Recession Potential and Its Impact  
(A Study of Online Business Sustainability in Indonesia)

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Abstract: Recession turmoil is increasingly being felt in several countries in the world, even Indonesia is not spared from being affected. The thing that will be most affected is economic problems, both macro and micro. This includes the sustainability of online businesses which are increasingly prevalent in Indonesia. This study aims to find out whether online business in Indonesia is still being used effectively amidst the looming recession issue? What are the tips that must be done by online business entrepreneurs so as not to lose money in the future? From the results of the research it is known that even though it is in the shadow of a recession, the e-commerce business will continue to grow because Indonesia is dominated by domestic consumption, so that online business actors need to have tips to be able to survive including: managing cash flow, business actors must be able to choosing fast moving products and cutting costs that don’t make a real contribution, apart from that business actors must be very careful in choosing a marketplace that provides many benefits and conveniences for both sellers and buyers.

Keywords: Recession, Online Business, e-commerce.

Abstrak: Gejolak resesi semakin dirasakan pada beberapa negara di dunia, bahkan Indonesia pun tidak luput terkena imbasnya. Hal yang paling akan terdampak adalah pada permasalahan ekonomi, baik secara makro maupun mikro. Termasuk juga pada keberlangsungan bisnis online yang semakin marak di Indonesia. Penelitian ini bertujuan untuk mengetahui apakah bisnis online di Indonesia masih efektif digunakan ditengah isu resesi yang membayangi? Apa saja kiat-kiat yang harus dilakukan pelaku usaha bisnis online agar tidak merugi dikemudian hari? Dari hasil penelitian diketahui bahwa meski dalam bayang-bayang resesi namun bisnis e-commerce akan tetap bertumbuh karena Indonesia didominasi oleh konsumsi domestic, sehingga pelaku usaha bisnis online perlu mempunyai kiat-kiat untuk dapat bertahan diantaranya: pengaturan terhadap arus kas, pelaku usaha harus dapat memilih produk fast moving dan memangkas biaya-biaya yang tidak memberikan kontribusi nyata, selain itu pelaku usaha harus pandai-pandai memilih marketplace yang banyak memberikan keuntungan dan kemudahan baik terhadap penjual maupun pembeli.

Kata Kunci: Resesi, Bisnis Online, e-commerce
INTRODUCTION

The 2023 recession continues to cast a shadow over a number of countries in the world. Not spared Indonesia. So far, Indonesia has made many efforts to accelerate economic recovery after the Covid-19 pandemic. However, high inflation due to rising food and energy prices in a number of European countries and the United States prompted the central bank to raise interest rates and tighten liquidity.

A recession can have many impacts on a country, one of which is the increasing unemployment rate, this can be caused by high waves of layoffs and the difficulty for people to find jobs.

In the end, many people seek their fortune by doing business. Online business is one of the solutions that people use to survive and is used by UMKM for the development and expansion of their business. then how is the existence of an online business amid the issue of an impending recession? Will the recession also affect people's purchasing power? If that happens, then business actors must have tips to survive in online business. Based on the background description above, the researcher formulated the research problem as follows:

1. How is the online business going during a recession?
2. What is the strategy for online businesses to exist during a recession?

Recession And Its Effects

The Big Indonesian Dictionary states that a recession is a sluggishness in trade, industry and so on (as if it has stopped); decline (retreat, decrease) trade (industry) activities.\(^1\)

According to Rutgers University professor of economics and statistics, Julius Shiskin 1974, a recession is a contraction or negative economic growth for two consecutive quarters. Meanwhile, the National Bureau of Economic Research (NBER) defines a recession as a significant decline in economic activity over a long period of time.

Professor Gregory Mankiw, economist from Harvard University said that indicators of a recession were triggered by production and consumption

\(^1\) https://www.kbbi.web.id/resesi
imbalances, slowing economic growth, import values exceeding export values, high inflation and deflation, and high unemployment rates.

In general, a recession is defined as a slowdown or major contraction in the economy, causing a significant reduction in economic activity.

The Financial Services Authority stated that a recession is a condition in which a country's economy is deteriorating, this is indicated by a decrease in GDP (Gross Domestic Product), increased unemployment, and negative real economic growth for two consecutive quarters.2

The existence of a recession will greatly affect people's lives, among which the most felt is the decrease in people's income levels which causes people's purchasing power to decrease, so that production also decreases, this results in waves of layoffs increasing in the affected sectors so that the number of unemployed increases, it is certain that the poverty rate in a country will also increase.

Causes of a recession include: a sudden economic shock, Indonesia itself officially entered a period of economic recession in the third quarter of 2020. Meanwhile, the impact of the recession on online business includes layoffs, decreased people's purchasing power, and the threat of investment instruments.

Indonesia had experienced a recession in 2020, according to BPS data Indonesia's economic growth that year experienced minus 2.07 percent, with economic growth recorded in the second quarter minus 5.32 percent, in the third quarter minus 3.49 percent and in the fourth quarter minus minus 2.19 percent.

Finance Minister Sri Mulyani in her speech before the DPR predicted that Indonesia would enter a recession this year. The 2023 recession that hit several countries in the world is the impact of the phenomenon of weakening the world economy caused by the Covid-19 pandemic, the Ukraine-Russia war and the existence of monetary policies issued by developed countries. Even so, the impact of the global recession will not be felt by Indonesia much, because Indonesia's involvement in global economic activities is still low, besides that the existence of

2 https://ojk.go.id
UMKM contributes to the defense of Indonesia's national economic fundamentals.³

**Online Business in Indonesia**

The use of the internet network for business activities is now a natural thing. The business activity in question is commonly referred to as e-commerce or electronic commerce.

In Wikipedia it is stated that electronic commerce is the distribution, purchase, sale, marketing of goods and services through electronic systems such as the internet, television and other computer networks. Electronic commerce can involve electronic fund transfers, electronic data exchange, automated inventory management systems and automated data collection systems. In Indonesia the e-commerce model can be; ⁴

1. **Classified ads:** an evolution of the classified ads that used to be found in newspapers. Sellers do not directly complete transactions on the website in question but must communicate directly to transact. Example: OLX, Berniaga, Kaskus, etc

2. **Retail:** a type of e-commerce where all transaction processes are carried out through a system that has been implemented by the retail site in question. Example: Berrybenka, Zalora, Lazada

3. **Marketplace:** online mall service provider

From the data obtained, it states that internet users have increased after the pandemic.⁵ Seeing these conditions, of course access to the internet is an opportunity to develop an online business, because online business behavior is profitable for business actors because it can save production costs but on the other hand reduces employment opportunities.

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³ [https://www.indonesia.go.id/kategori/indonesia-dalam-angka/3562/ekonomi-indonesia-tumbuh-6-8-tahun-2022](https://www.indonesia.go.id/kategori/indonesia-dalam-angka/3562/ekonomi-indonesia-tumbuh-6-8-tahun-2022)

⁴ [https://id.wikipedia.org/wiki/Perdagangan_elektronik](https://id.wikipedia.org/wiki/Perdagangan_elektronik)

Research Methods

The method used in this research is a qualitative method with the type of library research. The scope of this research is around the potential and impact of a recession on the sustainability of online businesses in Indonesia. Sources of data used are primary data and secondary data. Primary data includes all data related to the recession and online business in Indonesia and secondary data includes all data that can be used to support primary data information.

After the primary and secondary data have been collected, data collection techniques are then carried out using 3 methods, namely Editing, Organizing and Finding.

RESULT AND DISCUSSION

The extraordinary rapid development of technology in Indonesia is an opportunity for business actors to deal with the issue of an impending recession. According to data from Bank Indonesia, Indonesia's e-commerce transactions will continue to grow and are even projected to reach IDR 700 trillion in 2023. This is because Indonesia is dominated by domestic consumption which is actually experiencing growth despite the threat of a global recession. The Indonesian government, in this case, has prepared a number of regulations to deal with a recession by issuing Presidential Decree Number 82 of 2020 concerning Covid-19 and PEN Management.

Based on the APJII survey, the majority of Indonesia's population has used the internet network to fulfill their life needs, both education, entertainment, online shopping and services.
Source: data taken from survey results from APJII (Association of Indonesian Internet Service Providers) in 2022.

From the survey data above, the use of the internet for online shopping is ranked third after the use of social media and online chatting. The most common use for e-commerce falls on the platforms Shopee and Lazada.
Data in the field shows that 87.34% have used the internet as a business support. With details; 1. Micro Enterprises that use online business 63.59% while those that have not yet 36.41%, 2. Small Businesses that use online business reach 65.04% and those that have not yet used 34.96%, 3. Medium Enterprises that use online business reach 72.04% and those who have not used 27.96%. Thus the power of online business in Indonesia has been very dominating.

From the data above, it was recorded that 84.75% had used social media to promote their business, although only a small number used the marketplace as a
promotional medium. More online businesses are promoting through advertisements on social media such as IG, WA and FB. This is considered more efficient than using the marketplace.

Source: data taken from survey results from APJII (Association of Indonesian Internet Service Providers) in 2022.

Then how is the development of online business during the pandemic? Some business actors said that the existence of a pandemic had not made a significant change to their business development. They claim that before and after the pandemic, their business did not experience much change. Even though they have to spend a lot of expenses, especially on internet connection fees, which can increase 2 times.
Even though online business is one of the solutions for the continuity of a business, however, there are tips that must be considered by business people. There is nothing wrong with online business actors preparing to face a recession, because even online businesses will be affected.

Maintaining a healthy cash flow turnover is something that is mandatory and must be done routinely, because it is the main indicator. In this way, business actors can cut costs that do not make a real contribution to their business. In addition, the selection of goods traded also affects the development of a business. In order for cash flow to run smoothly, business actors need to choose fast-moving products for fast turnover but at relatively low costs.

Furthermore, business actors can choose an e-commerce platform that provides many benefits, not only for sellers but also for buyers. Currently, there are many e-commerce platforms that provide beneficial features that are popular with consumers, such as free shipping or discounts at certain times.

**CONCLUSION**

Online businesses in Indonesia are still able to survive amidst the threat of a global recession due to several things including: consumption which is still dominated by domestic, Indonesia's participation in world economic activities is
still very minimal so that even if it is affected it will not have much impact on the sustainability of the Indonesian economy, apart from Therefore, Indonesia has UMKM which are pillars of a strong economy. For this reason, UMKM that have now switched to online business must have tips to maintain their business, including: improving cash flow by cutting costs that do not make a real contribution to business continuity, this can be done by choosing fast products. moving as well as choosing the type of marketplace that can provide multiple benefits for businesses and their consumers.

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