

Post COVID 19 Layoffs in Indonesia's Digital Industry: A Strategic Solution through Digital Transformation and Business Ecosystem Synergy

Kuncoro Catur Nugroho¹, Maulana Agung Wibow², Muhammad Sukri Nasution³

¹School of Business, IPB University, Bogor – Indonesia

Email: [kuncorocaturmugroho\[at\]apps.ipb.ac.id](mailto:kuncorocaturmugroho[at]apps.ipb.ac.id)

Abstract: COVID - 19 was allegedly a disruptive driving event for the sales growth of retail companies oriented towards the application of digital technology. It is believed that this is due to changes in the way people consume as an effect of Large - Scale Social Restrictions (PSBB), to reduce the death rate due to the pandemic in Indonesia. However, after the policy began to reduce its intensity on a regular basis, the phenomenon of mass termination of employment (PHK) began to occur in this industry. This article attempts to identify why the phenomenon of "social disorder" can occur, along with solutions that can be applied to overcome this incident in the future. Through a literature study sourced from news, the content analysis method provides information that: (i) mass layoffs do not occur in all technology - based industries. Only in the industries of streaming entertainment service providers, couriers (especially food), and online communication service providers, and (ii) this phenomenon occurs as a result of changes in consumption patterns and a decrease in purchasing power. Using the effect size approach, this study outlines several solutions that can be optimally implemented, namely: (i) business ecosystem synergy; (ii) digital transformation in various lines of people's lives; (iii) policy transformation non cash flow and budget efficiency, as well as; (iv) corporate policies that are more relationship oriented with consumers.

Keywords: Massive layoffs, digital companies, effect size, digital transformations, business ecosystem synergy

1. Introduction

According to the World Health Organization (WHO) (2020a), the coronavirus disease (COVID - 19), which was first detected in Wuhan, China in December 2019, is an infectious disease that is caused by the novel coronavirus. (Kim et al., 2021). It brought many changes to people's lives, increased the uncertainty, and transformed into a socio - economic crisis. (Malahayati et al., 2021). . The increasing debt - GDP ratio, massive layoffs, changing in working style are some impacts in the real economic situation which happened because of the pandemic (Desson et al., 2021). (Desson et al., 2020; Parthasarathy, 2022; Perboli & Arabnezhad, 2021).

Nevertheless, these diseases played a moderating role in the psychological, and economic contexts (Desson et al., 2020; Kim et al., 2021). . The behaviour of the market was changed, which is impacted to the business as well; since, COVID - 19 is changing consumer shopping habits influencing national and local societies all around the world. (Ortiz - Barrios et al., 2021). . It happened in that way due to social distancing to reduce human - to - human transmission (Kim et al., 2021). (Kim et al., 2021).

Above situation restricted opportunities to connect, and not perform work in the public sphere any more in one side. (Miner, 2022). However, in the other side, it pushed the minimum and contact less activities, and also drove the increase of product and service sales which related to hygiene practice, health care (Faour - Klingbeil et al., 2021). . Hence, these situations change the behaviour of food and groceries shopping, from going to shop into the food delivery. (Faour - Klingbeil et al., 2021; Kim et al., 2021). . In Indonesia, this particular situation increased the operation

and sales growth, such as online orders for the transportation, delivery service, and streaming entertainment, but sharply declined the digital booking service in travel and tourism activities. (CNBC Indonesia, 2022). However, in the very short of time, the recent situation changed that fruitful growth, and turned it into digital layoffs that were already predicted by the World Bank for the above digital courier and online streaming, but increased disruptively for the online travel and tourism business. (CNN Indonesia, 2023). This situation proves that the business cycle in economy, specifically in digital is shorter than before (the dot - com crisis in the end of 90s). Also, the crisis did not happen in the whole digital economy, but it emerged just in the industries.

From the above introduction, this research will try to answer several objectives for getting the big picture. First, it will determine the type of digital industries in Indonesia that faced the crisis in the post - pandemic era systematically with content analysis. Second, this research will explain the reason of which that crisis happened historically through the same analytical tool. Then, third, this paper will identify the optimal solution by using the effect size.

2. Methods

2.1 Data collection and cleansing

Newspaper articles will be used as data that will construct to synthesise. It was chosen since the rapid business cycle of these industries needs many data to rely on for developing the homogeneity, and newspaper articles will be the optimal ones. Meanwhile, it still constructs the credibility ever since the newspaper has editorial principal.

Table 1: Conceptual framework

PICO Parameters	Keywords
Population/ problem	Startups; Digital
Intervention	Post pandemic; Post Covid - 19
Comparison	-
Outcome	Layoffs; Unemployment
Total documents	216 journal articles and 199 news articles

The data was generated from the PICO (population or problem, intervention, comparison, and outcome) conceptual framework. Since, it allows the findings of similar studies to be synthesised to provide an answer from the relevant literature as a whole, rather than multiple answers from multiple studies (Gough et al., 2012). In this case, this framework was used to get the newspaper data in the MSN, and Google. As a result, 196 news articles were downloaded to conduct the next process, which is data cleaning within the context of systematic literature reviews. Because this technique is to identify, review, and analyse existing definitional and measurement approaches in order to address the disagreements and ambiguities in the literature. (UsmanKhizaretal., 2022).

Preferred reporting items for systematic reviews and meta - analyses (PRISMA) is chosen as a method for data cleansing. It is chosen as an approach for cleaning the data because it can evaluate non - health – related interventions within the principal of transparent and complete reporting to review methodology and terminology. (Pageet al., 2021).

2.2 Data synthesising method

Before synthesising, the coding strategies that implement in this paper are inductive coding, and line - by – line coding. From this coding, we synthesise the data qualitatively within two kinds of methods First is content analysis. It is used for synthesising the data which came from newspapers to answer the first research objective in focus of digital industry in Indonesia. These methods were being used since it can attempt to provide a solution to establishing meaning by rigorous specification of the frequency, similarity and differences within text that can be extended to the content of research studies. (Smith, 2023). In a simple way, we can say that these methods can determine the key findings. (Jeris et al., 2022).

Second, the effect size approach would be used for delivering the solutions for massive layoffs in digital industries in Indonesia. This approach can pool the estimation of the magnitude of the impact of Treatment of something which is drawn from different studies (Çoğaltay & Karadağ, 2015; Ellis, 2010). . In addition, this method is often the primary purpose of studies, since it can draw the mean differences across studies (Cumming, 2013). (Cumming, 2013). Because of those foundations, effect size was used in this paper to identify the optimal solution.

3. Results

Preferred reporting items for systematic reviews and meta - analyses (PRISMA) was not being used just for choosing relevant papers in this paper. It was also used for constructing the post – pandemic condition and situation

which will be used in the body of research. As a result, which it can be seen from the below figure, from newspapers, the PRISMA systematic literature review delivered 94 documents.

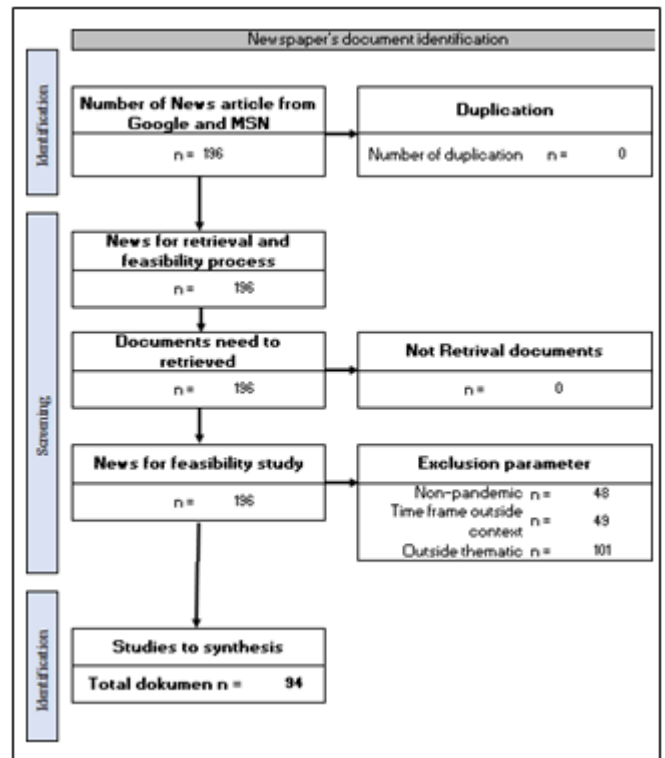


Figure 1: PRISMASLR for news paper documents

From the 94 documents that became the data for the study, we can determine which kind of digital industries who experienced the disruptive and incremental growth, and who's declined, in the context during and after Covid - 19.

3.1 Sales Growth Before, During, and Post COVID - 19

From the content analysis, we develop industry clustering, and map the sales growth. Before Covid - 19, as the business - as - usual condition. All digital industry seemed to be in the incremental sales growth. Since, they focus on grabbing the market share with the tenacious public relations and marketing strategies. Some of them are doing more with the intensive money - burns in the same strategy to steal the customers from the others.

Table 2: Industry clustering and categorisation

Clusters	Categorisation of industry based on cluster
Cluster 1	Digital transport, travel and hospitality
Cluster 2	Digital courier, and logistics
Cluster 3	Digital streaming entertainment
Cluster 4	Digital communication (video, chat, and live meetings)
Cluster 5	Digital finance
Cluster 6	Digital retail trading
Cluster 7	Digital health – care service

When the COVID- 19 happened, the social distancing was applied, and made the digital courier and logistics, streaming entertainment industry, digital communication services, fin - tech, online retail trading, and digital health – care services turned down sharply.

Table 3: Sales growth mapping of digital industry before, during, and post COVID - 19

Type of sales growth	Before COVID - 19	COVID - 19	Post COVID - 19
Disruptive sales growth	-	Cluster 2, 3, 4, 5, 6, 7	Cluster1
Incremental sales growth	Cluster1 - 7	-	Cluster 2, 4, 6, 7
Declining sales growth	-	Cluster1	Cluster3, 5

However, when there was a declining death rate, and the government saw that the *herd immunity* in the public was already massive. They (the government) levelled down the social distance intensity, and made the situation became what we called the "post COVID - 19". Within this time frame and forward, mostly the digital industry went back to BAU (business as usual). Interestingly, at the same time, the online travel and hospitality had been increasing their sales

growth higher ever since before the pandemic happened.

3.2 The digital layoffs history's framing

After we knew about the specific industry who's faced the declining sales growth. Below is the history frame which explains about the reasons why those types of specific digital industries layoff their employees.

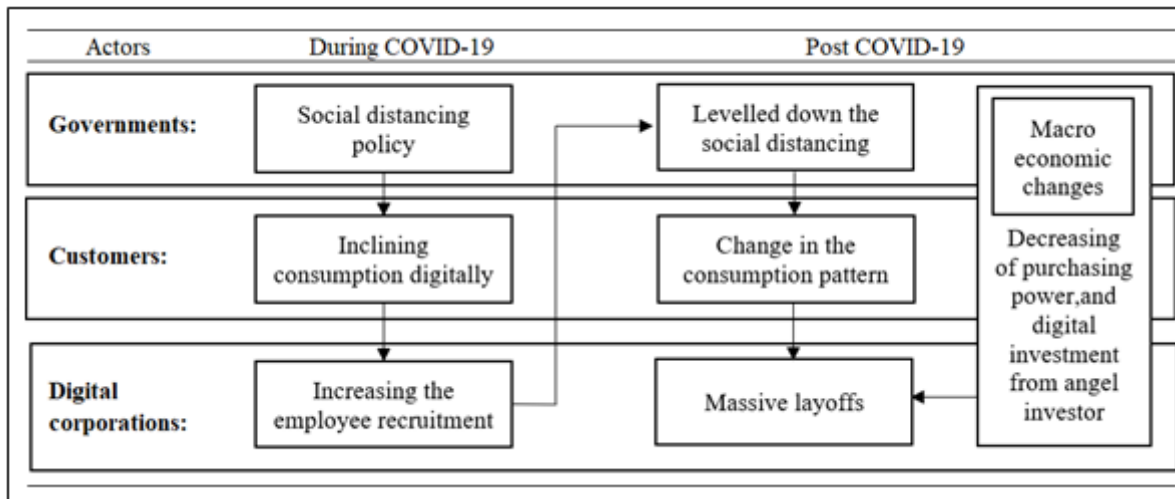


Figure 2: Digital industry's layoffs framing

Historically, we can determine that social distance policy from the government became the most influential factor which pushed the type of company in cluster 2 to 7 (see table 2 above) to increase their employee recruitment activity to handle the demand from customers during COVID - 19. However, in the end of 2022, most governments in the world levelled down their social distance policy. These drove the change in consumption pattern, which made the cost of employees higher, and resulted to the inefficiency of their money flows. The consumption pattern was changed because people considered spending their money for leisure, travel, and used hospitality services, which they couldn't when the outbreak was happening.

the pandemic. This also resulted in their consumption efficiency, and made a decreasing demand for digital consumption. Specifically, in the digital – retail groceries, online streaming entertainment, and food delivery services.

Meanwhile, the pandemic also brings after effect problems in terms of macroeconomics. In the post - pandemic phase, the public did not have a purchasing power as high as before

3.3 Solution based on effect size.

As a result for the solution, the inductive coding shows that mostly eleven solutions below are conducted by the digital - retail groceries, online streaming entertainment, and food delivery services. Those are such as (1) optimization of business ecosystem synergy, (2) values, and business characters transformation, (3) capabilities escalation, (4) implementing the customer - oriented product and value preposition, (5) multi – faceted sales and marketing, and (6) data analysis machine learning and forecasting.

Table 4: Effect size on optimal solutions

No.	Optimal solutions	Local news agency	National news agency	State news agency	Online news agency	Freq.	N	Effect size
1	Optimising the synergy of the business ecosystem	4	12	12	15	43	253	17%
2	Values, character, operations, and business transformation	2	13	7	12	34	253	13%
3	Capability escalation	1	10	9	10	30	253	12%
4	Perspective and implemented consumer orientation	2	11	4	13	30	253	12%
5	Multi – faceted sales and marketing	2	7	2	13	24	253	9%
6	Data analysis, machine learning, and forecasting	2	10	1	10	23	253	9%
7	Increase in profitability and income in multi - aspects	2	10	1	8	21	253	8%
8	Efficiency and effectiveness of business operations	0	10	0	9	19	253	8%
9	Efficiency and effectiveness of cash flow,	0	8	0	8	16	253	6%

	and budget							
10	Decision – making techniques and principles	0	3	0	5	8	253	3%
11	Low cost and low risk supply chain	0	2	0	3	5	253	2%

4. Recommendation

Mostly, for companies who faced the crisis, they did some actions such as collaborating with the government as a whole, or agencies to synergise the business ecosystem within the context of spreading the implementation of digital transformation. Although this action can make the control of government and public more efficient, and effective, it can also be an approach to increase the market size in the context of political economy. Also, they transform their business characters to gain profitability, and not for the market share. Therefore, they should focus on their existing customers, rather than doing customer acquisition. Within this focus, their products and services should be developed again dynamically to fit their customer needs, or we can say product - market - fit, and value proposition – market fit. For doing these, they also need to escalate their employee capabilities for operations, and data analysis, machine learning, and forecasting for their business sustainability in the future.

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