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Class A

The Importance of Digital Economic Growth in Indonesia

Abstract

The development of the Internet in Indonesia has increased every year, by 2020 new internet users in Indonesia have reached 25 million, the growth of new users can be one of the indicators that Indonesia has built its internet support infrastructure quite well. This is one of Indonesia's steps in building a digital economy, although with the development of internet technology is quite significant, Indonesia is considered still in the early phases in building the digital economy, although the foundation that Indonesia has built to develop its digital economy is good enough that it can be seen by the growth of e-commerce and ride-hailing business well in Indonesia..

1. Development of digital economy in Indonesia

The digital technology revolution should be understood as a new business opportunity because equalization of digital adoption access is a step to reduce the inequality of a country's development (AZ Tayibnapis, LE Wuryaningsih & R Gora 2018). According to the World Bank (2019) Indonesia is ranked 73rd out of 190 countries in terms of ease of doing business so as to make Indonesia has its own attractiveness for investors and business people, the flow of foreign capital to portfolio instruments is a mirror of investor confidence in the stability and condition of the Indonesian economy, including the prospects and projections of Indonesia's economic policy (AZ Tayibnapis & LE Wuryaningsih, 2019). With these factors many business startups are starting to develop in Indonesia, Year 2020 is expected to be a good digital business growth Indonesia currently has a large market, competitive price competition, high purchasing power to innovation solutions that can continue to be developed (AZ Tayibnapis, LE Wuryaningsih & R Gora 2019). It provides an opportunity for everyone to glorify their own business in this digital age, even without having a large capital, all can already start their

own digital business. To that end, everyone can have a chance of success in a digital business. Digitalization of this economy can be an opportunity for the MSME industry because MSMEs can market their products and services more widely, easier and cheaper so that MSMEs can survive, even in times of crisis or pandemic as it is now. With the help of digital technology, the number of businesses and businesses that can survive and develop, this will certainly have an impact on the absorption of labor and reduce the unemployment rate until eventually this will have a positive impact on the country's economy.

The digital business industry in Indonesia has been growing for a long time, however, significant growth has only started to occur since 2014. In that year, Euromonitor recorded the number of e-commerce sales in Indonesia that reached US\$ 1.1 billion, while based on the Central Statistics Agency, digital business in Indonesia increased by 17% over the last 10 years, the figure is expected to continue to increase, specifically in 2020, in that year there are several factors that are expected to greatly influence the increase of digital business in Indonesia, and one of the biggest factors is the impact of the Covid-19 pandemic. although many industries are struggling in the face of this pandemic, digital businesses are expected to survive and continue to grow as many consumers will start shopping online in line with the Covid-19 prevention policies that have been implemented by the Indonesian government. But with all the conveniences that can be obtained in building a digital-based business, it will further increase competition between digital businesses, in conducting competitive competition, every businessman is required to be able to present innovations and solutions to market needs, to be able to face market competition, every company is required to have adequate human resources and have the ability to analyze market conditions based on data and problem solving. The formation and existence of human resources in the company is determined by the success of leaders in socializing and implementing corporate culture, corporate value and employee policy set by the company. The corporate environment, the behavior of superiors and co-workers greatly influence human resources to stay inside or move to other companies that are more conducive. In addition, motivation is needed by employees so that they can provide the best performance so as to contribute to the company's

performance that will have an impact on the development of the digital economy in Indonesia.

2. **Impact of Digital Economy development in Indonesia**

Rapid digital development in all sectors, especially the economic sector, has had a significant impact in people's lives in Indonesia, some of the impacts are:

A. Economy

Faster transactions, economic equality, integration of economic

B. Education

Access to education, information and materials becomes easier and opens new businesses for online training and tutoring.

C. Social

Can be used as a foundation to conduct inclusive economic development, so that small businesses can develop.

In addition to these impacts, there are other impacts of the development of the digital economy in Indonesia that allows shortening the chain of communication from marketers to end users so that distribution lines become shorter, the use of storage warehouses is more efficient, there is no need to involve too many salespeople, and it is easier to determine customer psychographics and types of pronation, including how to advertise and determine innovations of new products or services if needed. (AZ Tayibnapis & LE Wuryaningsih, 2019). Digital technology is proven to play a strategic role in the provision of goods and services in a convenient, practical, cheaper, faster way, the digital-based economy will be one of the drivers of Indonesia's growth economy and per capita income in the midst of a sluggish global economy due to trade wars and rising oil prices in international markets, including in realizing equalization income, increase in per capita income, increased inclusion and financial access (AZ Tayibnapis , LE Wuryaningsih

&R Gora 2018). On the one hand, the development of digital lifestyles and digital technology-based industries has become a must for today's society, but on the other hand, it will be a fairly serious threat to traditional and conventional businesses that still maintain their business models. This is the result of a change in the characteristics of consumer spending, which is, quickly, practically, and Cheaply. This makes millennials very familiar with digital technology and a potential target to increase market share for companies engaged in the digital economy.

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Tayibnapi, A. Z., Wuryaningsih, L. E., & Gora, R. (2018). The Development of Digital Economy in Indonesia. *IJMBS International Journal of Management and Business Studies*, 8(3), 14-18.