

Adaptive Policy for Digital Transformation in Indonesia

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Abstract: The development of digital technology is accelerating and has changed the way people communicate, shop, work and even interact with the government in their daily lives. This is a transformation of the digital era. This study uses the literature review method to analyze articles and case studies related to adaptive policies in digital transformation in Indonesia. In this research, the inhibiting factors and benefits of adaptive policies have been found in digital transformation in Indonesia. The inhibiting factors found include the lack of adequate digital infrastructure, the lack of skilled human resources in the digital field, as well as regulations and policies that have not supported the development of digital technology in Indonesia. However, the benefits of adaptive policies in digital transformation in Indonesia are enormous, including increasing productivity, competitiveness and economic growth. Therefore, it is important for the government to implement adaptive policies in digital transformation in Indonesia in order to minimize the inhibiting factors and maximize the benefits of digital transformation.

INTRODUCTION

The development of digital technology is accelerating and has changed the way people communicate, shop, work and even interact with the government. This phenomenon requires the government to adapt quickly and utilize digital technology to improve public services and improve bureaucratic efficiency. In Indonesia, the government has taken steps to deal with digital transformation by issuing policies related to the development of digital technology. This policy aims to utilize digital technology in various sectors, including e-commerce, fintech, edtech, and others.

In this case, it is important for us to understand how the government's policies are developing in dealing with digital transformation in Indonesia. By understanding this policy, we can know the direction the government is taking and how this will affect society and business in Indonesia.

On the discussion of digital change and how organizations can succeed in the digital era. There are nine key elements that must be possessed by organizations to be successful in digital transformation (Westerman, George; Bonnet, Didier; McAfee, 2014). Here are the nine elements:

- 1) Customer experience: Provide a good and integrated experience to customers through all digital channels.
- 2) Business model: Changing the business model in a way that generates greater added value for customers and the company.
- 3) Operational processes: Increase operational efficiency and effectiveness by using digital technology and analytical tools.

- 4) Culture and people: Strengthen the culture of innovation and attract and develop people with digital skills.
- 5) Organization and leadership: Changing organizational structures and leading effectively in a digital environment.
- 6) Technology: Selecting and implementing the right technology to support business models and strategies.
- 7) Data and analytics: Collect, analyze and use data to gain better insights and make better decisions.
- 8) Ecosystem: Interact with the wider ecosystem, including partners, suppliers and customers.
- 9) Financial value: Achieving better results through the use of digital technology and new business models.

The above elements help organizations understand and prepare for rapid and complex digital changes. It provides a useful framework for identifying areas for improvement to take advantage of the advantages offered by digital change and achieve long-term success (Westerman, George; Bonnet, Didier; McAfee, 2014). The history of digital transformation and how this has affected the development of technology and business explains how the technological revolution has fueled digital transformation, starting with the development of computers in the 1940s and continuing with the internet and development of mobile technologies in the 1990s and 2000s (Schallmo & Williams, 2018).

The digital transformation that has occurred has also affected changes in consumer behavior and the way companies operate. Seeing how today's business must adapt quickly to increasingly rapid technological developments, such as the development of AI, Big Data, IoT, and blockchain. Digital transformation has also triggered changes to the company's business model and strategy. The emphasis outlined here sees the importance for businesses to recognize and understand the impact of digital transformation on their industry. They also stressed the need for strong leadership and a clear vision in the face of rapid technological change.

It looks at digital developments in terms of both the history and changes of digital transformation and provides useful guidance for businesses looking to meet the challenges and take advantage of the opportunities digital transformation offers. This also includes the government as an organization in producing policies to regulate people's lives. As an initial description of the Analysis of Government Policy in Digital Development, especially in Indonesia, the Government of Indonesia has taken various policies to deal with the development of digital technology. This policy aims to utilize digital technology to improve public services, develop digital business, and increase productivity and efficiency in various sectors. Several policies that have been taken by the government (Ministry of Communication and Informatics, 2020) include:

a. Digital Infrastructure Development

The Indonesian government has accelerated the development of digital infrastructure, such as increasing internet access and developing 5G networks. This is done to strengthen the digital infrastructure base in Indonesia and improve the connectivity of people and businesses throughout the country. The government has also launched the Palapa Ring development program which aims to improve the quality and availability of internet services throughout Indonesia.

b. MSME digitization

The MSME Digitalization Program is one of the government's initiatives to increase business productivity and efficiency in the MSME sector. This program provides digital technology support and training for MSMEs to improve the quality and competitiveness of their products. This program also aims to improve the quality and competitiveness of MSME products in the global market.

c. National Movement of 1000 Digital Startups

The 1000 Startup Digital National Movement aims to increase digital business development in Indonesia. This movement provides support and access to various resources

such as funding, training, and mentorship for digital startups. This movement also aims to increase the innovation and competitiveness of digital businesses in Indonesia.

Analysis of government policies in digital development shows the government's commitment to utilizing digital technology to improve public services, strengthen the digital economy, and increase productivity in various sectors. This policy also shows the government's efforts to strengthen digital infrastructure and support digital business development in Indonesia. This article will discuss how policy developments in Indonesia are in dealing with the rapid digital developments that are occurring in the current era.

RESEARCH METHOD

This research uses the literature review method to analyze articles and case studies related to adaptive policies in digital transformation in Indonesia. The articles analyzed were selected based on their relevance to the research topic and have been published in accredited journals and related reference books. The research process began with a literature search related to digital policy in Indonesia through online databases such as Google Scholar, ScienceDirect, and Emerald Insight. Furthermore, articles were selected based on predetermined inclusion criteria. These inclusion criteria include a focus on digital policies in Indonesia, the use of adaptive policies in digital transformation, as well as an analysis of the inhibiting factors and benefits of adaptive policies. After the articles were selected, a content analysis was carried out to identify the main themes and findings related to adaptive policies in digital transformation in Indonesia. All analyzes and findings found are described in written form and discussed to gain a deeper understanding of the research topic.

RESULT AND DISCUSSION

The Indonesian government has introduced policy initiatives such as the National Movement of 1000 Digital Startups and the MSME Digitalization Program to enhance digital business development in Indonesia. The government has also accelerated the development of digital infrastructure, such as increasing internet access and developing 5G networks, to support digital economic growth. However, of course there are problems that must be faced by the government in strengthening the program with the support of appropriate and targeted policies.

Lanzolla and Anderson (2008) discuss digital transformation in the context of business strategy. In his writings, he explains how digital technology affects and changes the way businesses operate and compete in increasingly complex and dynamic markets. First of all, this article discusses the development of digital technology and how this affects business. Digital technology enables companies to collect and analyze data more accurately and quickly, improve communication and collaboration between teams, and speed up business processes. He also discusses how digital technology changes the way businesses interact with customers and creates new opportunities for business (Lanzolla, Gianvito; Anderson, 2008).

Furthermore, how businesses can adopt digital transformation and become more innovative and adaptive requires attention to the importance of paying attention to customers and understanding their needs in designing digital strategies. The importance of collaboration between departments and divisions within the organization to accelerate digital technology adoption and increase business effectiveness. Important insight into how businesses can adopt digital transformation in their business strategy. In an era where digital technology is becoming increasingly important, this article provides useful perspectives and recommendations for business leaders to understand the role of digital technology in increasing business effectiveness and maintaining competitiveness in increasingly complex and dynamic markets (Lanzolla, Gianvito; Anderson, 2008).

These complex and dynamic problems need to be supported by adaptive policies in order to adapt to the times. The Indonesian government has taken steps to deal with the rapid development of digital technology and changing the way business and society operate. One

of the approaches taken by the Indonesian government is to implement adaptive policies in digital development.

According to Ernawati and Anwar (2020), adaptive policy is an approach that places adaptation as a key element in dealing with rapid and unexpected changes. Adaptive policies do not only cover aspects of digital technology, but also involve social and cultural aspects. One example of an adaptive policy taken by the Indonesian government is to encourage the adoption of digital technology in the micro, small and medium enterprise (MSMEs) sector. In this case, the government adopted the "National Movement of 1000 Digital Startups" program which aims to support the development of digital startups in Indonesia. In addition, the government also implements policies to improve people's digital skills and literacy. This is done through the "Digital Society" program which provides training and education about digital technology and its use.

The development of the concept of electronic government or e-government has developed into the concept of open government or open government and then into the concept of digital government or digital government. According to Moon (2002), e-government is a governance concept that uses information and communication technology to improve public service delivery and increase government efficiency and effectiveness. Then, the concept of open government or open government refers to the principles of openness, participation, and collaboration in government decision-making processes, so that people can be actively involved in government (Johnston & Bowen, 2013).

Then, the concept of digital government or digital government expands the concept of open government by integrating digital technology to change the way the government provides public services, makes decisions, and communicates with the public (Ciborra, 2000). This concept emphasizes the use of digital technology as a means to achieve efficiency and effectiveness in the delivery of public services, and involve the community in decision-making and governance processes. The change in concept from e-government to open government and digital government shows the development and evolution of government in adopting digital technology to improve public service delivery and increase citizen participation in decision-making processes. (Moon, 2002; Johnston & Bowen, 2013; Ciborra, 2000).

Even though the Indonesian government has taken good steps in implementing adaptive policies in digital development, there are still some challenges that need to be overcome. One of the main challenges is improving digital access and infrastructure throughout the country to ensure equal access to digital technology for all people. Overall, the implementation of adaptive policies in digital development in Indonesia shows the right steps that need to be taken to deal with rapid changes in the digital era. This shows the seriousness of the Indonesian government in increasing competitiveness in the digital era and improving people's welfare. (Ernawati & Anwar, 2020).

In implementing adaptive policies in digital transformation, there are several problems and inhibiting factors that can affect the effectiveness of these policies. According to Lanzolla and Anderson (2008), several inhibiting factors in the implementation of adaptive policies include limited resources, dependence on old technology, policies that are rigid and slow to adapt, lack of support from society, and lack of skills and digital literacy. Apart from that, Ernawati and Anwar (2020) also stated that there were several problems in implementing adaptive policies in digital transformation in Indonesia. Some of these problems include a lack of support from the private sector, a lack of collaboration between the government and the private sector, and inadequate regulatory and policy issues.

In addition, there are still access gaps and digital skills gaps between urban and rural areas, as well as a lack of internet access in some remote areas in Indonesia. Community participation is also needed in programs related to e-government and the lack of coordination between stakeholders involved in the program will be a problem (Dwi Putri, 2018). In overcoming problems and inhibiting factors in implementing adaptive policies in digital transformation, collaborative efforts are needed between the government, the private sector,

and the community. It is also necessary to improve digital infrastructure, develop skills and digital literacy, as well as regulations and policies that support sustainable and inclusive digital transformation. (Lanzolla & Anderson, 2008; Ernawati & Anwar, 2020).

Some of the inhibiting factors for digital infrastructure development policies in Indonesia include:

1. Limited accessibility and internet connectivity that are evenly distributed throughout Indonesia (Kurniawan, 2018).
2. Inadequate regulatory and policy issues in regulating the use of digital technology (Sudaryono, 2018).
3. Limited human resources and digital technology skills among the public and government officials (Setiawan & Pramudianto, 2020).
4. Budget and financing constraints for the development of adequate digital infrastructure (Suryadarma & Yusuf, 2018).

These factors can become obstacles to the successful implementation of digital infrastructure development policies in Indonesia. Therefore, there needs to be a joint effort from the government and various related parties to overcome these problems so that the policy can run effectively and efficiently. Furthermore, regarding the MSME digitization program, several inhibiting factors from the MSME digitization program in Indonesia include:

1. Lack of digital technology understanding and skills among MSME entrepreneurs (Nurdin, 2021).
2. Problems with limited and uneven internet accessibility and connectivity throughout Indonesia (Wicaksono, 2020).
3. Financial constraints and budget limitations in implementing the MSME digitization program (Maulidah, 2021).
4. Challenges in finding the right and trusted digital technology partners (Wicaksono, 2020).

These factors can become obstacles to the success of the MSME digitalization program in Indonesia, then finally the inhibiting factors from the 1000 Digital Startup National Movement policy in Indonesia include:

1. Lack of availability of access to capital and financial support from the government and the private sector (Wibowo & Gunawan, 2019).
2. Complex regulatory and bureaucratic issues in the establishment of startup companies in Indonesia (Wibowo & Gunawan, 2019).
3. Challenges in finding talent with the necessary digital technology skills (Mazaya, 2019).
4. Problems in obtaining the next stage of funding after the initial stage of funding (Wibowo & Gunawan, 2019).

These factors can also become obstacles to the success of the 1000 Digital Startup National Movement in Indonesia. Adaptive policies in digital transformation are considered very important because of the dynamics that are constantly changing in the development of digital technology which requires a quick response and flexibility in dealing with it (Molla & Licker, 2018). There are several reasons why adaptive policies need to be implemented in digital transformation, including:

1. Rapid changes in digital technology require a fast and adaptive response so as not to be left behind in business competition (Molla & Licker, 2018).
2. There are new challenges in data privacy and security that require policies that can adapt and update applicable rules and regulations (Acar & Murdock, 2019).

3. There is a need to adapt to changing trends and customer demands (Molla & Licker, 2018).
4. There are changes in the business model that require adaptive policies in dealing with them (Acar & Murdock, 2019).

Thus, adaptive policies are important in digital transformation in order to cope with rapid changes and take advantage of the opportunities that exist in the development of digital technology. The results of this study indicate that adaptive policies are currently needed so that in the future it is necessary to study adaptive policies that are suitable and in accordance with the development of the current era, namely the digital era.

CONCLUSION

From the several articles and analyzes that have been discussed, it can be concluded that digital transformation requires adaptive policies that are responsive to the dynamics of technological developments. This is because digital transformation has a significant impact on various sectors, including government, business and society. In Indonesia, several policies have been implemented to encourage digital development, such as Digital Infrastructure Development, the MSME Digitalization Program, and the 1000 Digital Startup National Movement. However, there are still several inhibiting factors in implementing this policy, such as inadequate infrastructure, limited accessibility, lack of digital literacy, and limited rules and regulations. Therefore, there is a need for joint efforts between the government, the business sector, and society to overcome these inhibiting factors and optimize opportunities in digital transformation.

The importance of adaptive policies in digital transformation lies in the ability to cope with rapid changes and take advantage of the opportunities that exist in the development of digital technology. In this context, adaptive policies are essential to address new challenges in data privacy and security, adapt to ever-changing trends and customer demands, and deal with changes in business models. In conclusion, digital transformation is a process that cannot be avoided and requires adaptive policies that are responsive to the dynamics of technological developments. In its implementation, there needs to be a joint effort between the government, the business sector, and society to overcome inhibiting factors and maximize opportunities in digital transformation.

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