

# Strengthening The Village Economy In Digital Era Through The Proud Made In Indonesia National Movement

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## **Abstract.**

*The purpose of this research is to get the results of strengthening the village economy through the proud national movement made in Indonesia in the digital era. This research uses a qualitative approach with a qualitative descriptive method. The data were taken from the results of observations, documents and forum group discussions at the Proud National Movement meetings held in Indonesia with government stakeholders. Data were analyzed through three stages, including 1) data reduction, namely data sorting according to the needs of research problem analysis, 2) data presentation, namely the process of categorizing data to be analyzed, and 3) conclusion. The results of the study concluded that there was a positive impact on the implementation of the proud national movement program made in Indonesia on strengthening small and medium business actors in villages, especially in the digital era because business actors can carry out production and marketing innovations digitally or penetrate village boundaries so that their products can be known more widely. In addition, business actors have also increased from May 2020 by 8 million to 19.2 million in May 2022 and the target is 30 million by the end of 2023. So, the results of this study provide an understanding that an economic improvement program must be adjusted to technological developments and needs. consumers to get wider market opportunities.*

**Keywords:** Digital Era, Economic, Proud Made and Village.

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## **I. INTRODUCTION**

Technological developments have had a considerable influence on economic growth, especially after the Covid-19 pandemic. Various economic sectors have experienced a decline and many have even gone out of business, but those who have survived are community economic actors in villages with small and medium business units. This also happens in other countries such as China [1]–[3]. It means that globally, the level of economies around the world has experienced a significant decline. Moreover, the interaction of globalization also affects economic uncertainty positively [4], [5]. So, substantially, business system operations have changed through digital transformation. This can be seen in consumer behaviour and consumer culture during the Covid-19 pandemic [6]. This condition certainly has an impact on changes in digital usage by various business actors. However, technology adoption is also not an easy thing at this time because it arises due to a pandemic situation which requires limiting activities so that all forms of communication and work are completed using technology applications, including economic processes. Technology adoption can also be hindered by external interests, employer opportunities and negative effects on employee well-being that undermine productivity, work-life balance and the future of work. While digitization can bring new opportunities, the process poses risks that can be difficult to mitigate or prepare for [7]. Thus, the digital economy is considered an effective measure to mitigate the negative economic impact of the 2019 Corona Virus Disease outbreak [8]. Digital technology has significantly changed the speed of operations in the economy. The internet and digital devices are driving economic growth. Based on secondary data from the European Commission, a study tackles five components of the Digital Economy and Society Index, namely the ICT Development Index, the Global Innovation Index (GII), the Network Readiness Index, Internet Sharing Households, and High Technology Exports [9].

From this explanation, it can be understood that the digital economy is one of the most important features of a knowledge-based society in the future. Based on information and communication technology (ICT), is growing faster than and eventually outpacing the traditional industrial economy [10]. Therefore, unlike technological revolutions of the past, this one will have serious objective limitations related to narrowing opportunities for the development of primary digital infrastructure, without which the

development of broad digital services and markets would be impossible. In addition, further implementation of the model adopted for building the digital economy, based on the collection and processing of big data, is fundamentally impossible outside the processes of globalization and implies significant imbalances [11]. Thus, Indonesia also has broad challenges to the development of the digital economy. Moreover, the opportunities for small and medium-sized economic actors in villages that have survived enough during the Covid-19 pandemic provide a clear understanding that the government must implement a program to improve the village economy that is relevant to current technological developments and the digital era [12]. One of the programs that will begin to be implemented in 2020 is the proud national movement made in Indonesia which is implemented in all provinces in Indonesia. Especially in 2020, the village's economic development experienced many changes due to the Covid-19 pandemic. This program has been running for 3 years and should be able to have a positive impact on the economic welfare of the people in the village. Moreover, villages have various resources, for example, natural resources, local authority, local wisdom, and village funds.

A study concluded that village products such as agriculture, industry, and other small and medium enterprise products should be promoted and marketed by community groups such as village-owned enterprises (BUM Desa). Digital marketing technology is one of the urgent instruments to improve the marketing of village products [13]. Therefore, the proud national movement made in Indonesia is implemented with various backgrounds. In addition to the context previously described, there are also various problems and targets for improving people's welfare. The Proud National Movement program made in Indonesia raises various main problems from the evaluation results of the program in 2021, including 1) the implementation of the campaign has not balanced the celebration aspect with strengthening quality, 2) transaction quality is still low in economic activity turnover, and 3) business unit activities middle class which is mostly done by the middle class is still low and many sellers are not active. No one has researched the impact of implementing this proud national movement made in Indonesia. Therefore, this study is interested in examining more deeply the impact of the proud national movement program made in Indonesia on improving the economy of the people in the village, which currently has a Village-Owned Enterprise. This means that the impact should be studied scientifically so that the effect of implementing this program is credible. So, the purpose of this research is to get the results of strengthening the village economy through the proud national movement made in Indonesia in the digital era. The results of this research are expected to have an impact on changing the framework for improving the village economy through village-owned enterprises with the proud national movement program made in Indonesia and can improve the welfare of people in villages in the digital era.

## II. METHODS

This research uses a qualitative approach with a qualitative descriptive method. Qualitative research examines social phenomena and reveals facts that have occurred in the field. This research was conducted through various processes such as documentation, observation or interviews [14], [15]. From this understanding, this research refers to document review and literature review. So, the data was taken from the results of observations, documents and forum group discussions at meetings of the Proud National Movement made in Indonesia with government stakeholders. While the data were analyzed through three stages, including 1) data reduction, namely data sorting according to the needs of research problem analysis, 2) data presentation, namely the process of categorizing data to be analyzed, and 3) concluding, namely determining the data to be the result of analysis according to the research problem [16]. In the data reduction process, data collection is carried out according to the problem and categorized so that it fits the needs of data analysis. At the data presentation stage, it is carried out through a process of sorting data that has been categorized and analyzed to get the implementation of the proud national movement made in Indonesia in improving the village economy. Next is the conclusion drawing stage after the data analysis process has been completed and finding answers to the research problem.

### III. RESULT AND DISCUSSION

From the results of the analysis of document data and observations that have been made, it is found that there are several implementations of the Proudly Made in Indonesia National Movement program in 2022 in each province as a form of support for improving the village economy in the digital era, namely;

- a) Strengthening program to increase 1) the number of small and medium business actors by 30 million in 2023, and 2) sales transactions carried out through the digital ecosystem.
- b) The monthly campaign concept consists of an opening process to determine the focus of the movement and targets as well as harvesting the delivery of onboarding results and five environmentally friendly champions.
- c) Adding the duration of the proud national movement made in Indonesia through a continuous process of intensive assistance in each province.
- d) Monitoring business units that have succeeded in increasing sales so that they can be given priority for further development.
- e) Maximize digital engagement called DigiKU intensively to design small and medium business unit funding programs.
- f) Promotion intensive
- g) Increasing the role of local government. The role of the local government is realized in several activities, namely 1) actively supporting data collection, mentoring, and expanding market access for business actors, 2) compiling standards and curation criteria, and 3) compiling Indonesian artisanal products or from small and medium business units to be displayed in various exhibitions business.
- h) Increasing the role of Top Brands to help achieve targets and increase sales transactions, encourage the expansion of the small and medium business product market. In addition, the activities of top brands are also shown through training activities aimed at improving the quality of entrepreneurship.
- i) Character building through pride and love for local products that are created in schools from elementary to tertiary education. The important role of education is one of the main sources for achieving better economic development [17].
- j) The government also organizes training for Village Owned Enterprises and Small and Medium Enterprises in collaboration with the private sector or related stakeholders.

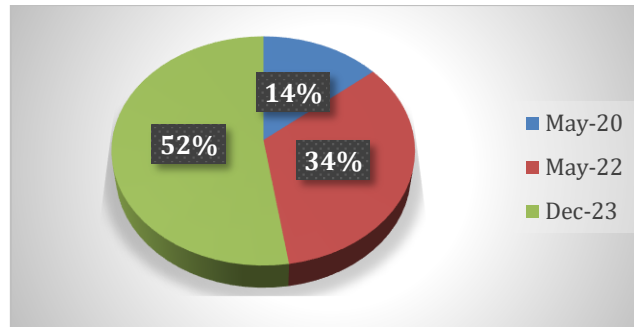
Meanwhile, the policy of strengthening and restoring the village economy is the establishment of a rural business ecosystem through the use of digital platforms. The digitization process colours every stage of the economy in the village, starting from input preparation, and production to marketing. In addition, Village-Owned Enterprises also utilize social media to market Village products and collaborate with e-commerce such as Tokopedia, Shopee, and so on as a form of expanding market access. The establishment of this business ecosystem is based on the local superior potential that is integrated from upstream to downstream including;

**Table 1.** Rural Business Ecosystem

|   | Rural Business Framework   | Activities   |
|---|----------------------------|--|
| 1 | One village one product    | 1. Determination of village superior products and institutional initiation.<br>2. Increasing the capacity of human resources through training or mentoring         |
| 2 | One village one innovation | 1. Product development, quality improvement and added value improvement.<br>2. Adoption of innovation, appropriate technology, and machine or equipment facilities |
| 3 | One village one exporter   | Branding, digital marketing, export facilities and financial access facilities   |

So, the proud national movement made in Indonesia takes advantage of the digitalization momentum by encouraging small and medium business actors to be literate and able to use digital and encourage an increase in transaction value. Since the proud national movement program made in Indonesia has shown up to May 2022, the number of small and medium business units has reached 11.2 million, bringing it to 19.2 million business units. The products that sold the most were culinary, cosmetics or beauty and fashion

services. The following is a graph of the development of the number of business units from the proud program made in Indonesia.



**Fig 1.** Increasing the Number of Business Actors in the Proud National Movement Program Made in Indonesia

Graph 1 explains the impact of the proud national movement made in Indonesia on the development of the number of small and medium business actors from 2020 to 2022 with a target for 2023. In May 2020, the number of business actors was 8 million or 14% and experienced an increase in May 2022 as many as 19.2 million small and medium enterprises or 34%. From the implementation of the Proud Movement program made in Indonesia, it is also targeted to experience an increase in the village economy in 2023 with a target of 30 million business actors or 52%. From the findings of these data, it can be seen that the development of village products originating from farmers, gardeners, fishermen, small and medium business actors and producers of craft products has consolidated and formed partnerships in processing, marketing, training, financing, logistics, warehousing, and so on. This is done through the marketplace, offline, main market, or export. So, there is creativity built from the proud national movement program made in Indonesia. There is a creative economic process in advancing the economy in the village. The creative economy is an idea that is expected to add economic value. The creative economy is an alternative solution to economic problems [18]. These findings illustrate that Village-Owned Enterprises provide great potential for community welfare and the economy in the village. To get these results human resources become a very important capital.

Moreover, one of the targets of the proud national movement made in Indonesia also aims to increase the competence of human resources so that they can have digital skills that are relevant to current needs. Because customer needs have changed along with digital service activities, digital marketing, and online travel communities that have shaped new actions from the market [19]. So, the digital village is one of the ideal solutions for rural resilience in the digital era. The rapid advancement of digital technology has brought a wave of global change that requires villages to transform and adapt [20], [21] Even rural enterprises play an important economic role, as they contribute to national prosperity and well-being, but are often blind spots in rural development and broader economic policies and evidence [22]. So, the knowledge that has been obtained by business actors in implementing this national movement program can be used as a strategy to build the economy in the village [23]. This finding also provides an understanding that the government as the main engine for increasing village economic activity can build various kinds of programs that aim to improve the quality of people's lives. Programs that are built better are aimed at providing training, mentoring or improving human resources that are relevant to current conditions. This means that the program for improving the economy in the village for Village-Owned Enterprises does not have to be oriented towards increasing financial capital, but improving the quality of human resources or business actors is a very important point so that production and sales can penetrate village boundaries.

#### IV. CONCLUSION

The results of the data analysis concluded that the proud national movement made in Indonesia had increased the economy in the village. This can be seen in the concept of good coordination and cooperation between the central government and local governments, as well as small and medium business economic actors who have experienced an increase since the implementation of this program in May 2020 and the

target for 2023 is twice as many. Small and medium enterprises have enough knowledge to utilize digital technology in running their business so they can survive in today's digital era. Thus, the success of this program provides and opens a wider market because it does not only rely on the domestic area market around the village, it has become a medium for the absorption of village products into the online realm, has become a trigger for business actors in the village to be more creative and innovative in marketing products, and digital marketers who have been trained at various training and coaching events provide opportunities for business actors to penetrate regional boundaries.

So, the proud national movement program made in Indonesia has had a positive impact on the production and marketing of products that are carried out digitally or non-digitally. The implications of this program can be seen in the increase in small and medium business actors, as well as the creativity of the actors in innovating the products they sell. Sales are made not only limited to village areas because products in Village Owned Enterprises can penetrate sales across regional boundaries. The results of this study are still limited to studying the positive impact of improving the village economy through the perspective of the number of business actors in the village and the business processes carried out. Therefore, future researchers can conduct more studies related to the growth of the financial level of business actors and also digital media as a product marketing tool.

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