

Covid-19 vs Social Protection Case Study of Declining Competitiveness, Information & Communication Technology Adoption in Indonesia

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ABSTRACT

The main objective of this study is to examine the problem of declining competitiveness in Indonesia during the period of the spread of the Covid-19 pandemic. Based on WEF assessment, there are five main pillars (of the 12 pillars) of Indonesia's competitiveness decreased such as Adoption of Information and Communication Technology (ICT Adoption), Health, Skills, Labor Market, and Product Market, and affected the competitiveness level slump down under three other ASEAN Countries, namely Singapore, Malaysia and Thailand. The research method used is qualitative model with data collection techniques applied observation, interviews, and documentation studies (published by competent state institutions). The results showed that the Covid-19 outbreak has proven to be the cause of the weakening of the socio-economic sector, followed by poor implementation of social protection policies implemented by the government unable to suppress the spread of the Covid-19 pandemic, and then cause of declining competitiveness in Indonesia's.

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I. Introduction

The WHO Director General explained that the Covid-19 pandemic was a sign of a public health emergency that resulted in a slowdown in world economic activity. This makes policy makers increasingly worried about the weakening global economic conditions, due to the shock wave of the Covid-19 pandemic. Several recovery efforts have failed to provide significant strong policies in order to reduce the effects of the pandemic to strengthen national development. For this purpose, all stakeholders, both international, as well as other countries and national institutions, formulate various policies to prevent the continued spread of the COVID-19 pandemic. In Indonesia, several social protection policies, such as quarantine, PSBB and PPKM, have created uncertainty for business continuity, especially for the MSME group, the informal sector and the income of freelancers. The social protection implemented by the Government creates public untrust, resulting in a slowdown in economic activity due to industrial closures, transportation bans, and the cessation of other business activities. During the wave of the Covid-19 pandemic, Indonesia is said to be one of the countries experiencing the impact of a serious slowdown in business, economic and financial activities, especially Indonesia's competitiveness against fellow ASEAN countries. According to a report by the world economic forum, it was found that Indonesia's global competitiveness index ranking declined from the previous one in 2018 which was ranked 45 out of 140 countries, then declined to rank 50 out of 140 countries in 2019. Indonesia had to settle for being ranked fourth in Asean after Malaysia (27), Singapore (1) and Thailand (40).

This study aims to contribute to a descriptive analysis of the decline in Indonesia's competitiveness due to Covid-19. In the next description, the researcher will discuss the analysis of the Covid 19 outbreak, the social protection system, the decline in Indonesia's competitiveness caused by the spread of the corona virus which is increasingly spreading. The last part is a

comprehensive study on the perspective of social protection in overcoming Covid-19 in order to restore Indonesia's competitiveness.

Analysis of the Covid 19 Pandemic Outbreak. In Nasir, (2020) research, he stated that Covid-19 was first reported in Wuhan, Hubei, China in December 2019, and on March 11, 2020 the World Health Organization revealed that Covid-19 is a disease that has become a pandemic in various parts of the world (Bedford *et al.*, 2020) In April 2020, data in Indonesia stated that the number of cases and deaths caused by Covid-19. Therefore, a mitigation strategy is needed to control the pandemic (American Library Association, 2020) in Nasir, (2020). The WHO statement is then supported by data showing cases of very fast spread, difficult to predict and not easy to control.

To limit its spread, isolation, travel bans, lockdowns and curfews, and other quarantine measures basically limit the mobility of a person from one place to another. The implementation of this policy, leads to the income effect of freelancers. Imports and exports have stalled, even consumers in many countries are reluctant to buy goods and services. This phenomenon creates uncertainty and fear in the community which is believed to interfere with investment, production of goods, labor recruitment and competitiveness, as well as not taking sides with the community in carrying out social and economic activities for the sake of sustainability. Research conducted by (Tarigan, Sinaga and Rachmawati, 2020) stated that starting from the beginning of March 2020, the Covid-19 virus entered Indonesia, the number of cases infected with Covid-19 was increasing and the global distribution area was getting wider, reaching a wide geographic area. later declared a non-natural national disaster. By enacting various policies to overcome the spread and trying to minimize exposure to Covid-19, then it has an impact on the economic aspect where there are many economic activities that experience contraction or even stop production activities. So this has an impact on increasing unemployment, reducing the level of productivity of individuals and companies, and triggering a surge in the number of poor people (Tarigan, Sinaga and Rachmawati, 2020). Therefore, the government is required to cope, be it short, medium, or even long term (Suryadarma, 2020). Furthermore, it was explained that the business groups most affected by the movement restriction policy and the like were the Small and Medium Enterprises (SMEs) and other informal sectors, which experienced a real threat of decreasing income and job security, as well as the risk of not being able to maintain their business activities (Nosheen *et al.*, 2021)..

Social Protection System. The World Bank Group or WBG states that social protection systems are designed and implemented to increase capacity and productivity, reduce inequality, build resilience and end the intergenerational cycle of poverty. This system assists the poor and most vulnerable not only in mitigating economic and fiscal shocks, but also helps ensure equal opportunity by giving them the opportunity to escape poverty, and become productive members of society. (Van Trotsenburg, 2014) It goes on to explain that social protection systems help individuals and families, especially the poor and vulnerable, cope with crises and shocks, find work, increase productivity, invest in the health and education of their children, and protect against aging. Social protection programs are at the core of human resource development for the world's most vulnerable. They empower people to be healthy, pursue their education, and seek opportunities to lift themselves and their families out of poverty. Social protection has been key to this effort and many countries have used social protection instruments such as safety net programs as a means of harnessing human capital. The WBG will also continue to assist countries in improving the readiness of their social protection systems and building resilience to future crises. Sri Mulyani, said that as part of efforts to tackle the spread of Covid-19 in Indonesia, and to deal with the toughest scenario, the poor population increased by 3.78 million, the Government has issued a new Law, concerning Large-Scale Social Control (PSBB). However, these efforts have a serious impact on the Indonesian economy. The same impact has also occurred in almost all countries affected by Covid 19. PSBB has had an impact on economic contraction, since its emergence in Indonesia at the end of March 2020, when economic growth began to contract to reach -5.32 percent in the second quarter of 2020 (Indiani and Fahik, 2020) This negative growth indicates that economic activity has decreased in various ways in terms of production, consumption, investment, exports, and government activities.

Global Competitiveness Index The Global Competitiveness Index (GCI) is an index that measures the development of a country in the development of all factors that affect its productivity. Implicitly, this index measures the efficiency of a country in taking advantage of its various factors of production which will then end in efforts to optimize total factor productivity and achieve long-

term economic growth, which can then provide benefits for policy makers to make effective policy breakthroughs. The 2019 Global Competitiveness Report uses the global competitiveness index 4.0 since 2018 with more detailed adjustments and in accordance with the current Industrial Revolution 4.0. The framework for forming the global competitiveness index can generally be divided into 4 aspect categories, including an enabling environment, an innovation ecosystem, market aspects, and human capital. Indonesia's Global Competitiveness Index was reported at 64,629 scores in 2019. This record has decreased when compared to the previous 64,935 scores in 2018. The World Economic Forum (WEF) reports that there are five main pillars (out of 12 pillars) of Indonesia's competitiveness which are the WEF assessment, namely the pillars of the adoption of Information and Communication Technology (ICT Adoption), Health (Health), HR Capability (Skills), Labor Market (Labor Market), and Products in the Market (Product Market). The notion of adoption in relation to this study is interpreted as the initial acceptance of an object (Kim, Y. and Hall, 2011)

It was further explained that at the stage of technology adoption what happened was the purchase and use of technology. Not much different from (Bowen *et al.*, 2010) according to which adoption in the context of the use of new technology by organizations is that the organization purchases and applies the new technology. Then in the research of Yanti, Amanah and Muldjono, (2010) it was emphasized that companies that apply Information and Communication Technology in business development will increase their competitiveness. Thus it can be concluded that adoption is a series of stages, awareness, individual intentions that arrive at the behavior of accepting an object and applying it or using it, in all aspects, both Social and Technological, Environment and Health. The low capacity for implementing Information and Communication Technology in the Health aspect, to test for the corona virus will threaten lives globally. In most developing countries, the strategy for testing health services is focused on efforts to cure corona patients through increasing health budgets. Then, Nosheen *et al.*, (2021) in their study, explained that the current Covid-19 crisis adds to the long-term health care system risks. Developing countries have a low testing ratio compared to developed countries in suppressing cases of the corona virus. Suryadarma, (2020) said that in a case study conducted in five regions in Indonesia, namely the city of East Jakarta, Bandung district, Maros district, Kupang city and Bekasi district from May to June 2020, there was a significant influence on the COVID-19 pandemic. 19 on the competitiveness of the Health sector in the five districts/cities. Access to technology and the internet that supports the supervision and consultation of nutrition and MCH services during the pandemic. However, digital inequality between regions in Indonesia has the potential to cause inequality in the health status of mothers and children to widen after the Covid 19 pandemic. Regarding human resource capabilities (skills), (Rakhmawati, 2021) stated that economic development is an effort made to develop the economy and the standard of living of the people. Quoted in research (Rakhmawati, 2021), according to Todaro and Smith (2003), there are several important components of economic development that are not only problematic with economic growth and poverty alleviation, but also with social structures, institutional systems, changes in people's attitudes and behavior. A development is strongly influenced by the number of people and the quality it has.

A high-quality population will encourage economic growth, while a low-quality population will hinder the development of the community's standard of living, thereby hampering the increase in economic growth. For this reason, Todaro and Smith, emphasize that one of the keys to success in achieving economic growth is the optimal use of human resources. On the other hand, the type of work that is changing rapidly in all countries requires dramatic new approaches to social protection and labor policies. Social protection helps people be productive and realize their human capital by putting the work agenda at the forefront of the Human Resources Project. Currently there are 200 million people unemployed and looking for work. Of those who are employed, 65 percent are stuck in low-productivity jobs. Addressing these conditions, the World Bank Group supports universal access to social protection, with the aim of ending poverty and promoting shared prosperity. Ng, C., (2020) explains that 80% of the workforce is in the informal sector, which contributes to reducing open unemployment, and is actively trying to join the formal sector. Thus, based on formal sector employment levels, there is mass unemployment in the economy that is effectively protected and significantly disguised as the informal sector. The supply of labor in the formal sector is perfectly elastic at the prevailing wage rate because of the high demand from the informal sector. Thus, any increase in the level of employment will not distort the marginal cost of labor, and there will be no resulting marginal cost pressure on the aggregate supply curve. PSBB also has a big impact on micro and small businesses, due to regulations that impose restrictions on operating hours. In

addition, many companies have been forced to make massive layoffs (PHK) due to the decline in business which is the impact of the Covid-19 pandemic. This resulted in economic downturn and bankruptcy of the business sector in Indonesia. And can't avoid a recession, as can be seen in figure 1.

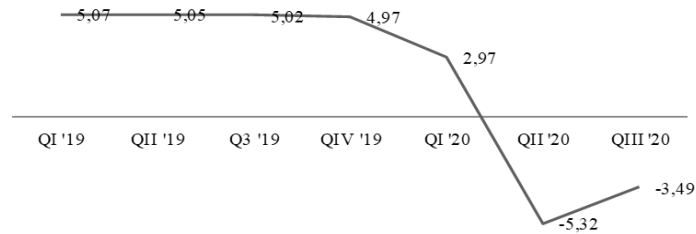


Figure 2. Indonesian Economic Growth

Source: Central Bureau of Statistics Republic of Indonesia

Figure 1. Economic Growth Curve 2019 to 2020

Competitiveness in the product market implies the competitiveness of products in the economic market where the final goods or services are traded. It is not limited by physical location as it refers to the commercial environment of a particular economic system. Stronger product market competition will increase real wages. Reforms to improve product markets will increase real wages through lower prices arising from increased competition. However, the effect of increasing product market competition on the level of employment depends on the characteristics of the labor market, in producing large and small jobs. The results of research by Yanti, Amanah and Muldjono, (2010) explain that business sustainability contributes to opportunities for micro, small and medium enterprises to increase the amount of income and welfare, which can be realized if MSME business actors have business capabilities. Considering that in the era of the digital economy like today, the opportunity for micro, small and medium enterprises in Indonesia is the online market in Southeast Asia which is projected to experience an average growth of 32% per year within 10 years. In the future, it is predicted that Indonesia will hold the title as the holder of the e-commerce market in the Southeast Asia region in a significant way with a control of approximately 52%

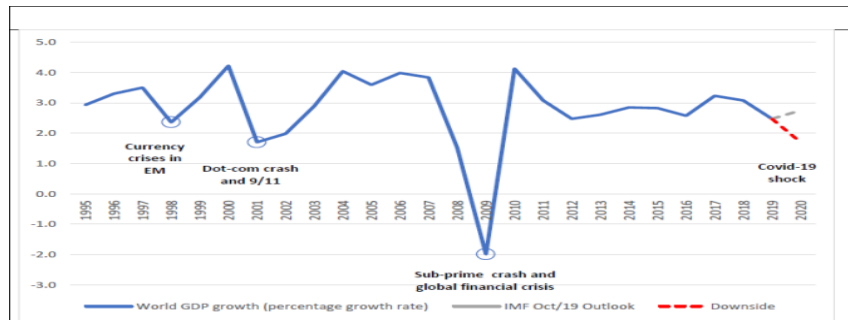
II. Method

In this study the author uses a qualitative method that seeks to explain the universal essence of events personally experienced by a group of individuals (Tremlett et al., 2017). The research data was collected through observation, interviews, and documentation studies. Data analysis was carried out with three analytical processes, namely coding, incorporating the code that appeared into the theme, verifying the theme through theory and follow-up interviews, and drawing conclusions (Creswell, 2010) from the research (Tremlett et al., 2017). The data used in this study are primary data and secondary data. Primary data is obtained from key people (key informants) who are involved or become objects in the research. Information is obtained from informants or people who master the problem, have information, and are willing to provide information. Informants in this study involved several parties such as MSMEs, Public Health Centers, Universities, the Ministry of Manpower, and other study institutions. While secondary data is used as complementary data in research and obtained from a number of related institutions such as BPS, WEF, WHO, CGI. Then, the data validity technique used in this study is triangulation, the right choice to eliminate differences in the construction of reality in the research context when collecting data on various events and their relationship to the Covid-19 pandemic vs Social Protection; Case Study of Declining Competitiveness in Indonesia.

III. Result and Discussion

A. The development of Covid 19 in Indonesia

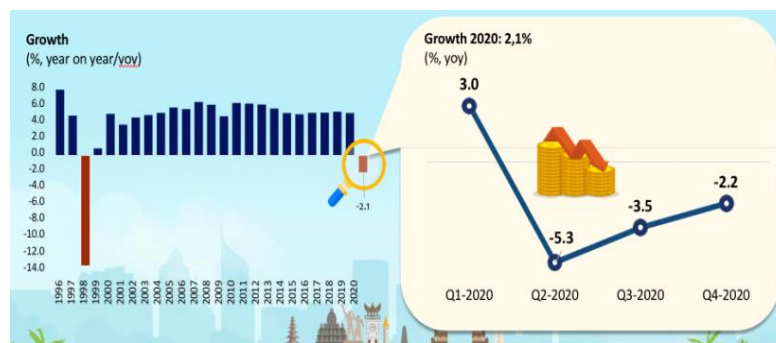
Farhana Nosheen, Umar Suffian Ahmad, Sadia Anjum, Robina Kouser (2021), noted that until the second half of 2021, the last quarter, it became increasingly clear that the world economy was facing a larger pandemic wave, resulting in slower growth and contraction of economic activity. As shown in the World GDP Growth curve, it is estimated that the trend of the curve in semester 2 of 2021 will still not be able to move upwards, as economic and business activities in the world have not yet recovered, as shown in Figure 2.



Source: UNCTAD Calculations based on IMF, WEO, October 2019

Figure 2. World GDP Growth 1995-2020

From the research of Tarigan, Sinaga and Rachmawati, (2020), explaining that the World Bank (2020), predicts that Indonesia's economic growth will experience a suppression of 2.1% this year, given the spread of Covid-19 which continues to spread both inside and outside the country. Bank Indonesia (BI) also corrected the prediction of Indonesia's economic growth to be below 5% or around 2.5%. The presence of the COVID-19 pandemic has a negative impact on the world economic sector and Indonesia in 2020, along with the decline in commodity prices and financial market volatility.



Source: BPS Compiled by Bapenas, 2021

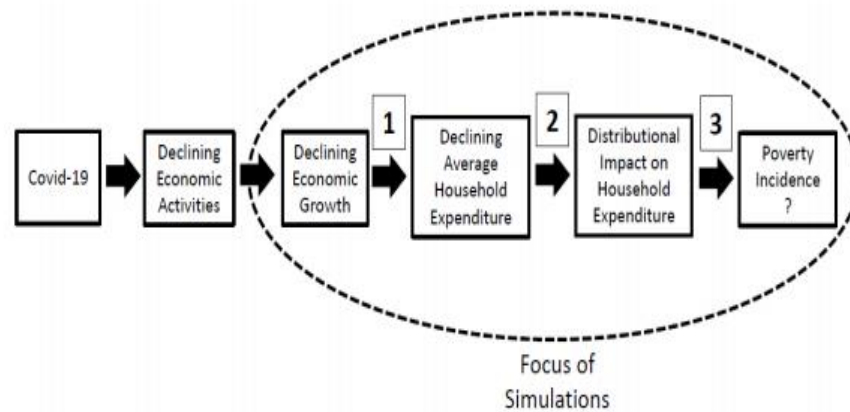
Figure 3. Indonesia Economic Growth

Nugroho,H, (2021) described that economic growth in the fourth quarter of 2020 experienced a contraction of 2.2 percent. Although still contracting, this realization continues to improve compared to the second and third quarters of 2020, which contracted by 5.3 and 3.5 percent, respectively. Furthermore, when compared to other countries, Indonesia's economic contraction is also relatively smaller. This shows that Indonesia is currently on the right track to recovery. However, more efforts are still needed to achieve the economic growth target in 2021 of 5.0 percent.

It was further explained that in order to save the economy, and policies that will have a major impact on the political agenda, population mobility which touches on many basic things, such as the Health Protocol, must be adhered to by all parties. Several critical points of the increase in cases occurred precisely because of the insynchrony of the government's own policies. The first drastic increase in daily cases occurred after Eid al-Fitr (Idul Fitri), around mid-May 2020, where daily cases below 300 cases immediately doubled to around 600 cases. Then in mid-June 2020, there were around 1,000 daily cases. This accumulation is due to the holiday (along with the controversy over going home and returning home and the government's declaration of a new normal era).

B. Social Protection in Indonesia

Supriatna, (2020), explained that the wider spread and death rate of this disease made Indonesia compete with time and lack of preparation, but was urged to find a way out of this problem as quickly as possible. Various ways that have been tried by areas affected by COVID-19 in Indonesia are distance restrictions, social restrictions and large-scale social restrictions. The application of these three methods kills the economy of the people in the regions that implement this policy. Furthermore, Suharyai et al (2020), explained that the impact of COVID-19 gave vulnerabilities to the economy for the majority of the population in Indonesia, especially those with low incomes. In the end, this has a major impact on the decline of social class in society. COVID-19 has not only claimed lives but also created a new existence for the poor, as shown in figure 4.



Source: Suharyadi A, et al (2020)

Figure 4. Transmission Mechanism form Covid-19 to Poverty Incidence

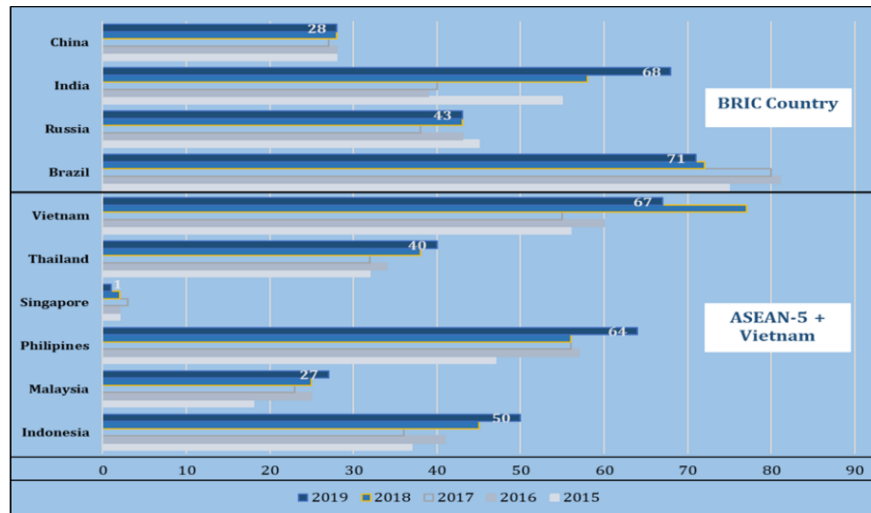
Figure 4, shows the transmission mechanism of how the Covid-19 pandemic affects poverty levels and creates new poor communities. First, there is a supply and demand shock, which causes a decline in economic activity and continues to reduce economic growth. This economic shock causes a decrease in the average expenditure per capita at the household level. Then a reduction in household expenditure per capita can lead to an increase in poverty. To measure the impact of poverty on Covid-19, we need to look at conditions before the outbreak. An economic recession that occurs will push many people into poverty, a study involving 138 developing countries and 26 high-income countries found that even in the mildest scenario, Covid-19 could impoverish an additional 85 million people (Sumner et al., 2020 in Supriatna, (2020).

The decline in income from these elements of society will give birth to a layer of society that is very vulnerable to the impact of Covid-19, both socially, medically and economically. Categorized as a weak economy is different from white-collar workers who cannot fully implement distance restrictions because they must continue to work. Finally, this community becomes the party that is easily exposed to the virus. The implication is that the central government must expand the social protection program to provide assistance to the new poor in addition to the existing poor. The widespread and rapid spread of Covid-19, which resulted in the government imposing restrictions on movement and community interaction, has helped save lives. This is evidenced by the decline in new cases. But on the other hand, distance restrictions also cause the economy to stall, which then results in the unemployment of millions of people due to layoffs by companies. Meanwhile, nationally, Mrs. Sri Mulyani as the minister of finance stated that this pandemic could result in the loss of jobs experienced by 5.2 million people, as well as the economic downturn of 3.78 million people (CNN, 2020).

C. Decline in Indonesia's Competitiveness

Nugroho, H (2020), explained that one of the causes of the decline in competitiveness was caused by the ability of Indonesia's human resources which was still quite low. This statement can be proven by indicators that have decreased in the sub-sector of the ability of the workforce, health and the ability of the industry to employ these workers. Extra ordinary efforts are needed in fighting for the improvement of Indonesia's competitiveness level. It is undeniable that for the ASEAN

region alone, Indonesia has a large enough workforce and with the existing demographic bonus, the workforce will continue to grow until 2030. But on the other hand, Indonesia faces the fact that the capabilities of human resources and the industry's absorption of workforce is also still considered weak. In Figure 5 below, it can be seen that in 2019, Indonesia's ranking is still below China, Malaysia, Thailand, Singapore, and Russia. Meanwhile, Indonesia's ranking is only considered superior when compared to the Philippines, India, Vietnam and Brazil. (Nadya, 2018).

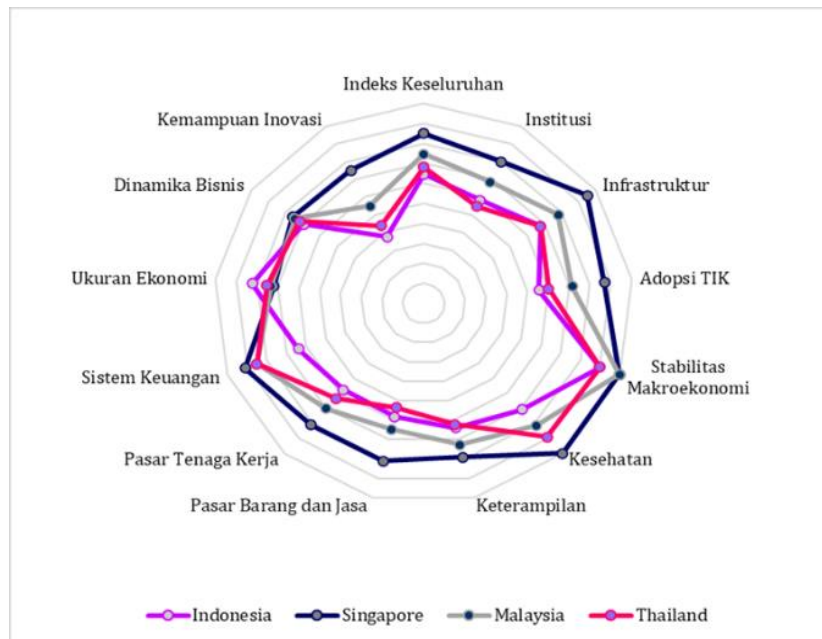


Source: World Economic Forum Report 2019

Figure 5. Indonesia's Competitive Position, per country in the ASEAN Region

Furthermore, it is equipped with a radar diagram as shown in Figure 5, which displays the level of competitiveness on the 12 pillars of competitiveness indicators. Indonesia ranks 4th in ASEAN after Singapore (1), Malaysia (27) and Thailand (40), and when compared to Singapore which occupies the first position in global competitiveness, Indonesia is still lagging behind in almost all components of competitiveness, except for the component macroeconomic stability and size of the economy (Figure 5).

The decline in the value of Indonesia's global competitiveness index was quite thin, only 0.3 points, from 64.9 points to 64.6 points. According to the WEF report, there were no significant performance changes in Indonesia's global competitiveness index in 2019. However, there were several pillars that caused a decline in Indonesia's score, including the adoption of information and communication technology (ICT) of 5.77 points, namely from 61.1, to 55.4. The next pillar is health, down by 0.9 points i.e. from 71.7 to 70.8, pillar. The goods and services market also fell by 0.3 points, and the skills pillar and the labor market fell by 0.1 points each.



Source: World Economic Forum Report 2019

Figure 6. Indonesia Global Competitiveness Index 2019

Next, the researcher will discuss the competitiveness of the five main pillars, which puts Indonesia's competitive position at number 4 (fourth) in the ASEAN region, after Singapore, Malaysia, and Thailand.

D. Information and Communication Technology Adoption (ICT Adoption)

The decline in competitiveness in the Information and Communication Technology Adoption pillar at a score of 55.4 was due to the Covid-19 pandemic which had slowed Indonesia's rapid digital economic growth. However, the pandemic has also helped accelerate the adoption of digital services in Indonesia, which will boost Indonesia's digital economy after the pandemic is resolved. Indonesia's even distribution of digital competitiveness is due to the mutual cooperation of the government, startups, and corporations. Almost all provinces experienced improvements in infrastructure scores. This is in accordance with the government's efforts to maximize the development of digital infrastructure. In the Covid 19 pandemic area, the role of Information and Communication Technology is increasing and is much more important, Information and Communication Technology has even been optimally exploited in all fields, be it business, entertainment, education, and work.

The Coordinating Minister for Human Development and Culture (PMK) Muhadjir Effendy, said that in the education sector, ICT was increasingly giving its role in supporting teaching and learning activities. "After this pandemic ends, Information and Communication Technology will continue to be used in education, especially e-learning or blended learning," he further emphasized, "is it ready or not ready for the world of education in Indonesia to have to switch from face-to-face learning to Distance Learning (PJJ)" (Puput, 2020).

Then it was explained that the issue of Indonesia's Global Competitiveness Index based on data from the World Economic Forum September 2020, which was ranked 50th out of 141 countries, had become a driving force for the mastery of Information and Communication Technology Adoption, by opening access to various global data and information. Then Muhadjir Effendy explained that "Information and Communication Technology is considered the main modality of Indonesia's human development in order to face global dynamics full of the challenges of today's era." Indonesian human resources in the industrial era 4.0 in addition to having competencies, soft skills, it is also certain that they must master technology, information, and communication in order to compete with the global world" (Puput, 2020).

E. Health

Health competitiveness decreased to a score of 70.8. Healthy life expectancy for individuals in Indonesia is only around 62.7 years. In order to increase competition for Indonesian health workers from the opportunity to enter foreign health workers. The central government has implemented several policies including: a) Law of the Republic of Indonesia Number 36 of 2014 concerning Health Workers; b) Regulation of the Minister of Health of the Republic of Indonesia Number 67 of 2013 concerning the Utilization of Health Workers of Foreign Citizens in Indonesia; and c) Law of the Republic of Indonesia Number 44 of 2009 concerning Hospitals.

Meanwhile, in order to improve the competitiveness of Indonesian professionals including health workers, the central government has issued Presidential Regulation To. 8 of 2002 concerning the Indonesian National Qualification Framework. (KKNI). This policy aims to improve the competitiveness of Indonesian human resources with human resources owned by three countries that are above Indonesia, namely Singapore, Malaysia, Thailand. Thus, Indonesian human resources can be freed from the trap of low salary standards when compared to foreign health workers. It can also reduce the accumulation of the number of graduates in the country that exceeds the need for health service facilities in Indonesia, especially in urban areas.

Singapore and Malaysia are still experiencing a shortage of health workers, especially nurses, health laboratory experts, medical records, dental technicians, nutritionists, radiology, electro-medical, and physiotherapists. In addition to health care facilities, there are countries such as Singapore, Japan, Taiwan, and Korea that also need care givers (household nurses) who have the opportunity to be entered by Indonesian health workers. Therefore, if properly prepared, Indonesian health workers will have more opportunities to work abroad than health workers from other countries working in Indonesia, D.N. Wirawan, (2015) in (Community, 2020).

F. Skills

The decline in the competitiveness of HR capabilities at a score of 64, can be seen in the indicators of the skills (skills) of graduates, digital skills in the productive population, and the ease of obtaining skilled workers. Suharso Monoarfa as the Minister of National Development Planning (2020) stated "Not only human resources are left behind, it turns out that the impact of the COVID-19 pandemic in 2020 also puts great pressure on the Indonesian Manpower sector" (Susanto, 2021).

This can be seen in the period of August 2, 2020, there were at least 29 million people of working age who were affected by the COVID-19 pandemic, making the open unemployment rate reach 7.07 percent or 9.77 million people became unemployed. In addition, the Covid-19 pandemic has also had an impact on the informal sector where most of the workers in the informal sector have low productive levels which further reduce competitiveness. Opportunities for vulnerable groups such as women with physical limitations or people living in disadvantaged areas to quality work opportunities are also still low.

Most of these groups still work in the informal sector because it is not easy to find formal jobs. Furthermore, it was explained that the world's massive tendencies, such as the development of a green economy, rapid technological developments, dynamics of demographic change, actually provide opportunities but also challenges for Indonesia to increase its competition in an adaptive and responsive manner. Responding to these challenges, HR development efforts are carried out in a holistic and integrated manner. One of the requirements that must be met is the existence of a reliable and classy job market information system as part of efforts to reform the vocational education and training system. The development of the Indonesian labor market information system will cover 4 main functions, namely labor market analysis, public policy base, massive employment, and career guidance. From this explanation, it is clear that one of the requirements that must be met is the existence of a reliable and classy job market information system as part of efforts to reform Indonesia's vocational education and training system.

G. Labour Market

The decline in the competitiveness of the Labor Market at a score of 57.7, due to the economic crisis caused by the Covid-19 anomie, affected labor conditions in Indonesia. Responding to this, in her planning, Mrs. Sri Mulyani as the minister of finance estimated that 1.1 million people became poor, while 2.9 million people became unemployed. In order to overcome the socio-economic impact generated by the Covid-19 pandemic, the Indonesian government has strengthened and issued a social safety net policy. However, the programs that have been implemented are still

considered inadequate. This is because the government has not issued a cash assistance policy which is believed to be urgently needed by the poor, as well as residents who have been affected by the Covid-19 pandemic.

Indicators of comparison of productivity and pay, labor market policies, flexibility in determining wages, and labor tax rates that are currently set are some of the causes of the declining competitiveness of the labor market. With the implementation of large-scale social restrictions in most areas in Indonesia in order to minimize the spread of the virus then it will affect the cessation of economic or social activities of the community for a while, with the cessation of production activities have an effect on the decline in Indonesia's economic growth rate.

From the business actor's point of view, the stagnation of production activities will certainly greatly affect the company's income and have an impact on the decision to lay off the majority of employees as one of the solutions taken to reduce the company's operational costs. Therefore, appropriate strategies and policies are needed in order to prevent an increase in the unemployment rate and accelerate the process of national economic recovery. The impact of the COVID-19 pandemic has put considerable pressure on the workforce in Indonesia. As information has been obtained, in the period of August 2020 there were at least 29 million working-age residents who were affected by the COVID-19 pandemic and the open unemployment rate reached 7.07% or there were 9.77 million people who did not have a job. What is very unfortunate is that the open unemployment rate is still filled by Vocational High School graduates who should be candidates for ready employment, said Suharso Monoarfa in (Susanto, 2021).

The Minister of Manpower, Fauziah, explicitly stated that the changes during the COVID-19 pandemic, apart from the changing patterns and types of work, the profile and capabilities of the workforce needed in the future also underwent changes. So then this of course requires innovation and adaptation of human resource development strategies for all elements, from business actors to the government. From resilience and competitiveness at the international level is the quality and ability of quality human resources (Mahadi, 2021).

H. Product Market

The decline in Product Market competitiveness at a score of 82.4 was due to indicators of the effects of tax regulations deviations and subsidies on competitiveness, market dominance, and non-tariff barriers, as well as the complexity of tariffs on Indonesian goods. The presence of the COVID-19 pandemic has an impact on all aspects of life, from tourism, the economy, education, from SMEs to large companies. The craftsmen are no exception, who are trying to spur growth and increase the selling power of local handicrafts so that they can survive in the midst of a pandemic situation and thrive in Indonesia's economic recovery period. By creating creativity and innovation in goods that are currently needed and accepted by the community, craftsmen are able to survive and become a way out in society, including during a pandemic.

During the Covid 19 pandemic, the phenomenon of shopping through digital markets has increased sharply which then spurred an increase in the number of delivery packages that must be delivered by sign shipping companies within 1 day the courier service can provide services up to approximately 900,000 packages of which the majority of the packages are from SMEs. It is undeniable that so far the unaffordable logistics costs are one of the reasons for the majority of MSME actors. Setiajadi, Chairman of the Supplay Chain Center, added that the logistics service industry is indeed considered to have an important role for the progress of Micro, Small and Medium Enterprises. Because Indonesia's geographical situation, which is separated by the sea and in the form of islands, and the large population in Indonesia, makes expedition services the most popular. Especially in a situation where shopping is happening through digital markets like today. The data states that the transportation and warehousing service industry in 2019 experienced very good growth of up to 10.58%, which is above the growth of the manufacturing industry (Yati, 2021).

Regarding the role of the shipping service industry for Micro, Small and Medium Enterprises, special efforts are needed so that the economic scale of MSMEs can be further increased. Because at the time of delivery the goods are still independent. So this is the cause of unaffordable logistics costs. With the limited production volume and other things that then cannot afford the economies of scale, it will not be easy for MSMEs to be competitive with imported products. Therefore, the

economy of scale must be solved, considering that if it cannot be resolved, MSME actors will lose competitiveness.

Ingratubun *et al.*, (2021) appreciate the existence of the logistics industry such as SiCepat Ekspres and others. Because with a number of innovations and services that are increasingly qualified, it is now easier for Micro, Small and Medium Enterprises to serve buyer requests. The logistics service industry will continue to grow both during the pandemic or post-pandemic. In the future, the logistics service business is promising and very helpful for SMEs. With the capital of trust, speed of duration and affordable costs, if it can undertake these three things, then of course a delivery service will become the market leader in the logistics service sector in Indonesia.

In line with this, in the research of Yanti, Amanah and Muldjono, (2010), it is stated that Micro, Small and Medium Enterprises (MSMEs) have an important role in triggering the occurrence of equitable community welfare and are able to bear the burden of the Indonesian economy. This can be seen through the proportion of micro, small and medium enterprises which reach up to 99.99% of the total number of business actors in Indonesia. Based on data held by the Ministry of Trade in 2013 shows that the contribution of the MSME sector in Indonesia to export activities is still considered low. There are only 5000 units or about 2% that are able to export their products abroad out of a total of 670,000 units, therefore it is not surprising that MSME products have not been able to enter the free market. The reason for this is the quality of goods that are not yet able to compete, as well as technological limitations, where excess competitiveness is an important element in the sustainability of micro, small and medium enterprises

IV. Conclusion

The outbreak of the COVID-19 pandemic around the world is not only a problem in the realm of Health. More than that, it has become a major problem in ecology, economy, socio-culture, which are the pillars of sustainable development. The negative impact of several government policies in reducing the spread of the pandemic has also become a trigger for the emergence of positive behavior for the nation's children to be more honing, compassionate and nurturing each other. The decline in competitiveness, which is known as GCI, has become a driving force for business people and human resources in Indonesia to adjust their competencies according to market needs. Mastery of Information and Communication Technology during the Pandemic C19 became more explicit, with equal abilities, both in the aspects of Education (Online method), completing office tasks with WFH (using applications), Doing business (e'commerce) and Competency in Adopting Information and Communication Technology others in every Social, Economic, Technological and Cultural activity (SOSEKTEKBUD).

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