



# Changes in Socio-Economic Structure Post COVID-19: A Descriptive Approach Through Literature Study

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## Abstract

*Before the pandemic, the socio-economic structure of many countries was in a relatively stable state with varying economic growth rates. However, COVID-19 has disrupted global supply chains, forced many businesses to close, and drastically increased unemployment. These changes have prompted the need for new adaptations in the economy and society, including in the adoption of digital technologies and changes in consumer behavior. This research is important for policymakers and industry players to design inclusive and sustainable economic recovery strategies. The qualitative research method with a literature study approach used by researchers in designing this research. And the result of this study is that the COVID-19 pandemic has had a very significant impact on various economic and social aspects, including on Micro, Small and Medium Enterprises (MSMEs).*

**Keywords:** *Change, COVID-19, Economy, Structure*

## 1. INTRODUCTION

The COVID-19 pandemic has triggered a global crisis that has not only impacted the healthcare sector but has also had far-reaching effects on the socio-economic structures worldwide. Social restrictions, lockdowns, and other mitigation measures implemented to control the virus's spread have significantly altered how people live, work, and interact. These transformations have affected various economic sectors and substantially changed social dynamics (Al-Araafi et al., 2024).

Before the pandemic, the socio-economic structures of many countries were relatively stable, with varying levels of economic growth. However, COVID-19 disrupted global supply chains, forced numerous businesses to close, and drastically increased unemployment rates. These changes have necessitated new adaptations in both the economy and society, including the adoption of digital technologies and shifts in consumer behavior.

One of the primary challenges in the context of post-COVID-19 socio-economic changes is the high uncertainty regarding the future of the global economy. This uncertainty arises from the lack of clarity about when the pandemic will truly end and how the economic recovery will unfold. Additionally, other challenges include: a. Increasing Economic Inequality: The pandemic has exacerbated the gap between different economic groups, with vulnerable populations becoming even more at risk. b. Digital Transformation: Many businesses were forced to shift to digital platforms, creating a technological divide between those who can adapt and those who cannot. c. Unemployment and Job Insecurity: Business closures and workforce reductions have significantly increased unemployment rates. d. Changes in Education: School closures and the shift to online education have presented challenges in access to and quality of education. e. Social and Mental Health Impacts: Social restrictions and isolation have affected mental health and social well-being.



Previous research, such as that by Saebah & Merthayasa (2023), mostly focused on the short-term effects of COVID-19 on socio-economic structures, often using data collected during the early stages of the pandemic, with little emphasis on long-term changes. This study aims to fill this gap by conducting a comprehensive descriptive analysis based on a literature review covering a longer period, to understand how the pandemic's impact has evolved and transformed over time.

Much of the existing research on post-COVID-19 socio-economic changes has focused on a single discipline, such as economics or sociology, without considering broader interdisciplinary perspectives, as seen in the study by Prasetya et al. (2021). This approach may fail to capture the full complexity of the changes taking place. This research aims to bridge that gap by using a descriptive approach through a literature review that spans various disciplines, providing a more holistic view of the changes in social and economic structures.

Previous studies were often limited by the availability of data and the methodologies used. Many of these studies relied on survey data that may not have been fully representative or might have contained certain biases. Additionally, the quantitative methods employed may not have been sufficient to capture the complex socio-economic changes. This study seeks to overcome these limitations by adopting a more flexible and comprehensive descriptive approach through the analysis of existing literature, allowing researchers to integrate various types of data and methodological perspectives.

The topic of post-COVID-19 socio-economic structural changes is highly relevant to current industries, as many sectors have undergone significant transformations due to the pandemic. For instance, the technology and information sector has seen increased demand as many companies shifted to remote work. Similarly, the healthcare sector has faced immense pressure and requires structural reforms to handle future health crises.

Moreover, a deep understanding of these socio-economic changes is crucial for policymakers and industry players to design inclusive and sustainable economic recovery strategies. By studying the pandemic's impact through a descriptive literature review approach, this research aims to provide comprehensive insights into how socio-economic structures have changed and what can be done to mitigate negative impacts while seizing opportunities in the post-pandemic era.

## **2. METHOD**

This research employs a descriptive qualitative method with a literature review approach to analyze the changes in socio-economic structures following the COVID-19 pandemic. The descriptive qualitative method was chosen because it allows the researcher to portray complex and dynamic phenomena in a holistic manner. In this context, the literature review approach is used to gather and analyze various secondary data sources such as journal articles, reports from international organizations, books, and other reliable sources. Through this literature analysis, the research can delve deeply into understanding how the pandemic has affected various social and economic aspects and identify common patterns and themes that emerge in the existing literature (Subagiya, 2023).

The literature review approach also offers the advantage of accessing a wide range of perspectives and findings from previous studies, thereby enriching the analysis and interpretation of the data. By evaluating and synthesizing information from diverse sources, this research can present a comprehensive overview of the changes that have occurred and their implications for future policy and practice. Additionally, this method allows for the identification of existing research gaps and provides recommendations for further research. As a result, this study not only contributes to the scientific understanding of the pandemic's impact but also offers practical insights for policymakers and industry players in responding to ongoing socio-economic changes.



### **3. RESULT AND DISCUSSION**

#### **The Concept of Socio-Economic Change**

Socio-economic change refers to significant transformations in the social and economic structures of a society. These changes can occur due to various factors, including technological advancements, government policy shifts, globalization, and economic or health crises. This concept encompasses various aspects of societal life, from work and consumption patterns to income distribution and shifts in social norms and values (Sasmita et al., 2023).

One clear example of socio-economic change is the impact of the Industrial Revolution in the 19th century. The increase in production and technological innovation not only altered the way goods were produced but also transformed the social structure of society, including mass migration from rural areas to industrial cities. This shift brought about changes in social classes, lifestyles, and labor relations, creating new dynamics within the socio-economic structure.

In modern times, globalization has become a major driver of socio-economic change. The increasing economic integration between countries has led to significant shifts in labor markets, with outsourcing and offshoring altering employment patterns worldwide. While some countries have experienced economic growth, others face challenges such as inequality and job loss, ultimately affecting social stability and community well-being.

Government policies can also trigger socio-economic change. For example, agrarian reform programs can alter land ownership structures and wealth distribution in rural areas. Similarly, education and healthcare policies can enhance social and economic mobility, allowing more individuals to access opportunities that were previously unavailable to them. These policies demonstrate how government intervention can be a powerful tool in driving socio-economic change.

The COVID-19 pandemic is a contemporary example of socio-economic change driven by a global health crisis. The pandemic forced many countries to impose lockdowns and social restrictions, drastically changing work patterns, with many jobs shifting to remote work. The economic impact was also severe, with many businesses closing and a sharp rise in unemployment. These changes are not just temporary but raise questions about how social and economic structures will adapt in the long term.

The concept of socio-economic change emphasizes that these changes are often interconnected and complex (Karsidi, 2005). A change in one economic aspect can trigger widespread social change, and vice versa. For instance, increased access to education can enhance workforce skills, which in turn drives economic growth and reduces poverty. Understanding these dynamics is crucial for policymakers, researchers, and the general public to design effective strategies for addressing and leveraging socio-economic change.

#### **The Impact of the COVID-19 Pandemic on Economic Structure**

The COVID-19 pandemic has significantly impacted both global and national economic structures (Marlinah, 2020). The pandemic forced governments worldwide to implement emergency measures such as lockdowns, social restrictions, and business closures to contain the virus's spread. These measures caused major disruptions in economic activity, leading to sharp declines in production, consumption, and investment. Many economic sectors, especially tourism, hospitality, and retail, experienced drastic drops in demand and revenue.



Moreover, the pandemic accelerated digital transformation across various economic sectors. Companies that were able to adopt digital technologies, such as e-commerce and remote work, were better positioned to survive and even thrive during the pandemic. However, this also widened the gap between large companies with the resources to adapt and small businesses that often lacked the necessary digital infrastructure or skills. This transformation has reshaped the economic landscape by driving faster automation and digitalization that might not have occurred as quickly without the pandemic.

The labor market also experienced significant changes. Many workers lost their jobs or saw reduced hours due to business closures and operational cutbacks. Conversely, certain sectors such as information technology, healthcare, and logistics saw increased demand for labor. These changes created new imbalances in the labor market, with some workers needing to switch careers or upskill to adapt to changing market demands.

The pandemic's impact on the financial sector was also profound. Governments in many countries issued massive economic stimulus packages to support the economy and prevent a deeper recession. However, this also led to a significant increase in public debt, potentially affecting long-term fiscal stability. On the other hand, central banks lowered interest rates to record lows and engaged in quantitative easing to ensure market liquidity, influencing financial market dynamics and asset values.

Economic inequality was further exacerbated by the pandemic. While some individuals and companies were able to capitalize on the situation, many people, particularly those working in the informal sector or earning low incomes, experienced a decline in economic well-being. The pandemic highlighted and worsened existing inequalities, underscoring the need for more inclusive and equitable policies to ensure a sustainable and balanced economic recovery (Darsono, 2022).

The COVID-19 pandemic has profoundly and extensively altered economic structures. These changes are not merely temporary but have long-term implications for how global and national economies will function in the future. The pandemic underscores the importance of economic resilience, technological adoption, and inclusive policies in facing similar challenges in the future.

### **Impact on the Labor Market**

The COVID-19 pandemic drastically altered the labor market landscape worldwide. In many countries, lockdown policies and social restrictions led to the temporary or permanent closure of many businesses, resulting in a sharp increase in unemployment. Industries heavily reliant on physical interaction, such as tourism, hospitality, and retail, experienced a significant drop in demand, causing many workers to lose their jobs or face significant reductions in working hours.

However, the pandemic also led to increased demand in certain sectors. For instance, the healthcare sector faced a surge in the need for medical professionals and other healthcare workers to respond to an unprecedented health crisis. Additionally, the information technology and communications sector experienced rapid growth as the demand for remote work solutions and digital services soared. These changes highlighted a new imbalance in the labor market, with some sectors facing labor shortages while others had an excess of workers (Hartono et al., 2018).

The pandemic also accelerated the trend toward remote and flexible work that had begun before the crisis. Many companies that were previously hesitant to implement remote work policies were forced to do so and found that productivity did not decline and, in some cases, even increased. This could potentially change how we work in the future, with more companies likely to maintain or expand remote and flexible work policies even after the pandemic ends.



Moreover, the pandemic underscored the importance of digital skills and adaptability in the labor market. Workers with technological skills and the ability to adapt quickly to change fared better during the crisis. Conversely, workers whose skills did not align with the changing market demands faced greater difficulty in finding employment (Mulyadi, 2017). This highlights the importance of reskilling and upskilling to ensure the workforce can meet the demands of a changing economy.

However, not all impacts of the pandemic on the labor market were positive. Economic uncertainty and job instability significantly affected the mental well-being of many workers. Fears of job loss, income reduction, and drastic changes in daily work routines added psychological pressure to the challenges already faced by many people during the pandemic. This underscores the need for greater mental health support in the workplace and policies that can provide better job security for workers.

The COVID-19 pandemic has profoundly and complexly changed the labor market. Although there were some benefits in the form of accelerated technological adoption and work flexibility, challenges such as inequality, the need for new skills, and psychological stress remain. To face the future, it is crucial for governments, companies, and individuals to work together to create a more resilient, inclusive, and adaptive labor market capable of responding to unexpected changes (Suprihatin, 2020).

### **Impact on Micro, Small, and Medium Enterprises (MSMEs)**

The COVID-19 pandemic has had a highly significant impact on Micro, Small, and Medium Enterprises (MSMEs) across various economic sectors. MSMEs, which are the backbone of the economy in many countries, have faced immense challenges in maintaining operations during this crisis. The impact of the pandemic on MSMEs can be broken down into several key points:

1. **Decline in Revenue and Profits:** Many MSMEs experienced a drastic decline in revenue due to reduced consumer demand during the pandemic. Social restrictions and lockdowns led to decreased mobility, directly impacting sales. Many businesses, especially those dependent on physical interaction, such as restaurants, cafes, and retail stores, faced significant revenue declines.
2. **Supply Chain Disruptions:** The pandemic also disrupted global and local supply chains, affecting MSMEs' ability to obtain raw materials and components necessary for production. Delivery delays and rising raw material costs added pressure to small businesses, which often have limited resources to absorb these additional costs.
3. **Limited Access to Financing:** MSMEs often face difficulties in accessing the financing needed to survive and adapt during a crisis. Banks and financial institutions tend to be more cautious in lending during economic uncertainty, forcing many MSMEs to rely on personal funds or limited government assistance to maintain operations.
4. **Digitalization and Business Transformation:** A positive aspect of the pandemic was the acceleration of digital technology adoption among MSMEs. Many businesses shifted to online platforms to sell their products and services, adopted digital payments, and used social media to interact with customers. This digital transformation helped some MSMEs survive and even thrive amidst the pandemic's challenges.
5. **Changes in Consumer Behavior:** The pandemic significantly altered consumer behavior, with more people shopping online and seeking local products. MSMEs that could adapt to these trends, such as by strengthening their online presence and focusing on local sales, were better





able to survive than those that did not adapt.

6. **Government Support and Recovery Programs:** Governments worldwide launched various support programs to help MSMEs survive the pandemic. These included financial assistance, subsidy programs, digital training, and marketing initiatives. This support was crucial in helping MSMEs face financial and operational challenges during the crisis.
7. **Worker Welfare:** MSMEs also faced challenges in maintaining worker welfare. Many businesses had to reduce working hours, offer unpaid leave, or even lay off employees to cut operational costs. This significantly impacted the financial and psychological well-being of MSME workers.
8. **Resilience and Adaptation:** The pandemic tested the resilience and adaptability of MSMEs. Businesses that could innovate, such as developing new products, adjusting business models, or finding new ways to interact with customers, demonstrated better resilience. The ability to adapt has become a key factor for MSMEs' sustainability in the future.

#### 4. CONCLUSION

The COVID-19 pandemic has profoundly impacted various economic and social aspects, including Micro, Small, and Medium Enterprises (MSMEs). MSMEs, which form the backbone of the economy in many countries, faced immense challenges in maintaining their operations during this crisis. The pandemic led to revenue and profit declines due to reduced consumer demand and social restrictions. Global and local supply chain disruptions also hindered MSMEs' ability to obtain necessary raw materials for production, adding pressure to small businesses with limited resources.

Moreover, limited access to financing became a major obstacle for MSMEs to survive and adapt during the pandemic. On the other hand, the pandemic accelerated digital technology adoption among MSMEs, enabling them to sell products and services online and use social media to interact with customers. Changes in consumer behavior, with more online shopping and a focus on local products, also provided opportunities for MSMEs that could adapt to these trends.

Government support and economic recovery programs played a crucial role in helping MSMEs face financial and operational challenges during the crisis. Financial assistance programs, subsidies, digital training, and marketing initiatives were essential for supporting MSMEs' survival. Additionally, the welfare of MSME workers became a primary concern, with many businesses forced to reduce working hours or lay off employees to cut operational costs.

The pandemic tested the resilience and adaptability of MSMEs. Businesses that could innovate and adjust their business models demonstrated better resilience and the ability to sustain themselves in the future. In conclusion, while the COVID-19 pandemic posed significant challenges for MSMEs, there are also opportunities for transformation and innovation that can help them thrive in changing conditions. Ongoing support from governments, financial institutions, and local communities is essential to ensure sustainable recovery and growth for MSMEs in the future.



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