Indonesia’s Economic Recovery in a Post-Pandemic: Under the New Normal on Society 5.0

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Abstract. This article examines the policies carried out by the Indonesian government after COVID-19. During pandemic, government policies are not trusted by the public. This happens because the statements from the decision maker are unconcerned. But finally, the Indonesian government proved to the public and the world that Indonesia is one of the countries in the ASEAN Region that can solve economic problems during COVID-19 with mandatory vaccine policies, social distancing, work from home, mandatory masks, and tax reductions. The theory used in this article is a regulation theory which explains that every economic activity cannot be separated from the influence of society, politics, culture, and the state that has policies making regulations. The method used is a qualitative method by conducting a literature study from previous research regarding economic recovery solutions after COVID-19 and data are also taken from e-books, journals, news websites, and official websites. The purpose of this research is to provide an overview of Indonesia in maintaining its economy after COVID-19. The government issued a policy to support SDGs an online shop regulation, and reduced taxes. This strategy succeeded in making Indonesia one of the countries in ASEAN that survived the economic collapse.

1 Introduction

COVID-19 occurred in Indonesia in March 2020 [1]. The Indonesian government did not respond quickly to COVID-19 at that time. Many government statements are not serious about responding to the COVID-19 virus. For example, statements from Vice President Ma’ruf Amin, Luhut Panjaitan, Minister of Health Terawan, and Coordinating Minister for Economic Affairs Airlangga Hartarto [2]. This condition caused the Indonesian economy to decline rapidly [3]. In 2020, Indonesia’s economic growth recorded a negative growth, the percentage of poverty and unemployment in Indonesia increased sharply [4]. In March 2021, Indonesia’s economic growth continued to decline to -5.32% [5].

Among the failure in economic growth as a result of the pandemic, the Indonesian government required various ways to restore Indonesia’s economic conditions. The government implemented the PSBB (Large-Scale Social Restrictions) regulation which began in the middle of the year and was enforced in almost all cities in Indonesia, especially in big cities. The next policy of WFH (Work From Home) is enforced by the government for all Indonesian people where all activities, both in the field of education and companies must be carried out online [6].

During the pandemic, people finally get used to doing their activities all digitally, where all aspects of people’s lives are assisted by the use of technology such as in the health sector, Indonesian people rely on digital-based health applications [7] such as halodoc, Alodoc, then in the buying and selling process. Health medicines also through online pharmacies and telemedicine. In the field of education, e-learning has become the main companion for all students in Indonesia during the pandemic. In the economic field, the Indonesian people rely on various e-payments or non-cash payment systems and without using credit or debit cards directly [8], such as various digital wallet applications, namely Gopay, OVO, DANA, to ShopeePay. Various trusted banks in Indonesia have also maximized e-payment systems such as Bank BCA with the BCA Mobile application.

The use of technology was very thick during the pandemic, then a revolution was created called Society 5.0. The term society 5.0 was first expressed by the former Prime Minister of Japan, Shinzo Abe [9] where in the previous revolution, namely Industrial Revolution 4.0, the word “industry” was added, while currently using the word “society” which means connecting people, not just people, digital technology or AI, but take advantage of these technologies for human-to-human connectivity. Revolutionary changes between Industrial Revolution 4.0 to Society 5.0 are very visible during the pandemic. The shift in the economic system can be seen from physical form to digital form such as the process of buying and selling between people from conventional shopping to buying and selling online. Without the availability of physical stores or conventional shopping centers, people can still carry out the buying and selling process online [10]. There are digital shopping platforms in Indonesia, namely Shopee,
Tokopedia, Bibli, Lazada, JD.ID, and many more [11]. In addition to easy access because it can be accessed anytime and anywhere, people also have millions of choices from the many online shops available on each platform.

However, some SMEs (Small and Medium Enterprises) and large Malls began to collapse [12]. In early 2021, the government is trying to find a solution with the “mandatory vaccination” for all Indonesians. There are two steps of vaccination for the coronavirus, and one booster vaccine. To convince the public, President Joko Widodo made himself the first person to get the vaccine so that the vaccination program runs smoothly [13]. The mandatory vaccination program is a “game changer” for the Indonesian economy [14], where with the implementation of the vaccination program, it is hoped that the Indonesian people will start to resume their economic activities.

However, the shift from the industrial revolution 4.0 to Society 5.0 is unavoidable. The all-digital lifestyle and people’s dependence on technology throughout this pandemic era have become a very important issue. The rise of conventional shops that have gone out of business as a result of the shift in buyer interest to online stores has caused various problems in this post-pandemic era. The interesting thing for the author to discuss in this research is how the Indonesian government’s policies in dealing with the post-pandemic relate to Society 5.0.

### 1.1 Objectives

This research aims to provide knowledge on research on COVID-19 and contribute to the government in establishing post-COVID-19 policies in Indonesia.

### 2 Literature Review

The topic of this post pandemic has been discussed by several authors. The article entitled “Implementation of Work from Home Institutional of Indonesian Migrant Workers Protection Agency (BP2MI) in the Second Year of the Covid-19 Pandemic towards Society 5.0” written by [15]. Described in the article regarding the implementation and the problems the government has regarding migrant workers during the pandemic, then [15] also focuses on the benefits of the pandemic as the sustainability of Society 5.0 with in-depth use of technology [15].

In the article entitled “The Challenges and Readiness of Elementary School Teachers in Facing Society 5.0 through Online Learning During The COVID-19 Pandemic” written by [16], explained that the WFH (Work From Home) or distance learning that upholds Society 5.0, becomes a problem for teachers and students to achieve the goals of the teaching and learning process [16]. Meanwhile, the article written by [17] with the title “Post-Pandemic Transformations: How and why COVID-19 Requires us to Rethink Development” explains the other side of this post-pandemic era, that the world needs a new order, whether it is a new lifestyle or new regulations that can prevent and prepare all mankind for disease outbreaks both at the epidemic level to pandemics in the future [17].

Another article similar to [17] is an article written by [18] entitled “Post Pandemic Indonesian Regional Development Planning, New Normal, New Orientation: The Case of West Java”. Laksana has conducted an analysis of the post-pandemic from various fields in the West Java region. According to him, the development of digital telecommunications equipment infrastructure and internet networks will increase in the post-pandemic era, this is due to the dependence of the people of West Java on gadgets, the internet, and other telecommunications tools during the pandemic era. Therefore, the West Java government launched an e-government system in the West Java region. The difference between Laksana and Melisa’s articles is only in the scope. [17] is broader such as post-pandemic on a global scope, while Laksana’s writing is only in the scope of West Java Province, one of the provinces in Indonesia.

The article entitled “We Can’t Return to Normal: Committing to Tourism Equity in the Post-Pandemic Age” by [19] explains various perspectives that will occur in the post-pandemic era, especially in the tourism sector. As one of the sectors that had the most negative impact from this pandemic period, the tourism sector needed many changes in its efforts to enter the post-pandemic era without any obstacles. [19] provides a solution to this sector with “eco-tourism”, namely tourism that is environmentally sound and related to nature that must be implemented in order to bring positive changes to the tourism sector after a vacuum in the pandemic era [19]. Of all the literature studies regarding the post-pandemic, no one has written about what policies the Indonesian government should do after COVID-19 in relation to community activities with technology or a shift from 4.0 to 5.0. The article from the author complements previous studies regarding economic recovery during the post-pandemic period. Hopefully, there will be continued research in the future discussing the strategies to maintain the economy after COVID-19, not only in Indonesia but also in ASEAN. Then, in the journal discussed by [20] regarding Small and Medium Enterprises (SMEs) in Indonesia which have enormous potential in supporting the wheels of the Indonesian economy during the pandemic, especially for SMEs who have human resources who master digital technology [20]. Another study on e-commerce which also helped the Indonesian economy during the pandemic was written by [21], explaining that many large companies have started switching from conventional store systems to online shops due to the shift in buyer interest in the online shop system. The majority of buyers who use online shops are based on trust in the convenience and security offered by various e-commerce platforms in Indonesia [21].

### 3 Theoretical Framework

This research uses regulation theory which is a type of popular Marxist economic theory. This theory explains that the economy is not an abstract phenomenon that...
focus of qualitative research is to understand, explain, explore, discover, and clarify situations, feelings, perceptions, attitudes, values, beliefs, and experiences of a group of people. In the method of data collection carried out in this study, researchers used secondary data. The secondary data collection method described by [24] is collecting data from sources such as articles, journals, books [24]. This research is based on a literature study from previous research on post-pandemic especially those related to Society 5.0.

5 Result and Discussion

5.1 The Government Policies in the Post-Pandemic Era

There has been a change in the lifestyle of the Indonesian people since the first time COVID-19 occurred [25]. People have switched from a conventional lifestyle to an online one. For example, people’s buying and selling activities from directly physically in shopping centers become online shops or known as online shops. Online stores themselves have a positive side compared to conventional stores, all buyers can see and shop the products they want regardless of place and time, whenever and wherever and easily all online store users can access and shop whatever they want [26].

Table 1. Shows the total number of visitors on several online shopping platforms before the COVID-19 pandemic occurred

<table>
<thead>
<tr>
<th>Platform</th>
<th>Visitors before the COVID-19 Pandemic</th>
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<tbody>
<tr>
<td>Tokopedia</td>
<td>6.800.000</td>
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<tr>
<td>Bukalapak</td>
<td>4.500.000</td>
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<tr>
<td>Shopee</td>
<td>5.700.000</td>
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<tr>
<td>Lazada</td>
<td>2.800.000</td>
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<tr>
<td>Bibli</td>
<td>2.100.000</td>
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<tr>
<td>JD.ID</td>
<td>700.000</td>
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<tr>
<td>Orami</td>
<td>500.000</td>
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Table 2. Shows the total number of visitors on several online shopping platforms after the COVID-19 pandemic occurred

<table>
<thead>
<tr>
<th>Platform</th>
<th>Visitors during the COVID-19 Pandemic</th>
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<tbody>
<tr>
<td>Tokopedia</td>
<td>11.800.000</td>
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<tr>
<td>Bukalapak</td>
<td>3.900.000</td>
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<td>Shopee</td>
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<td>Lazada</td>
<td>3.800.000</td>
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<tr>
<td>Bibli</td>
<td>2.200.000</td>
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<tr>
<td>JD.ID</td>
<td>650.000</td>
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<tr>
<td>Orami</td>
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During the pandemic, various online shop platforms grew rapidly in Indonesia, starting from the online shop created by the nation’s children, namely Tokopedia, as one of the leading online shops in Indonesia, with more than 8.6 million sellers [27], to online shop applications, abroad online shop such as Shopee from Singapore [28]. In addition to the ease of access, online stores also provide convenience when comparing prices for similar products. Buyers can easily compare the various prices offered by sellers just by writing the name of the product they want. Online stores also provide products at

4 Methods

This research uses qualitative methods written by experts on research methods that are usually appropriate for analyzing social sciences issues. According to [23], qualitative methods are used to provide an overview of social and cultural phenomena without using numerical data [23]. [24] said a study is classified as qualitative if the research objective is primarily to describe a situation, phenomenon, problem, or event. The main

occurs in isolation; rather it occurs within the framework of social, cultural, political, and other systems. This system interacts with the economy to keep it running. The regulation theory sees the economy and society as a close relationship. The focus of the regulation theory is on how the economy is rooted in social, cultural, political, and other circumstances. The Regulation theory often positions the government in the broader socio-economic movement. The government is not only concerned with manufacturing economic activities that produce properties on a large scale but is more focused on stimulating economic growth from the community [22].

The development of regulatory theory has long been a topic of academic study. Positive regulatory theory and normative regulatory theory have developed as two fundamental schools of thought about regulatory policy. Positive regulatory theory investigates why regulation occurs. Market power theory, interest group theory describing the stakeholder interest in regulation, and government opportunism theory explaining why restrictions on government discretion may be necessary for the sector to provide efficient services to customers are among the regulatory theories. In general, these theories conclude that regulation occurs because the government has an interest in overcoming information asymmetry with operators and aligning the interests of operators with those of the government, customers who want protection from market forces when competition is absent or ineffective, and operators want protection from government opportunism. The normative regulatory theory generally concludes that regulators should encourage competition where possible, minimize the costs of information asymmetry by obtaining information and providing incentives to operators to improve their performance, establish price structures that increase economic efficiency, and establish regulatory processes that govern regulation under the law and independence, transparency, predictability, legitimacy, and credibility [22].

The author analyzes the economy of this community through government support for online shops and SMEs to maintain economic development during COVID-19 and after COVID-19. Factories and large companies are unable to support the Indonesian economy when COVID-19 occurs. The government is trying to expand its economic reach to the SME sector, reducing taxes, and regulating online shops as a solution to the impact of COVID-19.
relatively lower prices than conventional stores, this is due to several factors, such as rental fees and lower taxes than conventional stores [29]. Payment methods at online stores also tend to be easier with e-payments, and they also provide attractive promos that are rarely found in conventional stores, such as the “flash sale” promotion feature.

However, online shops also have a negative side related to sellers and buyers. There are many cases of fraud when shopping at online stores, where the goods or products received do not match the products offered [30]. For online store users who do not understand the use of e-payments such as ShopeePay, OVO, GoPay, etc., this will be a separate obstacle [31].

The government’s implementation of mandatory vaccine programs is also the result of technology. The “Peduli Lindungi” application was then used as a “game changer” for all Indonesian people, namely with its QR scan feature. All public places in Indonesia are strictly required by the government of Indonesia to implement a QR scan system at every gate and access to public places, and only people who have been vaccinated 2 times or 2 doses can access the QR [36], so that it will automatically be filtered between people who have been vaccinated and those who have not. This brings positive and negative responses from the community. The positive response obtained was about the sense of security felt by the community when entering public places because of their awareness that all visitors who were there had been vaccinated [37]. The negative response is related to people who have difficulty entering public places because of vaccine constraints such as health, as well as obstacles in using technology.

After the passing of regulations that please all Indonesians to use the “PeduliLindungi” application, the Indonesian economy is getting better and has moved away from the negative economic growth that had occurred at the peak of the pandemic. With the creation of the “PeduliLindungi” application, all businesspeople and visitors can limit the number of crowds and crowds can prevent themselves from transmitting the COVID-19 virus [38]. Currently, the rate of transmission of COVID-19 in Indonesia has decreased significantly after several policies issued by the Indonesia government [39].

The government’s policies of mandatory vaccines and the broadest possible opening of online transactions is a solution for economic growth in the post-pandemic period. However, one must also pay attention to the physical fate of business people, especially SMEs (Small and Medium Enterprises) who do not use online shop applications such as street vendors, many of whom have fallen due to COVID-19 [40]. To deal with this problem, the government’s policies is more to support physical business transactions by reinstating workers and students onsite to mobilize SMEs and trades around schools, campuses, offices and others.

The government has taken this issue seriously where more than 62.9 million people in Indonesia are SMEs [41] BY PROVIDING 123,5 TRILLION RUPIAHS FOR Indonesian SME owners to help them recover their business [42]. The government also issued a policy for all SMEs that have an income of 4.8 billion per year, they do not need to pay their final PPH, which is called the Final PPH intensive policy [43].

In the post-pandemic era, some conventional stores have also begun to adapt by opening online shops [44] They create sites and applications to shop for their products without the public having to visit their physical stores directly, for example, the Klik Indomaret application [45] which is issued by the Indomaret group and can be downloaded for both IOS and Android-based smartphone users. Likewise, Alfamart, which provides basic daily needs for the community, provides complete information about its products on the Alfamart website and also provides free shipping services for the community [46].
Business creativity like this must continue to be supported by the government for the sustainability of Indonesia’s economic growth in the post-pandemic period by reducing taxes [47]. The Indonesian government based on the OECD report issued 14 tax policies including those related to reducing corporate income tax rates, deferring tax payments, and tax relief during the COVID-19 period. The fourteen statements are contained in government regulations (PP), regulations from the Ministry of Finance and regulations from the Director General of Taxes. There is one tax policy that really helps taxpayers in reducing corporate income tax. This step was taken by the government to help and protect taxpayer’s business from liquidation in the future. Tax-related policies were taken by the government with the aim of supporting the health system that helps overcome the COVID-19 pandemic outbreak (OECD 2022). For the whole ASEAN region, the countries that issued the most tax reduction policies during the pandemic were Singapore with 17 statements and Cambodia with 13 statements. Countries with less than 10 statements are Thailand, Laos, Myanmar, Malaysia, Vietnam, Philippines [48].

The Indonesian Government also actively support the SMEs in Indonesia during the pandemic with the national economic recovery program issued by Indonesian government. There are several stimuli in the SME support program with a budget allocation of 64.19 million rupiah that can be utilized by SMEs, including interest subsidies, placement of government funds at partner commercial banks to support the expansion of working capital loans, and restructuring of SME loans, SME working capital credit guarantee, presidential assistance for productive micro enterprises and cash assistance for street vendors and stalls, and SME tax incentives are borne by the government. In addition, there is also additional support in the form of exemption from minimum accounts, load fees, and electricity subscriptions that can be utilized by the SMEs in 2021.

6 Conclusions

The pandemic period is the most difficult time for all countries around the world, especially related to economic growth. In the ASEAN region, Indonesia is one of the countries that are able to leave of economic difficulties during the COVID-19 pandemic. However, the Indonesian Government must prepare for the post-pandemic by issuing several policies that are able to maintain the national economy. The government continues to maintain the change in society’s style from Industry 4.0 to Society 5.0 by providing tax reductions for online shops. As for buying and selling conventional systems, the governments support community activities to return to the offline system, namely working directly in the office and learning directly at school. The goal is to increase people’s purchasing power for the sustainability of small entrepreneurs and conventional businesses after the pandemic era.

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