungkung Regency is 61.95 percent while the non-food proportion is 38.05 percent of the total household consumption. Most households who lose their jobs make their incomes decrease so they prefer to focus their money on food consumption. The program launched by the government in each village in Klungkung Regency does not seem to have been able to reduce food consumption patterns and increase non-food consumption, but rather increase food consumption and decrease non-food consumption. This is because most of the people who receive aid prefer to spend their money to meet basic needs such as food, rather than others [4].

The significance value $5 < 0.05$, which means it is significant so that the Government Fund Assistance (M) variable significantly acts as a moderating variable. The coefficient value of the Government Fund Assistance interaction variable with income (X1M) is -0.111 and is significant, while for the income variable coefficient (X1) it is 0.630 and significant. Therefore, the Government Fund Assistance variable is used as a moderating variable which weakens the influence of income on household consumption (Y) of the recipients of Government Fund Assistance in Klungkung Regency. It can be illustrated as follows, if the total income of a household is initially IDR 2,000,000 per month with a household consumption level of IDR 1,800,000, this means that the contribution of income to consumption is 90 percent. If the household receives funding assistance from the Government Fund Assistance of IDR 500,000 and the total income after receiving the assistance becomes IDR 2,500,000 but the level of consumption carried out by the household still amounts to IDR 1,800,000 so that the contribution of income to consumption decreases to 72 percent. Even though the affected households receive financial assistance from the village government in the form of Government Fund Assistance, if their household consumption or expenditure remains the same, the funding assistance obtained can weaken the income contribution to household consumption of the village community receiving the Government Fund Assistance.

4. Conclusions

Income, number of dependents, education level, and Government Fund Assistance have a simultaneous effect on household consumption in Klungkung Regency. Income, number of family dependents, education level, and Government Fund Assistance partially have a positive and significant effect on household consumption of the village community receiving Government Fund Assistance in Klungkung Regency. Government Fund Assistance is used as a moderating variable that weakens the relationship between income and household consumption of the village community receiving Government Fund Assistance in Klungkung Regency.

It is hoped that in determining the recipient of the Village Fund Cash Government Assistance program, the village government must really ensure that the households that receive the Government Fund Assistance do not receive other forms of assistance from either the regional government or the central government so that the assistance provided is right on target. The community is expected to be able to utilize the funds obtained from the program as well as possible to meet their daily needs in order to increase household consumption, so that the Government Fund Assistance received is able to strengthen the influence of income on household consumption. It is also hoped that the community will be able to allocate the assistance received not only for food consumption but also for non-food consumption, so that the expected consumption pattern is achieved.

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