Analysis of the Effect of Consumption Expenditure, Foreign Direct Investment, and Manufacturing Industry moderated by Labor force on Growth of Economy of OIC Countries during the Covid-19 Pandemic

Analisis pengaruh Total Konsumsi, Penanaman Modal Asing, dan Industri Manufaktur yang Dimoderasi oleh Tenaga Kerja terhadap Pertumbuhan Ekonomi Negara OKI selama Pandemi Covid-19

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ABSTRAK

Pandemi COVID-19 menyebabkan pertumbuhan ekonomi global melambat. Pertumbuhan ekonomi yang dikuru melalui GDP suatu negara dipengaruhi oleh beberapa hal. OIC merupakan organisasi negara-negara muslim didunia dimana GDP mereka juga juga terdampak secara signifikan akibat pandemi COVID-19. Penelitian ini bertujuan untuk mengobservasi pertumbuhan ekonomi negara anggota OKI yang dipengaruhi oleh variabel Industri manufaktur, Penanaman Modal Asing, dan Total konsumsi yang di moderasi oleh tenaga kerja. Penelitian ini menggunakan jenis data panel. Data diambil dengan menggunakan metode purposive sampling. Penelitian ini menggunakan sampel 10 negara aggota OKI dalam rentan tahun 2018-2020. Studi ini menggunakan teknik Random Effect Model (REM) untuk melihat pengaruh hubungan variabel independen terhadap variabel dependen secara simultan maupun parsial. Hasil menunjukkan bahwa beberapa variable independen seperti total konsumsi dan Penanaman Modal Asing mampu memberikan pengaruh signifikan untuk pertumbuhan ekonomi tanpa harus dimoderasi oleh Tenaga Kerja. Sedangkan industri manufaktur ketika dimoderasi oleh tenaga kerja, justru memberikan pengaruh yang relevan kepada pertumbuhan ekonomi di beberapa negara anggota OKI saat masa pandemi Covid-19. Maka, saran kepada pemangku kepentingan diharapkan memberikan perhatian khusus terhadap sektor industri manufaktur yang sangat banyak menyerap tenaga kerja. Untuk penelitian selanjutnya, diharapkan mampu menambah jumlah sampel data jika topik yang diambil sama dengan penelitian ini karena sampel data terbatas hanya pada negara OKI dalam penelitian ini.

Kata kunci: Covid-19, Pertumbuhan Ekonomi, Penanaman Modal Asing, Tenaga Kerja, OKI.

ABSTRACT

The COVID-19 pandemic has caused global economic growth to slow down. Economic growth measured through a country's GDP is influenced by several things. OIC is an organization of Muslim countries in the world where their GDP has also been significantly affected by the COVID-19 pandemic. This study aimed to observe the economic growth of OIC member countries which is influenced by the variables of the manufacturing industry, foreign investment, and total consumption which are moderated by labor. This research used panel data type. Data were taken using purposive sampling method. This study used a sample of 10 OIC member countries in the 2018-2020 vulnerable years. This study uses the Random Effect Model (REM) technique to see the effect of the relationship of the independent variable on the dependent variable simultaneously or partially. The results showed that several independent variables such as total consumption and foreign investment are able to have a significant influence on economic growth without having to be moderated by the labour force. Meanwhile, the manufacturing industry, when moderated by the labour force, actually has a relevant influence on economic growth in several OIC member countries during the Covid-19

pandemic. Therefore, suggestions to stakeholders are expected to pay special attention to the manufacturing industry sector which absorbs a lot of workers. For further research, it is expected to be able to increase the number of data samples if the topic taken is similar to this recent study because the data sample in this study is limited to only the OIC countries.
Keywords: Covid-19, Economics Growth, Foreign Direct Investment, Labor Force, OIC.

I. INTRODUCTION

COVID-19 is a virus with a high rate of spread. It has infected millions of humans worldwide (Hartono et al., 2021). COVID-19 has made all countries compete to find solutions and record what impacts will occur (Firano & Fatine, 2020). The direct impact felt from COVID-19, especially on the economy and humans, has been widely discussed by Boukhatem & Ben Moussa, (2018) and will have an unintended impact on global economic growth (Rahman et al., 2022).

Many countries have implemented schemes to limit people's mobility to minimize the spread of COVID-19 and also maintain economic stability and have an effect on macroeconomic variables, particularly in employment, consumption, and production (Firano & Fatine, 2020). This is evidenced by the data in Figure 1 that we took from *data.worldbank.org* which resulted in a general decline in gross domestic product (GDP).
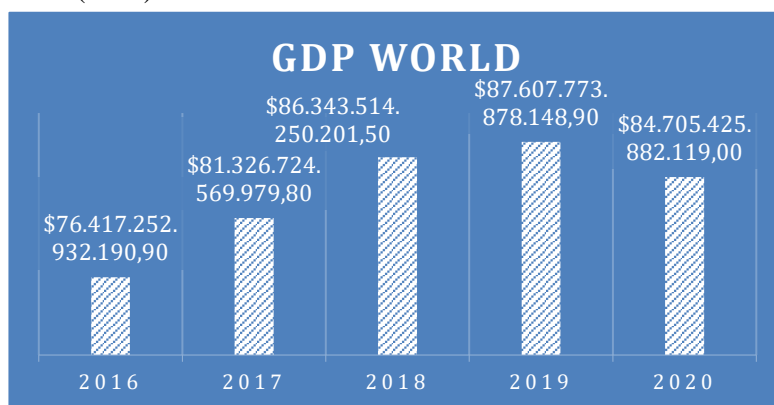

Source: data.worldbank.org (processed data), 2021
Figure 1.
GDP's World Trend in 2016 - 2020

The decline in the aggregate amount of gross domestic product also occurred in countries specifically that are members of the Organization of Islamic Cooperation (OIC) when currently facing a pandemic. The authors quote below from data released by SESRIC in the OIC Economic Outlook 2020. The data in Figure 2 stated the average GDP growth of all 55 OIC members, which was processed by a team from Sesric based on the database from the IMF WEO April 2020. The total GDP of OIC member countries contracted by 5,6% from US $7,3 trillion in 2019 to $6,9 trillion in 2020. Given the ongoing gradual recovery, it is expected to rebound to $7,7 trillion in 2021, exceeding 2019 levels. With this size of the economy, OIC member countries account for 8,1% of global GDP in 2020 (OIC Economic Outlook, 2020).
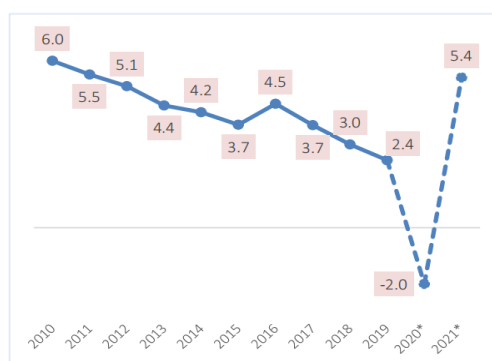
Source: OIC Economic Outlook, 2020
Figure 2.
GDP growth of OIC member countries

While the world economy was experiencing depression due to the lockdown policy to stop the spread of the COVID-19 virus, GDP in OIC member countries actually recovered significantly and increased to almost exceed GPD in 2011. Good performance of OIC countries and strong economic resilience to improve economic conditions after the recession in 2020. Apart from that, most of the OIC countries are global contributors of oil, so once the symptoms of the pandemic subside, they can use their oil resources to increase GDP (Cotula, 2021).

To find out the components that make up the output of GDP figures per country, it is done by calculating national income or expenditure-based GDP which is generally modeled in the form of the formula y = G + I + C + (X-M). One of the basic foundations in calculating GDP is total consumption (Consumption Expenditure). In Indonesia, which is a member of the OIC, it was stated that consumption contributed 60% of GDP growth after the global financial crisis (Juhro, 2015). So consumption has an important role to encourage the economic growth of a country during critical times (Juhro & Iyke, 2019); (Rashid et al., 2021). Consumption behavior is one of the variables in making macroeconomic policies in the short and long term (Juhro & Iyke, 2019). There are two reasons to support the above argument, namely first, consumption will shape the business cycle and will affect short-term monetary policy. Consumption decisions will determine the level of savings so that it affects monetary and fiscal policy in the long term (Juhro & Iyke, 2019).

On the other hand, investment is a basic component in calculating national income. One form of investment is foreign investment to a country, namely Foreign Direct Investment (FDI). An example is when a company's shares that have been listed on the stock exchange floor in a country are then purchased by a company from abroad. So that FDI gets special attention in its efforts and influence on the growth and economic development of a country (Barkah et al., 2022). Global FDI inflows fell drastically in 2020, returning to 2005 levels, due to the pandemic. They fell 35% to one trillion dollars from 1,5 trillion dollars in 2019, mainly as the declines flowed into developed countries. FDI inflows to developed countries decreased by more than half (58%) to US$ 312 billion while inflows to developing countries only fell 12% to US$ 687 billion. Flows to OIC countries followed the same path as developing countries and fell 12,5% to US$ 100 billion in 2020 compared to US$ 114 billion in 2019 (OIC Economic Outlook, 2020).

On the other hand, labor has an important role in shaping a country's national income. Solow stated that national income is capital and labor, thus determining national income (Yıldırım & Akinci, 2020). However, the theory expressed by Solow cannot be applied to all countries. In line with this, a study by Marelli & Pastore (2010) argued that changes in national income are not always significant with changes in the share of the labour force. However, different things are expressed by Auzina-Emsina (2014) who mentioned in his writing that the level of the workforce's ability to carry out production activities greatly affects the value of economic growth and has a contribution to maintain and improve competitiveness among countries in the world.

Data showed that the current COVID-19 pandemic is wreaking havoc on labor markets worldwide, total employment fell by 114 million in 2020 as a result of workers becoming unemployed (33 million) or dropping out of the workforce (81 million). The forecast also showed that the global unemployment rate rose by 1,1 percentage points to 6,5%, the highest level in three decades. Labor catastrophe is also experienced by all OIC member countries, data shows that the loss of 53,6 million full-time jobs across the country in 2020, accounted for one-fifth of global losses. The number of unemployed in the OIC countries increased by more than 4 million to reach 49,3 million in 2020. As a result, the unemployment rate soared to 7,1% in the year, up 0.7 percentage points from 6,4% in 2019 (OIC Economic Outlook, 2020).

Based on this background, it is important to see how OIC countries that implement sharia principles have a larger share in the economy than non-OIC countries survive the COVID-19 pandemic. It is necessary to know how the economic growth of the OIC countries during the COVID-19 pandemic and what factors affect economic growth as measured by their GDP.

This study has a novelty where there are not many previous studies that discuss economic growth during the COVID-19 pandemic which is influenced by the manufacturing industry, labor, and foreign investment together. In addition, economic growth during COVID-19 in the OIC countries has not been studied so much. The influence of foreign investment on GDP as a benchmark on the economic growth of OIC countries during the pandemic has not been widely discussed in previous studies.

This study aimed to observe whether the decline in GDP as an indicator of economic growth in OIC member countries is influenced by total consumption (consumption expenditure), foreign direct investment, and the manufacturing industry which declines during a pandemic moderated by labor. On the contrary, there is not always a decline in GDP with total consumption (consumption expenditure), foreign direct investment, and the manufacturing industry in aggregate. Thus, this study intended to test whether the COVID-19 pandemic has an impact on economic growth through the variables of total consumption (consumption expenditure), foreign direct investment, and manufacturing industry to OIC member countries moderated by the labor force.

II.   LITERATURE REVIEW

Organization of Islamic Cooperation and COVID-19 Pandemic

The Organization of Islamic Cooperation (OIC) is a cross-border organization with the number of members ranks second after the United Nations. OIC members are spread all over the world, on the European continent is Albania which located on the northernmost tip, then moving southward on the African continent there is Mozambique, shifting to the Asian continent there is Indonesia and finally at the western end of the world in the Americas, there is Guyana. Only on the Australian continent has not been a single country that has joined and become a member of the OIC. The organization of Islamic cooperation was founded on September 25, 1969 by Husein II, King of Morocco, and Faisal, King of Saudi Arabia, which resulted in a rebate declaration stating that "countries that use an Islamic system of government and countries where the majority of their citizens are Muslims, will inform and commit among fellow Muslim countries both as a system of government and society as a Muslim who follows Islamic law (education, culture) and an economy based on Islamic law." (kemlu.go.id, 2022)

The background of the formation of the OIC departs from the concern and sense of care for fellow countries whose majority of the population or the government system applies using Islamic law to the problems faced in each country. One of the starting points for the burning spirit of concern was the momentum of the burning of one of the holy mosques, namely Masjidil Aqsa, which was carried out by the Israeli government in 1969. Then the objectives of the establishment of the OIC include:

1.   Eliminate the differences in acts of arbitrariness, colonialism and racist actions against many things such as culture, skin color between races.

2.   Give each other real and material support to fight for *Ghirah Ukhwah Islamiyah*.

3.   Encourage materially in fighting for the independence of Palestine against Israel.

4.   Increase a sense of cohesiveness, empathy, and sympathy for all countries with a majority population and their systems of government that use Islamic law.

5.   Protect holy places and religious worship

Then, the development of COVID-19 cases that occurred in all OIC member countries as of the time of writing as many as 10.843.479 cases of COVID-19 with a death toll of up to 210935 fatalities.

National Economic Growth

Economic growth is something that is important for a country so that its economic conditions are healthy. The more potential for a country's economic growth, the higher the standard of living of its people (Fauziana et al., 2022). Many countries in the world have proven to use Gross Domestic Product as a reference for assessing and measuring the economic growth of countries in the world (Wardhana, 2021a). Thus, GDP is used as an indicator component to measure the country's economic growth which has been widely recognized by many countries. A growing economy can be described as the activities and transactions of goods and services in a country in a year. If the activity of producing goods and services during this period is very busy and increasing, it will encourage the economic rate

to grow in a country (Liu et al., 2020). Processed from various kinds of literature, a country's economic growth can be seen through two categories, namely Real GDP or Constant GDP (Choiriyah & Auwalin, 2020).

Total Consumption (Consumption Expenditure)

Consumption is a socio-economic activity carried out by everyone which is carried out by taking funds from cash and then used to finance the purchase of various services and other needs. The amount of consumption can be said to fluctuate because the needs of each person will change depending on the level of need and the amount of income, if income increases then consumption will increase or vice versa. Household consumption is the value of purchasing households to buy their share of needs in a year (Pratiwi et al., 2022).

Household consumption is also able to provide color in seeing the direction of fluctuations in economic activity from time to time. On the other hand, the level and pattern of consumption carried out by the public in a prolonged period can affect economic growth. In society, household consumption is a benchmark for purchasing power. The higher the average household consumption in a country, the more its economy will develop because people's purchasing power is relatively high, so many local products are absorbed in the national market (Ghifara et al., 2022).

Foreign Direct Investment

One of the important components of macroeconomic activity is foreign direct investment (FDI). FDI is one of the most frequently used elements for transactions on an international fund scale. Choiriyah & Auwalin (2020) in their writings stated that most countries in the world, especially developing countries make FDI a target for macroeconomic activity for a fairly long period of time. However, attracting FDI must be balanced with the country's growth and readiness for technological advances, acceleration of workforce skills, a support system for developing research and development by all elements, and a high level of knowledge. Things like the above are intangible assets that must be owned by developing countries so that they can support economic growth (Choiriyah & Auwalin, 2020).

Labour Force

In theory, Okun's Law is a law that discusses the correlation of relationship between absorbed labor and economic growth. In Okun's Law, the Gross Domestic Product (GDP) with the unemployment rate has a negative correlation. So that Okun's law stated that a state census data has decreased the unemployment rate by one percent, then this provides a stimulus in the form of an increase in the country's economic growth approaching the two percent figure. in a simple way, based on Okun's law, if there is an economic growth of two percent, it can reduce the unemployment rate since many industries require one labour force. This theory occurs because people who have the opportunity to work are able to have a positive impact in being productive themselves to participate in producing goods and services. However, it is different if the population is unemployed and unable to produce and contribute. So Okun's law stated that the higher the unemployment rate, the lower the economic growth rate of a country (Blanchard, 2011).

Economists are trying to push for estimates of the Okun coefficient such as: First if the unemployment recorded is part of the policy variable, then the Okun coefficient can be defined as one of the focuses of the economy to reduce the unemployment rate that occurs. Furthermore, estimating the amount of output is often used to estimate the unemployment rate. And finally, the Okun coefficient is very useful as an indicator of assessing when output is at the top or bottom point in its potential value (Hutagaol et al., 2019). Absorption of labor can be interpreted that a high percentage of jobs that can be filled. Then, the working population is able to contribute to the industry.

Analysis Model

This study described an analytical model to show the relationship between the variables. The independent variables were in the box on the left and consisted of three parts, namely total consumption, foreign direct investment, and manufacturing industry. The dependent variable of this study was economic growth which was reflected by the GDP figure. This study also used a moderating variable which was the labor force.
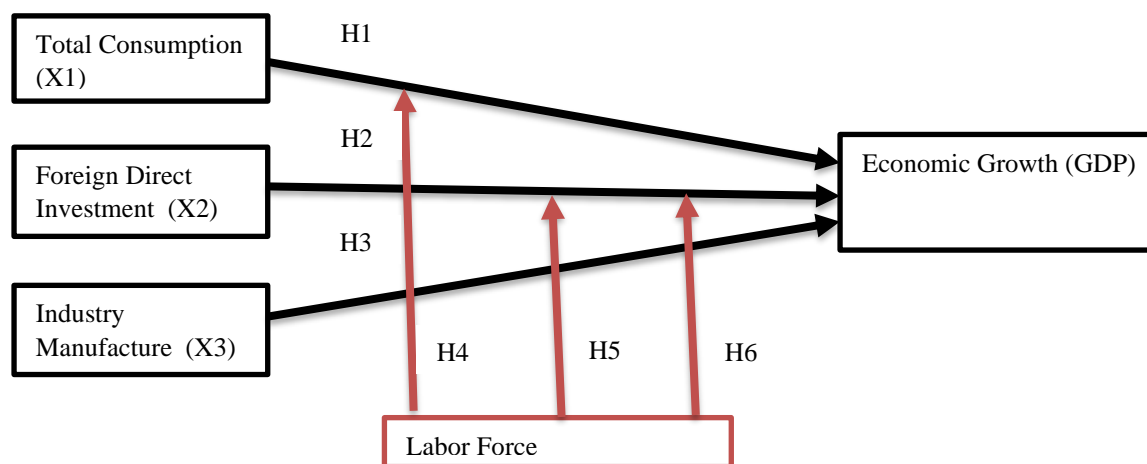
Source: Author 2021, processed data
Figure 3.
Analysis Model (processed data)

Hypothesis

Referring to the background described above, the hypothesis can be drawn as follows:

H1: Total Consumption has a significant effect on economic growth

H2: Foreign Investment has a significant effect on economic growth

H3: Manufacturing Industry has a significant effect on economic growth

H4: Labor moderates the effect of Total Consumption on economic growth

H5: Labor moderates the influence of Foreign Investment on economic growth

H6: Labor moderates the influence of the Manufacturing Industry on economic growth

III. RESEARCH METHOD

This research focused on measuring objective facts on variables as well as in a structured and systematic way (Choiriyah & Auwalin, 2020). Secondary data was a source of data used by the author to complete and provide the research results. The data findings on the dependent variable in this study was the economic growth or GDP of countries that are members of the Organisation of Islamic Cooperation (Febriyanti & Shofawati, 2020). Meanwhile, the independent variable data included the total consumption variable, foreign investment, and the manufacturing industry.

Table 1.
Definition of Operasional Variabel

No	Variable	Indicator	Data Source
1	GDP	GDP (current US$)	https://data.worldbank.org/
2	FDI	FDI, net (BoP, current US$)	https://data.worldbank.org/
3	Total Consumption (Household Consumption)	Household & NPISHs final consumption expenditure pada PPP current (US$)	https://data.worldbank.org/
4	Manufacturing Industry	Employee in Industry (Percentage)	https://www.sesric.org/query.php
5	Labor Force	Labour Force (Number)	https://www.sesric.org/query.php

Source: Author 2021, Processed Data

The data analysis technique used data regression which has a very rich source of information about the phenomenon of economic growth (Apurv & Uzma, 2021). The analysis technique was chosen because the data collected by the authors in this study was panel data, which is a combination of time series and cross-sections in the form of various countries within a certain period of time (Mousavian et al., 2021). The time period for the data used in this research sample was from 2018-2020. This time period was chosen to answer that there was a COVID-19 pandemic that hit the economy of all countries in general. The use of time series by researchers was supported by previous studies such as the study by Ridzuan et al. (2018) and research conducted by Cahyadin & Prastity (2015).

This study used panel type data because it has many advantages, including being able to explain country-specific heterogeneity and dynamic effects. Panel data is able to provide additional variance, reduced number of collinearities and wider degrees of freedom. Panel data can also reduce the risk of multicollinearity in the data. The choice of using the method is supported by previous research, including by Meilaniwati & Tannia (2021), where research used a similar method to examine the effect of FDI, PMDN, OT on economic growth in ASEAN. In managing the collected data of this recent study, it was analyzed using Moderated Regression Analysis as a quantitative method. MRA is an interaction test between moderating variables and exogenous variables in multiple linear regression (Liana, 2009). Moderating variables can strengthen or weaken the relationship between exogenous and endogenous variables. The moderating variable of this research was labor (labor force). The labour force was chosen because any activity that can affect economic growth always requires human resources to carry it out. Therefore, labor is very important in determining the direction of economic growth (Wardhana, 2021).

The population in this study were countries that are members of the Organization of Islamic Cooperation or referred to as the OIC. This study chose OIC as the data sample because of the availability of sufficient data to be analyzed through the SESric website. In addition, the OIC is the largest organization of countries after the United Nations. The sample taken for this research was countries whose secondary data includes GDP growth, household consumption, and foreign investment contained in data.worldbank.org as many as 10 countries. This is based on data availability. These countries include:

Table 2.
Country members of OIC as the Results of Sample Selection

No	Country	No	Country
1	Albania	6	Marocco
2	Azerbaijan	7	Pakistan
3	Bangladesh	8	Saudi Arabia
4	Indonesia	9	Turkey
5	Malaysia	10	Egypt, Arab Rep

Source: Sesric.org, 2021

When formulated, the following equation appeared:

$$Y = \beta + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 X_1 * Z + \beta_6 X_2 * Z + \beta_7 X_3 * Z + \varepsilon$$

Where:

Y = Economics Growth; X_1 = Total Consumption (Consumption Expenditure); X_2 = Foreign Direct Investment; X_3 = Manufacturing Industry; Z = Labour force

IV. RESULTS AND DISCUSSIONS

Classic Assumption Test Results

Normality Test

This test is a method for testing data that has the aim of ascertaining whether the values in the residuals are normally distributed or not (Apriyono & Taman, 2013). One of the data normality tests can use the Kolmogorov-Smirnov test (Usmadi, 2020) (As'ari, 2018). The Kolmogorov-Smirnov test in the SPSS application states that the significance value must be above 0.05.

Table 3.
The result of Kolmogorov-Smirnov Normality Test

	N	Test Statistics	Asymp. Sig. (2 Tailed)	Result
Unstandardized Residual	30	0.142	0.128	Normal

Source: SPSS 25 Processed Data, 2021

Based on the data presented above which shows a significance value of 0,128 (<0,05). This concludes that the data is normally distributed. If the data that appears in the study are normal, it will minimize the possibility of the data being biased (Apriyono & Taman, 2013).

Multicollinearity Test

The multicollinearity test is a method of finding a strong reciprocal relationship between independent variables in multiple linear regression models (Setiawati, 2021). The test can be measured

from the tolerance value and VIF (Variance Inflation Factor) (Denziana et al., 2014). The multicollinearity-free value of data in the linear regression model lies in the VIF value below 10 and the tolerance value below 0,01 (Setiawati, 2021).

Table 4.
The result of Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Household Expenditure (X1)	0,233	4.284
FDI (X2)	0,278	3.591
Manufacturing (X3)	0,278	3.592
Labour (Z)	0,004	255.995
X1*Z	0,028	35.900
X2*Z	0,048	20.759
X3*Z	0,004	248.431

Source: SPSS 25 Processed Data, 2021

Referring to the data in table 5, the data shows that both X, Y, moderating variables, and X variables that have been moderated have a tolerance value of <0,01. The VIF value of all the variables in the table is also below 10. There is no multicollinearity in all variables.

Heteroscedasticity Test

Heteroscedasticity test is a test to ascertain whether there is inequality between variances from one residual to another observation (Setiawati, 2021). According to (Denziana et al., 2014), the heteroscedasticity test was carried out by looking at the scatter plot of the data. Data that does not have heteroscedasticity of points in the image is spread out and does not form a pattern. Based on Figure 4 below, the dotted pattern spreads throughout the image. If the points are spread out and do not form a pattern, it can be said that there is no heteroscedasticity in the data.
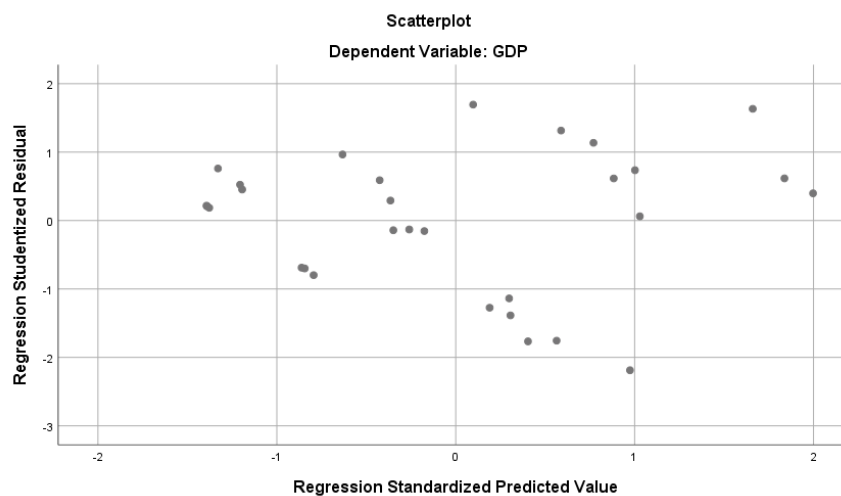
Source: SPSS 25 Processed Data, 2021
Figure 4.
Scatterplot Heteroscedasticity Test Results

Autocorrelation Test

This test was conducted to see whether the residual data in the error correlated with the independent variable or variable (X) (Denziana et al., 2014). The purpose of doing this is to determine whether in the linear regression model there is a correlation of errors in usage between periods t and t-1. In this study, researchers used the Durbin-Watson (DW) test. DW score must be above -2 and <+2.

Table 5.
The result of Durbin-Watson Autocorrelation Test

Model	Std. Error of the Estimate	Durbin-Watson
1	164813851055.28806	0,752

Source: SPSS 25 Processed Data, 2021

Based on the table data above, the Durbin-Watson score is 0.752. There is no auto autocorrelation because the score is above -2 and below +2. The data can be used to test the hypothesis.

Hypothesis Testing and Analysis

Table 6.
The result of Moderated Regression Analysis Test

Coefficientsᵃ

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	-271779226189.214	223714758811.508		-1.215	,237
Consumption Expenditure	.705	.129	1.075	5.449	,000
Foreign Direct Investment	28.820	7.005	.487	3.686	,001
Manufacturing industry	15525856683.015	11354738970.173	.170	1.367	,185
Moderation1	1.441E-9	.000	.287	.549	,588
Moderation 2	-1.596E-7	.000	-.306	-.807	,428
Moderation 3	-1195.826	432.415	-3.230	-2.765	,011

Source: SPSS 25 Processed Data, 2021

t Hypothesis Test Results

Table 7 shows that the p-value of the Consumption Expenditure and Foreign Direct Investment variables is <0.05. This means that the two variables have a significant effect on the GDP of the OIC country during the COVID-19 pandemic, so H1 and H2 are accepted. However, the p-value of the manufacturing industry variable was >0.05, so H3 was rejected. This shows that the manufacturing industry has no significant effect on the GDP of the OIC countries during the COVID-19 pandemic.

t Hypothesis Test Results with Moderation Variables

Based on the table above, when total consumption (consumption expenditure) and foreign investment (FDI) are moderated by the workforce, the significance level is at 0.588 and 0.428, which are above 5% (0,05). It can be concluded that hypotheses 4 and 5 are rejected because total consumption and foreign investment moderated by labor have no significant effect on economic growth. On the other hand, in hypothesis 6 where the manufacturing industry when moderated by labor has a significance level of 0.011 which is under 5% (0,05). Manufacturing industry when not moderated by labor the hypothesis is rejected. However, when the manufacturing industry is moderated by the workforce, the hypothesis is accepted and has an influence on the economic growth of OIC member countries during the COVID-19 pandemic.

Coefficient of Determination (R^2)

Table 7.
Coefficient of Determination test result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,891ᵃ	,795	,762	1,64813851055,28806

Source: Processed Data with SPSS version 25

Based on the table above, it can be seen that the R^2 number is 0,795. This means that the GDP variable can be explained by exogenous variables in this study of 79,5% while the remaining 20,5% is explained by variables outside this study. Then if you look at the SSE (Standard Error of Estimate) above 1648,14, it indicates that the regression model is more accurate in predicting endogenous variables because the SSE value is getting smaller. This justification is in accordance with (Chasanah & Rusmita, 2019).

ANALYSIS

Reflecting on the data above through the regression test, total consumption (Consumption Expenditure) has a significant effect on economic growth (H1 is accepted). This is in accordance with Keyness's theory which stated that a person's consumption tendency will increase due to the growth of income. Then strengthened by the theory of Walt Whitman Rostow (1960) which stated that high

consumption in society is an indicator of GDP. Furthermore, to support the results of H1, the researchers also collected the results of previous studies that had similar research directions, including (Handriyani et al., 2018)

H2 is accepted, meaning that foreign direct investment significantly affects the economic growth of the 10 OIC countries as research samples. This is confirmed by research from Fadhil & Almsafir (2015). They mentioned that when the level of foreign direct investment shows a positive trend, it must also be balanced by several factors, including human resources, political and fiscal support. Then (Kuvvet, 2021) argued that it is necessary to establish an independent institution in the form of an anti-corruption court considering the importance of active prevention so that corruption does not occur in managing foreign investment that has the aim of developing the country. This can be reinforced by data that during the early period of the COVID-19 pandemic, several OIC member countries made loans to the IMF and the Islamic Development Bank (IsDB) to prevent and recover the economy during the COVID-19 pandemic (ekonomi.bisnis.com, 2020).

From the regression test that used moderating variables among the three independent variables, which were total consumption, foreign investment, and manufacturing industry, only the independent variable manufacturing industry has a significant effect in which moderated by labor. While the labour force is not able to provide a significant relationship to total consumption, foreign investment to samples from OIC member countries during the COVID-19 pandemic. In line with this, a study by Anto, M (2013) showed that the manufacturing industry has a significant effect on economic growth in developing countries which is supported by a high level of education possessed by the workforce. A study by Almosabbeh & Almoree (2018) which conducted research on the relationship between manufacturing production and economic growth in the kingdom of Saudi Arabia also stated that the kingdom of Saudi Arabia through its government paid special attention to the manufacturing sector by providing incentives to investors and establishing the Saudi Industrial Development Fund. These incentives have an impact in the form of the labor force becoming a moderation between the manufacturing industry and economic growth.

The results of the research above that accept H1 and H2 are also corroborated by an official statement issued by the Indonesian Ministry of Investment (BKPM) through the official website, investindonesia.go.id. They mentioned that the manufacturing industry can absorb labor quickly during the Covid-19 pandemic in Indonesia, where many people have lost their livelihoods, which greatly helps their economic condition. The more unemployment is absorbed, the smaller the burden on the government to issue subsidies to economically help people affected by Covid-19. reducing the government's burden can indirectly be used to increase national GDP (Martanti et al., n.d.).

V.   CONCLUSION

This study provides data, through samples from several OIC member countries, on how the governments of OIC member countries are able to carry out policies so that their country's economy can survive during the current Covid-19 pandemic. The data showed that independent variables such as total consumption and foreign investment are able to have a significant influence on economic growth without having to be moderated by labor. Meanwhile, the manufacturing industry has no significant effect. However, when the manufacturing industry is moderated by the Labor force, it actually has a significant influence on economic growth in several OIC member countries during the Covid-19 pandemic. Therefore, the suggestions for stakeholders are to pay special attention to the manufacturing industry sector which absorbs a lot of workers. If the government ignores the role of the manufacturing industry, it will have an impact on the number of labour force reductions in manufacturing companies which will result in unemployment and weakening of a country's macroeconomic growth. For further research, it is expected to be able to increase the number of data samples if doing research on the same object as this study since in this study, researchers have limited data sources issued by OIC member countries.

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