


The Influence Of The Government's Role In Building Digital Economic Growth In Indonesia (Study Case: Bakso Ceker Vitho)

Mica Siar Meiriza¹, Gracella Rosnah S Hutagalung², Ade Mima Zakia Siregar³, Muhammad Ilham Fiqri⁴, Novia Grace Cristin Limbong⁵, Serly Sahfitri⁶

Universitas Negeri Medan

Article Info	ABSTRACT
Keywords: Digital Economy, Micro, Small and Medium sized Enterprises (UMKM), Government Support	Indonesia's young population and technical innovations are driving the country's quickly growing digital economy, and government programs are essential in assisting micro, small, and medium-sized businesses (UMKM). Despite obstacles including a lack of capital and a poor digital infrastructure, these companies make a substantial contribution to economic growth. Through a qualitative method and a review of the literature, this study seeks to understand how government policies affect UMKM's digital expansion in Indonesia and offer a thorough framework that takes business players' viewpoints into account. Interviews with Bakso Ceker Vitho's owner, Surya, provided information on how UMKM might adjust and prosper in the online market. Bakso Ceker Vitho exhibits successful tactics, including the use of platforms like GoFood and GrabFood to broaden market reach, a structured ordering system, and a variety of payment alternatives, including QRIS. In summary, Bakso Ceker Vitho's ability to successfully adjust to digital problems emphasizes how important digital transformation is for SMEs. Long-term success in the digital age will be supported by sustained investment in influencer relationships, CRM systems, data analytics, and a varied menu, all of which will improve consumer engagement and visibility.
This is an open access article under the CC BY-NC license 	Corresponding Author: Mica Siar Meiriza Universitas Negeri Medan micasiarameiriza@gmail.com

INTRODUCTION

Indonesia has one of the fastest-growing digital economies in Southeast Asia. Rapid technological advancements in the country and a growing youth population that is more interested in digital platforms have produced an atmosphere that is favorable to economic growth. At the heart of this change is the government, which has started a number of initiatives to encourage the expansion of the digital economy, especially among micro, small, and medium-sized enterprises (UMKM) (Alfarizi, Widiastuti, and Ngatindriatun 2024).

Understanding how these actions alter the digital economic growth environment is necessary to assess the broader implications for Indonesia's economic future. Due to their unique challenges, UMKM—which contribute significantly to Indonesia's GDP—may find it challenging to evolve with the times and adjust to the digital landscape. Even while these companies have the potential to greatly increase economic growth and create jobs, many of

them lack the capital, technological know-how, and digital infrastructure they require. The government must step in and offer resources like training programs, financial help, and technology access in order to address these problems. This multifaceted approach empowers UMKM and strengthens the economy overall (Rarasati and Priyadi 2024).

In the digital economy, UMKM has several opportunities to increase their market reach and operational efficiency. However, to adequately capitalize on these opportunities, a supporting regulatory environment is required. The Indonesian government is actively working to create regulations that will incentivize UMKM to embrace digital technologies in recognition of this requirement. By reducing obstacles to entry, promoting e-commerce, and encouraging innovation, these rules seek to ensure that small firms don't lag behind in the digital revolution (Koeswahyono, Maharani, and Liemanto 2022)

To enforcing laws, the government's role also includes fostering partnerships between UMKM and the business sector. Collaboration can lead to the development of platforms that support small businesses going through digital transformation. These partnerships could create a robust ecosystem that promotes growth and sustainability by providing helpful resources, networking opportunities, and mentorship. The incorporation of UMKM into the broader digital economy depends on this collaborative culture (Harrison and Spigel 2018).

And The government's infrastructure investment is a crucial component of this digital growth strategy. Better internet connection and digital infrastructure are crucial for UMKM to thrive in a competitive setting. By prioritizing infrastructure development, the government not only enhances these businesses' operational capabilities but also encourages them to adopt digital solutions that boost customer engagement and streamline procedures. Many UMKM turned to digital platforms in an effort to survive the disruption of traditional company structures (Tayibnapis, Wuryaningsih, and Gora 2021). The government's swift response, which included financial aid and digital skills training, was essential in helping these companies get through the crisis. This incident demonstrated how crucial it is that the government keep up its assistance in order to ensure that UMKM are equipped to handle any new issues.

The role of the government in promoting digital economic growth in Indonesia, particularly for UMKM, is intricate and crucial. The government may significantly improve these companies' capacity to thrive in the digital era by putting supportive legislation into place, forming alliances, investing in infrastructure, and providing targeted aid. Understanding the intricate relationship between government activities and UMKM growth as a nation is essential to achieving the full potential of Indonesia's digital economy (Haqqi 2023).

Literatur Riview

Economy Development

Deddy T. Tikson (2005) national development is the deliberate reshaping of the culture, economy, and society via strategies and policies in the direction of the goal (Fitri Amalia, Roeskani Sinaga, Asyari, Rahmah Farahdita Soeyatno, Dikson Silitonga, Akhmad Solikin, Aulia Keiko Hubbansyah, Robert Tua Siregar, Dessy Maulina, Ria Kusumaningrum, Nur Fitriyani Sahamony, Erdah Litriani 2022).

A society's overall development initiatives include economic development. A community's efforts to improve its economy through higher revenue as well as social, political, and cultural growth are together referred to as economic development. Put differently, the process of raising per capita income over an extended length of time is known as economic development. Economic development not only creates an increase in output or wealth for society or enhances the economy, but it also provides opportunities for people to make broader choices, giving them the freedom to choose greater pleasures (Kartono and Nurcholis 2016)

Public Policy

According to Wilson, public policy is the actions, goals, and statements of the government regarding specific issues, the steps that have been taken (or failed to be taken) for implementation, and the explanations provided by them about what is happening or not happening (Delly Maulana 2019).

According to Wilson, public policy is made up of the government's objectives, declarations, and actions on certain matters, as well as the actions (or lack thereof) that have been done to put those pronouncements into practice and the justifications they offer for what is or is not happening.

From a resource standpoint, public policies can be classified according to their goals: those that are intended to distribute state resources and those that are intended to absorb them. Thus, distributive as opposed to absorptive is the initial notion (Kementerian Koordinasi Bidang Perekonomian 2023)

Techonological Innovation

Neagu (2016) explains the role that UMKM play in economic development, emphasizing that SMEs are the foundation of socioeconomic advancement. Since UMKM's account for 99 percent of all businesses in the majority of global economies and create the greatest number of new jobs, they provide a substantial alternative to traditional methods of reducing unemployment (Effendi 2020).

Social media has a significant influence on customer behavior, including emotions and brand attachment. Retailers can build customer loyalty when they interact through service operations, promotions, and social media reviews. Social media marketing has become a potent marketing platform that facilitates relationship building, cohesiveness, and information dissemination

Digital Economy

Hinning (2018) Digital economy and business refer to the economy and business conducted through virtual media, the creation and exchange of value, transactions, and relationships among economic actors that are mature, with the internet serving as the medium of exchange (Nandang Ihwanudi,dkk 2023). The following are some of the traits of the digital economy :

1. Implementing flexible and scalable business models.
2. Having a market reach that is not limited by geography or time.
3. Tending to have more efficient operational costs.
4. Having the potential to make a positive contribution to society and the environment.

RESEARCH METHODE

Research Approach

The study uses a qualitative approach with a literature review to investigate the impact of government policies on digital economic growth, especially within the context of UMKM (Micro, Small, and Medium Enterprises) in Indonesia. This approach is effective in understanding the real-world implications of government policies on UMKM actors, providing insights into how these policies are applied and their effects.

Data Collection

- a. Literature Review, The researchers focused on studies, reports, and publications on digital economy policies and their effects on UMKM in Indonesia, gathering data from a variety of secondary sources using the literature review approach. Examining government programs such as tax breaks, online courses, and IT accessibility for UMKM.
- b. Case Study and Interviews, As part of a case study, in-depth interviews were done. Bakso Ceker Vitho, a UMKM situated at Tuasan Street No. 93, Sidorejo Hilir, Medan Tembung District, Medan City, North Sumatra, is owned by the subject, Surya. Surya responded to five specific questions about UMKM's role in the digital economy, including her experiences with digital adaptation and governmental policies. This private information offers a realistic viewpoint on the effects of particular governmental regulations on nearby companies.

Data Analysis

Insights from the interviews and literature review were combined in the data analysis. By analyzing the data acquired, experts were able to pinpoint the main advantages and difficulties UMKM faces when implementing digital tactics that are impacted by governmental regulations. Among UMKM actors, this involved examining themes including technological innovation, adaptability, and resilience. The report clarifies the efficacy of current government policies and makes suggestions for enhancements in light of inadequacies in UMKM's implementation of digital economic policies.

RESULTS AND DISCUSSION

Result

The main challenges faced in running a business amidst the surge of businesses adopting digital technology

The biggest issue that entrepreneurs frequently confront while operating a business in the rapidly evolving digital age is how to stay competitive in the face of intense competition. Nowadays, a lot of companies are incorporating digital technology into their operations, marketing, or customer service plans. Bakso Mas Vitho and other small and medium-sized businesses (UMKM) may find it difficult to stay up to speed with the rapidly changing technological landscape. This includes the need to adjust to different digital platforms, software updates, and efficiently handle consumer data. However, Bakso Ceker Vitho's business has not been significantly impacted by the difficulty thus far. This demonstrates that the digital economy is still being implemented safely and effectively.

Bakso Mas Vitho's success with digital technology demonstrates that not all companies have difficulty adapting. On the contrary, technology becomes a catalyst for efficiency and success for those who are adept at organizing and overseeing digital transformation. E-commerce platforms and digital payment systems are examples of digital infrastructure that can help this business run efficiently and without significant challenges. A mature approach to technology adoption enables companies like Bakso Mas Vitho to prosper in the face of escalating competition and stay relevant.

This business already implemented digital systems such as online sales or marketing

The Bakso Ceker Vitho business has adopted a digital system in its sales operations, particularly through online marketing platforms. Based on interviews conducted, it was revealed that this business utilizes GoFood and GrabFood services as the main channels to reach a wider customer base. With the integration of these platforms, Bakso Ceker Vitho is able to leverage digital technology to optimize sales and make it easier for consumers to place orders online. This is one of the strategic steps in keeping up with the digitalization trend in the culinary industry.

The decision to use the GoFood and GrabFood platforms not only supports sales but also becomes part of an effective online marketing strategy. Both of these applications have a very large user base, allowing businesses like Bakso Ceker Vitho to significantly expand their market reach. In addition, the utilization of promotional features available in the application also adds value, both in attracting new customers and retaining loyal ones. This shows that digital marketing is no longer just a complement, but an essential element in running a culinary business in the modern era.

With this success, it can be concluded that Bakso Ceker Vitho has adapted well to the development of digital technology, especially in terms of sales and marketing. The use of online platforms such as GoFood and GrabFood proves that this business not only recognizes the importance of digital transformation but also effectively integrates it into their business model. Thus, Bakso Ceker Vitho can compete competitively in the increasingly digital culinary industry while maintaining relevance in the eyes of consumers who are increasingly reliant on online services.

Programs or policies that influence the growth of the business conducted online

In the case of Bakso Ceker Vitho's business, several programs or policies that influence its online growth are mainly related to initiatives taken by digital platforms such as GoFood and GrabFood, as well as government policies that support digital transformation. One significant factor is the promotional programs and support from the application, such as special discounts, daily promotional features, and increased visibility within the application. With the existence of these programs, businesses like Bakso Ceker Vitho are able to attract more customers online and increase sales volume without having to spend a large amount on marketing costs.

In addition, government policies that support the digitalization of MSMEs (Micro, Small, and Medium Enterprises) also have a positive impact on the growth of Bakso Ceker Vitho. Government programs that encourage entrepreneurs to transition to the digital ecosystem, such as improving internet access in various regions, also accelerate the digital transformation

process. These policies provide ease for small businesses like Bakso Ceker Vitho to adapt and thrive in the online business world, especially in the culinary sector.

Overall, the synergy between digital platform policies and government support in promoting the digitalization of MSMEs has created a conducive ecosystem for the growth of online businesses like Bakso Ceker Vitho. With this support, Bakso Ceker Vitho can maximize its potential in the digital realm, reach a wider consumer base, and enhance its operational efficiency through technology.

Innovative strategies are used in establishing a business in the digital market

Bakso Ceker Vitho has implemented several innovative strategies to ensure the smooth operation of its business in the digital market. One of the main strategies implemented is the creation of a structured ordering system to serve customers efficiently, whether they order directly on-site or through online platforms like GoFood and GrabFood. With this system in place, orders from customers who come directly and those who order online are well organized, ensuring that each customer is served in order without any time management issues. This orderly arrangement of orders allows the business to run smoothly, avoids order backlogs, and ensures that all customers receive prompt and accurate service.

In addition, Bakso Ceker Vitho also implements a flexible and diverse payment system to meet the different needs of customers. In the current digital era, providing easy payment options is crucial in enhancing consumer convenience. To that end, Bakso Ceker Vitho offers both manual payment systems and digital payments through the QRIS (Quick Response Code Indonesian Standard) platform, which uses barcodes. By using QRIS, customers can make payments quickly and securely through various digital wallet applications. This payment option not only provides convenience for customers but also speeds up the transaction process and reduces the potential for payment errors.

This innovative strategy, with a combination of good order management and an easy and diverse payment system, helps Bakso Ceker Vitho maintain operational efficiency while providing an optimal customer experience. Thus, both customers who dine in and those who order online can be served smoothly, which ultimately increases customer satisfaction and strengthens their loyalty to this business.

Perspective on managing this digital MSME business to ensure its growth and sustainability in the future

In managing an MSME business like Bakso Ceker Vitho to grow and operate sustainably in the digital era, it is important to continuously adopt and develop the right digital strategies. Maintaining uniformity in service for both online and in-store clients via effective order processing and an intuitive payment system is one of the main goals. In order to increase service quality, digital platforms like GoFood and GrabFood must be used as efficiently as possible. This includes leveraging consumer feedback, sales data analysis, and promotional features. Keeping up with technology changes, like using social media for marketing and keeping in touch with clients, is another smart move to boost customer loyalty and expand your customer base.

Bakso Ceker Vitho must frequently innovate its products to stay up with the constantly shifting trends and preferences of its customers in order to maintain the viability of the

business. Opportunities for business growth may include menu variety, exclusive promotions, and cooperation with other online channels. To stay competitive in the increasingly competitive digital market, Bakso Ceker Vitho must also keep funding digital training for both owners and staff. This company can prosper going forward by fusing creativity, technology, and efficient management.

Discussion

Businesses' quick adoption of digital technology has made the market more competitive and presented Bakso Ceker Vitho and other small and medium-sized businesses (UMKM) with several obstacles. Keeping competitive in the face of this digital revolution, where many businesses are using technology for marketing, customer service, and operational efficiency, is one of the main concerns. Managing software updates, processing client data, and navigating digital platforms can be intimidating for companies that are not tech-savvy. Bakso Ceker Vitho hasn't had a hard time adjusting to these changes, though, which shows that companies may prosper in the digital economy with the correct strategy and avoid substantial disruptions.

The success of Bakso Ceker Vitho in incorporating digital technology into its operations demonstrates how, for certain companies, digital transformation acts as a growth accelerator rather than a roadblock. The company has been able to improve customer service, streamline processes, and stay competitive by implementing tools like digital payment systems and e-commerce platforms. By implementing the appropriate tactics, Bakso Ceker Vitho has not only stayed up with the rapidly expanding digitalization trend but has also used technology to maximize productivity, cut expenses, and enhance customer happiness.

Bakso Ceker Vitho's internet business has expanded thanks to a number of initiatives and regulations. The company has been able to reach a larger consumer base without having to spend a lot of money on marketing thanks to initiatives from digital platforms like GoFood and GrabFood, which include promotional features, discounts, and enhanced visibility inside their applications. This expansion has also been aided by government initiatives to boost MSMEs' digitalization. Businesses like Bakso Ceker Vitho have found it easier to adjust to the digital world because to these policies, which include expanding access to the digital ecosystem and offering assistance for companies looking to implement new technology.

Bakso Ceker Vitho has used creative tactics to guarantee ongoing success, like putting in place a systematic ordering system that effectively manages both online and in-store clients. By minimizing order backlogs and guaranteeing client happiness, this approach guarantees flawless service. The company also provides a variety of payment methods, such as QRIS, which enables clients to use digital wallets to make fast and safe payments. By streamlining operations and improving the customer experience, these innovations help Bakso Ceker Vitho stay competitive in the digital market and set itself up for future expansion and sustainability.

CONCLUSIONS

By using digital platforms like GoFood and GrabFood to increase its market reach, improve consumer engagement, and establish a strong online presence, Bakso Ceker Vitho has

successfully adjusted to the challenges of the digital economy. This modification emphasizes how crucial it is to see digital transformation as a fundamental corporate strategy as opposed to an add-on. Bakso Ceker Vitho should engage in data analytics to learn about customer preferences and create focused marketing campaigns in order to maintain growth and competitiveness in the rapidly changing digital world. Customer loyalty and service responsiveness can also be enhanced by putting in place a customer relationship management (CRM) system. It is advised to broaden the menu with inventive or seasonal meals and collaborate with local influencers to increase visibility even more, as these actions can draw in new clients .It is advised to broaden the menu with inventive or seasonal meals and collaborate with local influencers to increase visibility even further. These actions can draw in new clients and raise brand awareness on social media. When combined, these tactics can promote resilience and long-term success in the cutthroat digital economy.

REFERENCE

- Alfarizi, Muhammad, Tika Widiastuti, and Ngatindriatun. 2024. "Exploration of Technological Challenges and Public Economic Trends Phenomenon in the Sustainable Performance of Indonesian Digital MSMEs on Industrial Era 4.0." *Journal of Industrial Integration and Management* 9(1): 65–96. doi:10.1142/S2424862223500045.
- Delly Maulana, Arif Nugroho. 2019. *Kebijakan Publik*. 1st ed. ed. Khaeruman. Banten: CV. AA. RIZKY.
- Effendi, Mohamad Irhas. 2020. *Inovasi Teknologi Informasi Dan Kinerja Bisnis UKM*. 1st ed. ed. Ulfa. Yogyakarta: ZAHIR PUBLISHING.
- Fitri Amalia, Roeskani Sinaga, Asyari, Rahmah Farahdita Soeyatno, Dikson Silitonga, Akhmad Solikin, Aulia Keiko Hubbansyah, Robert Tua Siregar, Dessy Maulina, Ria Kusumaningrum, Nur Fitriyani Sahamony, Erdah Litriani, Nurjanna Ladjin. 2022. *Ekonomi Pembangunan*. 1st ed. ed. Ria Kusumaningrum. Bandung: CV. Widina Media Utama.
- Haqqi, Halifa. 2023. "The Government's Policy in Encouraging the Global Competitiveness of Indonesian MSMEs through the Digital Ecosystem." *Journal of Economics, Management and Trade* 29(8): 66–76. doi:10.9734/JEMT/2023/v29i81115.
- Harrison, R, and B Spigel. 2018. "Towards a Process Theory of Entrepreneurial Ecosystems." *Strategic Entrepreneurship Journal* 12(1): 151–68. https://www.pure.ed.ac.uk/ws/files/36270880/Spigel_and_Harrison_Pre_Print_4_.pdf.
- Kartono, Drajat Tri, and Hanif Nurcholis. 2016. "Konsep Dan Teori Pembangunan." In *Pembangunan Masyarakat Desa Dan Kota*, 1–62.
- Kementerian Koordinasi Bidang Perekonomian. 2023. "Buku Putih Strategi Nasional: Pengembangan Ekonomi Digital Indonesia 2030." : 1–104.
- Koeswahyono, Imam, Diah Pawestri Maharani, and Airin Liemanto. 2022. "Legal Breakthrough of the Indonesian Job Creation Law for Ease, Protection, and Empowerment of MSMEs during the COVID-19 Pandemic." *Cogent Social Sciences* 8(1). doi:10.1080/23311886.2022.208489.
- Nandang Ihwanudin, Lucky Nugroho, Rejeki Bangun, Kurniawati Darmaningrum, Rollis

- Juliansyah, Ani Siska MY, Irra Chrisyanti Dewi, Putu Eka Nopiyani, Kraugusteeliana, Erly Krisnanik, Asep Dadan Suganda, Lina Aryani, and Eka Purwanda. Fenny Marietza, Helin Garlinia Yudawisastra, Johannes Johny Kojnja. 2023. 4 *Buku Ekonomi Dan Bisnis Digital*. 1st ed. ed. Evi Damayanti. Bandung: CV. Widina Media Utama.
- Rarasati, Indin, and Unggul Priyadi. 2024. "Empowering MSMEs: The Role of Mosques in Community Economic Development." *Shirkah: Journal of Economics and Business* 9(3): 397–410. doi:10.22515/shirkah.v9i3.566.
- Tayibnapi, Ahmad Zafrullah, Lucia Endang Wuryaningsih, and Radita Gora. 2021. "Medium, Small and Medium Enterprises and Digital Platforms." *South Asian Journal of Social Studies and Economics* 10(2): 10–19. doi:10.9734/sajsse/2021/v10i230258