

Shifting Profession from Service to Online Business in ASEAN Region

A Driving Forces of ASEAN Economic Excellence during Pandemic

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Article Information

Keywords :
*ASEAN; Economic
Digitalization; Services
Sector; Termination of
Employment; Pandemic*

Abstract

The Covid-19 pandemic is pushing a multidimensional crisis, especially in the economic field. The most affected sector in this regard are service workers. With the type of work that was supposed to interact directly is now constrained by government policies; stay at home, lockdown and more. This article aims to examine the phenomenon of Termination of Employment in the ASEAN Region and analyze its adaptive solution through transformation. This article utilizes various software such as Publish or Perish for searching the amount of previous literature and VOSViewer for bibliometric analysis. Within the conceptual framework of New Regionalism, this article finds an opportunity in shifting profession of layoff victims in the service sector into an online business (e-commerce) as a survival and superior way for ASEAN's economic during pandemic. This article expected to give benefits both in terms of literature academics and practicality for the micro community in order to drive ASEAN development from the bottom-up scheme.

I. INTRODUCTION

The Covid-19 pandemic often brings recession. ASEAN economic growth is estimated to contract 2.7% due to the corona virus phenomenon. This collective economic impact is mapped on par with the Asian Financial Crisis in 1998. Not only ASEAN, but also in developed regions such as Europe, a very significant recession occurred. Data shows that European economic growth slumped to touch the figure of -12.1%.

This is concrete evidence that the presence of a pandemic in the era of global interconnectedness is an obstacle to the economic conditions of a region [1].

The economic sector most affected by the closure and stay at home policy due to this pandemic is service-specific labor activity. There are more than 30 million workers in ASEAN forced to become unemployed. The sluggishness of the service sector that requires direct interaction, such as tourism, public services, transportation and industry,

has become an economic shock that requires solutions [2].

In the case study of ASEAN 5 countries, the Covid-19 pandemic has impacted more than 9 million workers in Indonesia with a percentage of 28.9% [3]. In Malaysia, more than 100,000 affected workers lost their jobs. In Thailand, in the publication of CNBC (2021) it was explained that the airline Thai Airways went bankrupt and laid off service workers with a total of nearly 400 pilots. In the Philippines, at least 428,701 workers were laid off due to the pandemic and millions more are working without pay. While in Vietnam, as many as 900,000 [4].

The rapid pace of digitalization is often the main touch on the issue of survival in the pandemic era. The Indonesian Ministry of National Development Planning declared that digital flows play a massive role as a buffer for the Indonesian economy in the midst of a recession [5]. In line with this, the national money transfer platform PromptPay created by the Thai Government, has increased to 55.6 million users. To become an indirect transaction solution under the wheels of the 'keep distance' economy [6]. In Brunei Darussalam, digitization is packaged in various government programs; eKadaiBrunei and Community for Brunei or National e-Commerce Platform [7].

This article aims to provide measurable outcomes that economic transformation can be a great opportunity for the victims of Dismissal. The scheme used is bottom-up which collectively encourages the economic superiority of the ASEAN Region. There are several summaries, research and previous policy recommendations that map the great potential of the digital economy during the pandemic, such as ASEAN Policy Brief 2020, The ASEAN: The Fourth Industrial Revolution,

Pandemics, and The Future of Work (2020), Reimagining emerging ASEAN in the wake of COVID-19 by McKinsey & Company (2020), and E-commerce Connectivity in ASEAN from the Economic Research Institute for ASEAN and East Asia. In searching for the previous literature, this article uses the Publish or Perish software, which is then analyzed bibliometrically on the VOSviewer software to see new gaps.

Rank	Year	Citations	Author	Title	Year	Publication	Publiser
1	2019	200	F. E. E. E. E.	Publication and analysis of current trends...	2019	Progress in Economic...	Elsevier
2	2019	150	F. E. E. E. E.	Publication of 2019-10-10...	2019	Journal of Economic...	Springer
3	2019	100	F. E. E. E. E.	Publication of 2019-10-10...	2019	Journal of Economic...	Springer
4	2019	50	F. E. E. E. E.	Publication of 2019-10-10...	2019	Journal of Economic...	Springer
5	2019	20	F. E. E. E. E.	Publication of 2019-10-10...	2019	Journal of Economic...	Springer

Figure 1. Previous Literature by Publish or Perish (Source: Author)

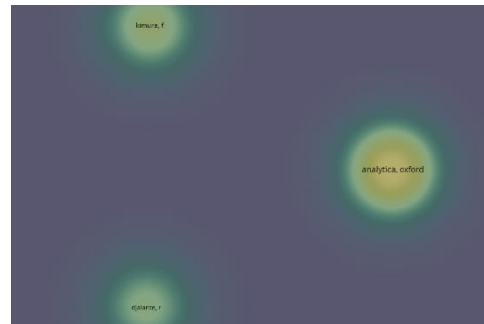


Figure 2. Results of Bibliometric Analysis by VosViewer Software (Source: Author)

There was a vacancy in discussion regarding the shift in victims of Dismissal and their shift in optimizing online business platforms in the ASEAN region. This article will discuss; The phenomenon of increasing social media and E-Commerce users during the pandemic, case studies of the displacement of victims of layoffs from services to online businesses, and E-Commerce regulations in the ASEAN Region.

II. METHODOLOGY

A. *Theoretical Background and Literature Review*

The concept of Regionalism was born massively in the post-bipolar era (1990s). Regionalism is becoming a complex contemporary trend and model. Its scope has a multidimensional character. This article refers to the book *Theories of New Regionalism* which was present in the midst of debate and brought the core of previous theories such as Barry Buzan, Richard Falk, Anthony Payne, Timothy Shaw, Andrew Gamble, and Morten Boas [8].

The term New Regionalism believes that there is a difference in the spotlight of the new model of a region. In addition to the more concretely defined spatial elements, New Regionalism focuses on the relationship between regions and other extra-regional environments. Previously, an area was always synonymous with exclusivity and even isolated from the world. The existing dynamics tend to be closed and only played by the countries concerned. In this context, the existence of ASEAN is a new model of regionalism. As an institution, ASEAN has won recognition from around the world. There are various relationships, mutual dialogues, and collaborations that have been established with external entities such as; China, Australia, Turkey, France, Russia, USA, ASEAN+3, and more.

The development of New Regionalism also eliminates the European-centric system which was originally used as the mecca of the regional concept. This gives space to the Non-Western literature to use references that can be more relevant to the characteristics of the area it has. Amitav Acharya (2013) classifies ASEAN as an entity rich in diversity; even on the economic side. In a region, economic, sociocultural, and political identity is a very significant thing. With it, identified

factors, values, norms that have the power to encourage the rapid pattern of interdependence in the region [1].

The existence of ASEAN as a region is studied as a potential entity that needs to face various challenges. Managing economic advantages and facing non-traditional security threats is a driving factor for the establishment of a more massive cooperation in order to perpetuate this institution. Doing region building does not have to come from the decision makers above, but can also be intensified through phenomena that occur below (the field), such as individual initiatives to be adaptive to digitalization during a pandemic [9].

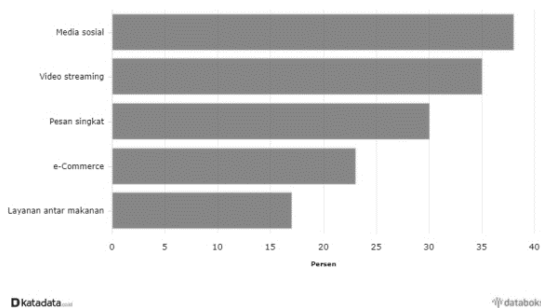
Although the Covid-19 virus pandemic caused a major multidimensional crisis in all entities; both countries and regions. The concept of regionalism seems to be the answer to the post-pandemic world order [10]. Lean supply chain systems allow new versions of manufacturing to emerge. The proximity of the distance becomes an advantage that offsets the costs and benefits of specialization in global trade schemes [11]. Thus, a special analysis is needed regarding the latest symptoms that can be used as a milestone for the resilience and excellence of the ASEAN region during the economic recession due to the pandemic.

B. *Data gathering Method*

This article refers to the references sought through the help of various software. Data and information collected through primary, secondary sources (from published articles or news) were analyzed in detail. The researcher identified the congruence and accuracy of the referenced sources. Researchers accumulate evidence from nearby issues, so that readers can see the relevant and actual reality.

ANALYSIS

A. Increasing Social Media and E-Commerce Improvement in the Pandemic Period



Data of Increasing Application during a Pandemic
(Source: Databooks, 2020)

The data above shows an increase in media users up to 38% and E-Commerce users increasing up to 23%. The stay at home policy is the strongest driver of this phenomenon, especially in the Southeast Asia Region. As many as 85% of Southeast Asians admit to using new applications since the first quarter of 2020. According to Santitarn Sathirathai, a Group Chief Economist at a global consumer internet company in Singapore, presenting the results of a survey with the World Economic Forum (WEF) which shows that young people encourage greater adoption. digital; 50% of young people increase their purchases in e-commerce [12]. The countries that pushed the most were Indonesia and Singapore, where out of 68,574 ASEAN youth respondents, 20,397 respondents were from Indonesia [13].

CNBC Indonesia noted that as many as 40 million new internet users grew in Southeast Asian countries such as: Indonesia, Vietnam, the Philippines, Malaysia and Thailand in the early days of the pandemic to be precise in 2020. So it is predicted that internet users in Southeast Asia will reach 400 million users [14].

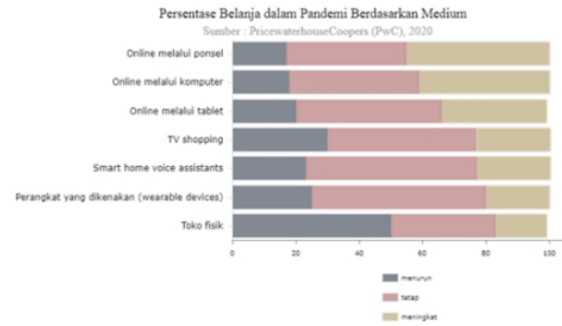


Figure 4. Percentage of Spending in a Pandemic by Medium

(Source: Pricewaterhouse Coopers, 2020)

It is not surprising that purchases in e-commerce have increased, according to data. Figure 4 shows that the Covid-19 pandemic has encouraged people to shop online. The increase in the shopping index and online transactions reached up to 45% and physical shopping activities were reduced by 50% [15].

It is known that COVID-19 can accelerate the expansion of e-commerce to new companies, customers, and product types. This allows customers to get a large number of products in the comfort and safety of their homes, and allows companies to continue operations with access restrictions and other restrictive measures. Despite persistent cross-border differences, the COVID-19 crisis has increased the vitality of the national e-commerce landscape and expanded the scope of e-commerce, including through start-ups, consumer groups (e.g. seniors) and products (e.g. groceries). At the same time, e-commerce transactions in many countries have shifted in part from luxury goods and services to everyday necessities associated with large numbers of individuals.

Most governments prioritize the short-term response to the pandemic, but some are also starting to address the long-term strategic requirements for recovery. Several governments in developing countries have intervened to protect

corporate and personal income. For example, in Latin America and the Caribbean, the government of Costa Rica has launched platforms, smartphone applications, and text messaging services for companies that do not have an online business to promote trade between producers of agricultural, meat and fish products. In Africa, Senegal conducts information, education and advocacy activities on the benefits of e-commerce among all populations. In Asia, Indonesia has launched a capacity building program to accelerate the digitization and digitization of small, medium and micro enterprises.

B. Case Study of Shifting Profession from Service Sector Workers to Online Business

The stay at home policy during a pandemic like this encourages many business opportunities to be created, this online-based entrepreneurial activity can be one way out for countries in the Southeast Asian region to face the challenges of massive layoffs due to the pandemic. Field data comes from Indonesia, precisely in Sleman. Fifteen youths affected by the break-up took the initiative to build a portable sink and managed to produce 350 units of demand for goods at a price of Rp. 750,000 to Rp. 1,000,000/unit. This is one of the representations of evidence that social media is a power of business opportunity in the midst of an unstable world condition today.

In addition to online entrepreneurs who suddenly appear on social media, E-commerce managers are also competing to attract consumers with the discounted prices they offer. Social media is a place for entrepreneurs to show their superiority with almost the same sales products. In fact at this time, apart from being active users of social media who only enjoy features on various applications, people are required to innovate in order to solve problems in life by taking advantage of existing conditions to become business opportunities.

C. Effectiveness of Online Business in ASEAN on Economic Countermeasures

The pandemic has had a bad impact on some economic sectors, but not for the digital economy sector. Based on research conducted by Google, Temasek Holdings and Bain & Company, by 2020 the digital economy in Southeast Asia will increase to US\$105 billion or Rp. 1,470 trillion. During a pandemic like this, the service sector experienced a contrasting decline, the online travel segment



Figure 5. Digital Investment Agreement
(Source: Google, Temasek, dan Bain & Company, 2020)

experienced a decline of minus 58%, but on the other hand e-commerce business in Southeast Asia increased to 63% in 2020. This situation made the ASEAN Region a growing internet market, fastest in the world [14]. So it attracts many global investors to enter startups in Southeast Asia

The previous explanation was reinforced by a report from e-Conomy SEA 2020 whose research was carried out by Google, Temasek, and Bain & Company reporting that there were 202 digital investment deals in the first half of 2019, increasing the highest percentage in Southeast Asia to 55.6% or equivalent, with IDR 39.4 trillion. There are two countries with the highest percentage of digital economy value in Southeast Asia in 2020, namely Indonesia which reached US\$ 44 billion and Thailand which reached US\$ 18 billion. While the percentage of the value of state investment agreements with the highest value remains Indonesia in Semester II, the investment agreement value reached US\$ 2.8 billion and Singapore reached US\$ 2.5 billion in 2020 [16]. Of course, one of the driving factors is the Covid-19 pandemic with the increasing number of internet users.

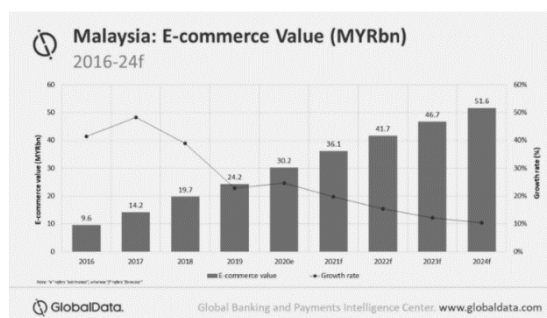


Figure 6. Malaysia: E-Commerce Value
(Source: Katadata, 2020)

The digital economy is one of the effective economic supports for Southeast Asian countries during a pandemic such as Malaysia as one of the fastest growing e-commerce in Southeast Asia. According

to the data above, Malaysia's e-commerce market increased by 24.7% in 2020. Malaysia has even launched a fund of MYR 140 million or equivalent to US\$ 34.2 million to encourage e-commerce adoption for small traders. It is projected that in 2021, the market will reach a value of MYR51.6bn or equivalent to US\$12.6bn [17]. The same thing happened in Indonesia in the second quarter of 2020, Kominfo noted that based on BPS data, the growth of the infocom sector increased to 10.88%. From a variety of digital businesses, the Fast Moving Consumer Goods (FMCG) online business grew by 400% [18].

In the last 15 days of Q1 2020 digitalization of businesses and consumers gained up to 41% global digital revenue. Across Asia there has been explosive sales growth during the Covid-19 pandemic, increasing the percentage of online shopping by 50% according to digital advertising solutions provider Criteo. The Shopee platform experienced a 74.3% jump in merchandise or earned \$6.2 billion in the first quarter with 429.8 million orders. Gojek experienced 10% transaction growth in food deliveries (Go-Food) in early May 2020, and some snack food vendors on Go-Food experienced a 30% surge [19].

From the data presented above, it shows that the impact of the growth of digital business during the pandemic is very helpful in supporting the economy in ASEAN countries during the Covid-19 pandemic. Even the increase in the number of digital media users such as social media and e-commerce has increased the attractiveness of global investors so that the investment value and ASEAN digital economy will be boosted and will help the ASEAN economic recovery process. The region's digital economy is recorded at US\$100 billion in Gross Merchandise Value with Vietnam and Indonesia increasing in

double digits. Of course, this has great potential in the economic recovery of the ASEAN region [20].

D. Harmonization and Regulation of E-Commerce in the ASEAN Region

On the other hand, there is a fear felt by consumers. That is, systemic challenges related to connectivity, financial inclusion, skills and trust (such as digital security, privacy and consumer protection) have been greatly reduced. To address this problem, governments can extend affordable, high-quality broadband to rural and poor areas, increase financial inclusion, and promote trust and skill acquisition to participate in e-commerce. For companies, policy makers must reduce regulatory uncertainty to support the creation of innovative business models, in order to increase complementarity between offline and online sales strategies. Governments also need to meet the specific needs of SMEs, including ensuring a level playing field in intermediary services (such as online platforms).

Online shopping and business activities during this pandemic have been supported by an agreement that was agreed in 2018 before the pandemic occurred, so that online activities can run easily and smoothly. The ASEAN Agreement on E-Commerce, which became the first agreement in ASEAN and the world, was held in Singapore, at the 33rd ASEAN Summit. The potential for the development of e-commerce in ASEAN has been realized for a long time, even attracting Alibaba and Amazon to establish themselves in this region. Moreover, companies that grow in the ASEAN region themselves have managed to have a valuation of over one billion US dollars, namely: Tokopedia from Indonesia and Lazada from Singapore. It is not surprising that ASEAN protects and

regulates electronic commerce activities into an agreement that regulates: cross-border trade between member countries, realizing a secure and integrated electronic payment system [21].

This e-commerce agreement was signed in the context of a regional Free Trade Agreement (FTA) so as to create a conducive and innovative environment for cross-border trade. It is also hoped that MSMEs can use the e-commerce platform in ASEAN that can penetrate the global market [22]. In more detail, there are 3 important points in the agreement:

1. The ASEAN Agreement on E-Commerce is the implementation of AEC-ASEAN 2025 in order to increase e-commerce cooperation between member countries. The aim is to facilitate cross-border transactions in ASEAN, create conducive conditions in the e-commerce ecosystem in ASEAN and can also reduce gaps in ASEAN.
2. The ASEAN Agreement on E-Commerce consists of 19 articles. In article 7.4 discusses market access such as cross border transfer of information, article 7.6 discusses the location of computing facilities and article 9 which regulates electronic payments.
3. This agreement regulates the movement of data across ASEAN members, creates a secure payment system and does not require localization and still provides space for the policies of each country.

This agreement does not include the issue of customs duties which regulate the imposition of customs duties for products in electronic transmission, member countries still maintain the commitment of the WTO Moratorium [23]. This digital economy was proclaimed as an economic recovery for the Region after the Covid-19 pandemic and of course very relevant in maintaining the economy during the pandemic, therefore ASEAN

leaders accepted the recommendations of the ASEAN Business Advisory Council (ASEAN-BAC) in order to strengthen digital economic cooperation and economic recovery. post-pandemic on June 26, 2020 in Jakarta. Minister of Trade Agus Suparmo as the representative of Indonesia at that time stated that the digital economy has become an economic reality today, so there is a need for cooperation regarding the use of e-commerce in the core effort to increase the competitiveness of micro, small and medium enterprises (MSMEs) in various conditions [24].

Harmonization of law in ASEAN can occur because member countries have the same characteristics and characters in drafting various rules regarding e-commerce and IT. Moreover, IT standardization which relies on five pillars of information assurance, namely: confidentiality (confidentiality), integrity (integrity), non-repudiation non-repudiation, availability (availability) and authenticity (authenticity) allows e-commerce to form its laws independently.

The unification of markets among ASEAN member countries regulated by the MEA creates the interconnectedness of the ASEAN community, thus forming Lex Informatica which creates harmonization of ASEAN laws [25]. That way, online buying and selling activities in the Southeast Asia region are not constrained by regulations between member countries, in fact ASEAN has recognized and saw great potential so that digital economic growth during the Covid-19 pandemic can run smoothly. Thus, the continuity of regulations from each ASEAN country on the use of the digital economy becomes the effectiveness and concrete foundation of regional economic excellence amidst pandemic.

III. CONCLUSION

ASEAN as a rich region that already have a big potential to be a central in future world, requires an adaptive strategy to support its economic development. The coronavirus pandemic that has been spread since Q1 2020, shove many economic recessions for countries. Victims of disconnection in the service sector who switch professions to become online businessmen often help the growth of the digital economy in this region. The massive flow of digitalization has been well utilized by ASEAN countries such as Indonesia, Malaysia, Singapore, and Thailand. ASEAN as the largest market and user of social media is visited by various technology investors. During this Covid-19 pandemic, there has been an explosive growth in digital transactions on various national or transnational platforms. ASEAN's already strong online trade regulations have become a foundation for this region to immediately rise up and pick up its advantages. The Covid-19 pandemic brings an answer that the concept of a Region like ASEAN is a more relevant order in the era of globalization. This phenomenon eliminates Europe centricity in economic modeling. This event is a reflection that strategies can be utilized from what is faced by individuals in the field; take advantage of opportunities even by building an online-based micro-business unit. This bottom-up scheme can be an efficient solution for post-pandemic economic countermeasures and strategies.

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