



Research Article

The Effect of digitalization on Economic Development in Bengkalis Regency

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Abstract. Digitalization in the economic sector certainly cannot be separated from the term digital entrepreneurship, which is often associated with "digital entrepreneurship", "digital economy", "creative industry", and "start-up". According to Dedy Permadi, digital entrepreneurship is an entrepreneurial activity that is supported by the use of technology. This term also refers to the development of innovation and creativity within an organization. Digital entrepreneurship carries responsibility in the form of design and implementation. As well as generating sales value through the production process and developing economic activities. This process is carried out through the use of various technologies and products supported by technology, namely Information and Communication Technology (ICT). Researchers used descriptive qualitative research methods in this study. In this research, various events and events that occurred are described and their nature contains facts, is systematic and accurate. The result shows a using of information technology in the current era, understanding digital economic activity actors is very important, especially for business actors in Bengkalis Regency digitalization has become an intermediary medium that supports the development

of more creative and innovative skills in the economic sector, especially the economy in Bengkalis Regency. And also, in order to minimize the dependence of the people of Bengkalis Regency on honorary salaries and reduce APBN expenditure, the Bengkalis Regency government has carried out several activities that benefit MSMEs (Micro, Small and Medium Enterprises).

Keywords: Digitalization, Economic Development, Bengkalis Regency.

INTRODUCTION

Digitalization has had an impact on various economic sectors, one of which is the world of entrepreneurship. Digitalization brings many positive impacts to the world of entrepreneurship, including: promotions, creation of job opportunities, increased productivity in social and economic terms. Digital entrepreneurship is an important phenomenon that has great opportunities in the future. Examples of successful entrepreneurs for using of information technology include Grab, Gojek, Shopee, Tokopedia, and others. (Gunawan, n.d.) Nowadays it is easier for people to sell than in the past, without needing to have a shop or place of business, they can market in market places or via social media, so promoting goods or services is no longer difficult and can be reached by everyone. With digital entrepreneurship, is expected to be able to overcome government problems such as unemployment. (Gunawan, n.d.)

An intelligent computing machine that has the ability to create, design, store data and process data into information needed by the large community. This then continued to experience very rapid development, starting from the development of the internet in 1970 until now with continuously updated technology. (Sulianta, 2020) With advances in technology, it will help people to carry out various activities easily, one of which is marketing digitally or via the internet. Marketing via the internet will provide convenience because it uses low costs and means communication between humans no longer has boundaries. And with the increasing number of internet users, this creates opportunities for entrepreneurship by utilizing information technology by utilizing the internet.

The era of economic digitalization has led to an increase in the consumerist nature of Indonesian society, especially Generation Z. Generation Z is the generation born from 2000 to now. The development of the digital economy has influenced the lifestyle of Generation Z. Generation Z is also called the generation that is anti-complicated and demands that everything is simple. Generation Z has implemented the digital economy in carrying out economic activities such as online transactions because it is considered more efficient. Generation Z's consumerist nature is not only caused by economic digitalization but also as a trend and opportunity to put themselves forward or what is called the fear of missing out (FOMO). This has become a widespread phenomenon among generation Z. As internet facilities become easier, online shopping has become a new trend among the general public because it is considered more efficient and faster. (Muna & Aenurofik, 2023)

Digital entrepreneurship can be said as one of the things that is expected to reduce the government's problems regarding unemployment and poverty which are

currently occurring. As we know, unemployment is the main problem experienced by Indonesia which is still difficult to overcome, including Bengkalis Regency. The unemployment rate is dominated by high school graduates. It is also feared that the unemployment rate for undergraduate graduates will continue to increase if universities are unable to guide their students to create jobs fields after graduation. This problem is further exacerbated by the lack of interest or motivation of the younger generation to create jobs by carrying out entrepreneurial activities. (Dinar, 2020)

Based on research results by Mitchell Kapoor, it shows that the younger generation basically has the skills to access digital media in the current era, but they have not succeeded in balancing their ability to use digital media to develop their abilities or potential. If you look back, there are still many young people who do not take advantage of the convenience of digital technology or they don't even know how to use it to generate income. And also The percentage of young entrepreneurs using the internet to sell product/services is still relatively small. This shows that business carried out via the internet in Indonesia is still relatively low, business in Indonesia is still dominated by conventional types of business. There are 3 reasons that business is not carried out using e-commerce, the first is because it is more convenient to sell directly. The second reason is that they are not interested in selling via e-commerce. And the third reason is due to lack of knowledge or expertise in e-commerce. (Rozama, 2019)

In digital entrepreneurship, the term e-commerce is no longer foreign to the public, especially students. E-commerce can be accessed by anyone. E-commerce is a platform that offers convenience where sales, purchases of goods and services are processed via a computer network, in this case via the internet. In this digital era, its development can provide opportunities to increase business through e-commerce and give birth to new digital-based jobs. By utilizing e-commerce, you will increase the productivity of marketing goods and services, because the internet provides information 24 hours a day. E-commerce provides an opportunity for entrepreneurs to expand or increase profits from selling goods that are traded widely at low or low costs. (Nasrullah, 2017)

Based on research conducted by Harwindra Yoga and Adi Nurmahdi in 2017 regarding the influence of digital marketing activities and consumer online behavior on decisions to make purchases via websites, it is stated that digital marketing activities greatly influence consumers' decisions to make purchases. Then another research conducted by Diyana Ahmed Ghazie and Jasni Dolah in 2018 entitled how digital marketing affects consumer behavior, which also stated that consumer behavior has become very difficult to identify because of the very rapid development of smartphone so that sellers or entrepreneurs are required to continue to improve their abilities and skills. follow digital trends. Based on several previous research results, the author is interested in conducting research with the title "*The Effect of digitalization on Economic Development in Bengkalis Regency*".

METHODS

In this research “The Effect of digitalization on Economic Development in Bengkalis Regency”, researchers used descriptive qualitative research methods. In this research, various events and events that occurred are described and their nature contains facts, is systematic and accurate. Sugiyono (Sugiyono, 2013) states that descriptive research is research carried out in order to understand the value of independent variables, either one or more variables (independent) without creating analogies or bringing them together with other variables. He also states that qualitative research is another form of thought-based method used. to research a specific population. From the opinion above, it can be concluded that the descriptive research method is part of the qualitative method which has the implication and aim of providing descriptions in language using scientific methods to observe a phenomenon that occurs. In this research, the author observes, explains, concludes, and obtains results regarding the influence of digitalization on economic growth in Bengkalis. The data collection techniques used by researchers are observation techniques and documentation materials.

RESULT AND DISCUSSIONS

Theoretical Description

The first theoretical description is about digitalization. According to the KBBI (Big Indonesian Dictionary, digitalization is the process of providing or using a digital system." The definition of digitalization itself is a terminology or term that is usually used to explain a media transition process, namely the transition from using print, video or audio media to digital media which aims to be able to archive documents in the form of digital transformation. (Kemendikbud, 2017) Digitalization is also often interpreted as a process of transferring media from printed or analog form to digital media.

Hasbi AS defines digitalization as a process of transitioning print or analog media into digital media through processes such as digital photography, scanning, or other techniques. Meanwhile, according to Khomsin, digitalization is a process for changing graphic information available on paper into digital format. In the process, digitalization requires energy, money and time which requires the presence of an expert who can master it. Meanwhile, according to Terry Kuny, digitalization refers to the process of translating a piece of information such as a book, picture, sound recording or video into bit form. The bit itself is the basic unit of information in a computer system. (Ponidi, 2020).

In his book entitled “Digital Futures”, Marilyn Deegan and Simon Tanner explain that there are various benefits and advantages that can be obtained from digitalization, including (Deegan, Marilyn; Taner, 2002):

1. Can quickly access items or goods that are in high order or frequently used.
2. Have the expertise to search for materials that are no longer published.
3. Can display material in the desired display or format. (example of reducing and enlarging the size of a display)
4. Can distribute collections and publications and enable them to be used together

5. Can display expensive, original or even breakable objects by changing their appearance into a display form or format that can be easily accessed
6. Optimize search or browsing capabilities
7. Reducing financial burdens becomes more economical, such as reducing shipping costs.

Talking about digitalization in the economic sector certainly cannot be separated from the term digital entrepreneurship, which is often associated with "digital entrepreneurship", "digital economy", "creative industry", and "start-up". According to Dedy Permadi, digital entrepreneurship is an entrepreneurial activity that is supported by the use of technology. This term also refers to the development of innovation and creativity within an organization. Digital entrepreneurship carries responsibility in the form of design and implementation. As well as generating sales value through the production process and developing economic activities. This process is carried out through the use of various technologies and products supported by technology, namely Information and Communication Technology (ICT). (Permadi, 2017)

In pursuing digital entrepreneurship, there are several ways an entrepreneur can do this. Successful ways to build digital entrepreneurship are: (Musnaini, 2020)

1. Create an online shop, create a website or use the website as a means for conducting online transactions
2. Engage in affiliate business, the activity of marketing goods owned by other people and then those who market will receive a reward/commission. Affiliates have three forms, namely: 1) registering for an affiliate program, 2) marketing products via social media or the web 3) getting rewards when buyers use the codes or rules in digital business affiliates
3. Become a YouTuber, present interesting content that is broadcast on YouTube, YouTube is a promising digital business
4. Dropship, to become a dropshipper you only need the ability to sell goods. The dropshipper is only a liaison between the seller and the buyer. The advantage of this business is that it does not require capital and you can determine what products you want to sell
5. Blogger, Create a blog with interesting content so that many visitors visit the blog site, you can also rent out space on the blog for advertising.
6. Instagram Influencer, Becoming an Instagram influencer is by creating interesting content. Instagram is used as a means to post products that you want to market.
7. Digital article writer, writes on digital sites and can generate income thanks to writing online on these sites.
8. Online education, teaching using an application, creating a website that is used for teaching or opening online courses.
9. Web services, website creation services are really needed by various parties ranging from the government, companies and the community. Websites that can be created include application websites, internet marketing, website graphic design, etc.

The Second theoretical description is about economic growth. In general, theories about economic growth can be grouped into two, namely classical economic growth theory and modern economic growth theory. In classical economic growth theory, analysis is based on the trust and effectiveness of free market mechanisms. This theory is a theory proposed by classical economists, including Adam Smith, David Ricardo. Another theory that explains economic growth is modern economic theory. The Harrod-Domar growth theory is one of the theories of modern economic growth, this theory emphasizes the importance of investment formation for economic growth. The higher the investment, the better the economy will be. Investment not only has an influence on aggregate demand but also on aggregate supply through its influence on production capacity. In a longer perspective investment will increase the capital stock. (Ma'aruf, Ahmad; dan Wihastuti, n.d.)

Economic growth is an effort to increase production capacity to achieve additional output, which is measured using Gross Domestic Product (GDP) and Gross Regional Domestic Product (GRDP) in a region. (Adisasmita, 2013) Economic growth is the process of increasing per capita output in the long term. The emphasis is on three aspects, namely: process, per capita output and long term. Economic growth is a process, not a picture of the economy at one time. Here we look at the dynamic aspect of an economy, namely how an economy develops or changes over time. The emphasis is on the change or development itself. (Boediono, 1999)

There are three main factors or components in economic growth, namely:

1. Capital accumulation, which includes all forms or types of new investment invested in land, physical equipment, and capital or human resources.
2. Population growth, which in the next few years will increase the number of the workforce.
3. Technological progress Regional development is carried out to achieve three important goals, namely achieving growth, equity and sustainability.

Economic Growth in Bengkalis Regency

The realization of Bengkalis Regency regional income in the last 5 years has been quite fluctuating. In 2019, realized regional income increased by 12.34 percent to 3.77 trillion rupiah from 3.36 trillion rupiah in 2018. However, in 2020 there was a decrease to 2.92 trillion rupiah (down 22.71 percent) compared to in 2019. The realization of regional income for Bengkalis Regency in 2021 again increased by 48.14 percent compared to 2020 to 4.32 trillion rupiah. Meanwhile, in 2022, Bengkalis Regency's regional income will be realized at 3.33 trillion rupiah or a decrease of 22.96 percent from 2021. Bengkalis Regency's PAD realization fluctuates every year. In 2019, PAD realization decreased by 29.14 percent from 319.28 billion rupiah to 226.25 billion rupiah. PAD realization in 2020 increased by 11.35 percent from 2019 to 251.93 billion rupiah. This increase in realization will continue until 2021 and 2022, in 2021 there was an increase of 12.82 percent from 2020 to 284.24 billion rupiah. Meanwhile, in 2022, PAD realization will increase by 23.01 percent to 349.63 billion rupiah from 2021.

The largest Original Regional Income of Bengkalis Regency in 2022 will come from Other Legitimate Original Regional Income which consists of sales of regional assets, receipts from current account services, tax fine income and BOS fund grant

income. The next largest contribution to Bengkalis Regency PAD is Regional Tax, followed by separated HPKD and finally Regional Levy. In 2022, other legitimate PAD contributed revenue of 216.40 billion rupiah (61.89 percent of total PAD), regional taxes contributed 94.21 billion rupiah (26.95 percent), separated HPKD contributed a contribution of 27.31 billion rupiah (7.81 percent) and regional levies contributed 11.71 billion rupiah (3.35 percent).

Realization of operational expenditure for Bengkalis Regency fluctuates every year. In 2019, operating expenditure increased by 18.72 percent from 1.85 trillion rupiah to 2.19 trillion rupiah. Realized operating expenditure in 2020 decreased by 9.61 percent from 2019 to 1.98 trillion rupiah. However, in 2021 it will increase again by 11.01 percent to 2.20 trillion rupiah. An increase will also occur in 2022 by 18.14 percent to 2.60 trillion rupiah. In 2022, operational expenditure will be the largest contributor to the realization of regional expenditure in Bengkalis Regency, namely 61.63 percent of the total realization of regional expenditure. Operational expenditure consists of personnel expenditure, goods and services expenditure, interest expenditure, subsidy expenditure, grant expenditure and social assistance expenditure. (Prasetyo, 2023)

In order to minimize the dependence of the people of Bengkalis Regency on honorary salaries and reduce APBN expenditure, the Bengkalis Regency government has carried out several activities that benefit MSMEs (Micro, Small and Medium Enterprises). as quoted from PROKOPIM of the Bengkalis Regency government, that the Head of the Economic Section of the Regional Secretariat of Bengkalis Regency H. Khairi Fahrizal who is also the Secretariat of the Regional Financial Access Acceleration Team (TPAKD) is carrying out outreach to Digital Ambassadors and MSMEs who will participate in the festivities of Financial Inclusion Month and Creative Economy Day National with the Bengkalis Expo 2023 Bermasa Ekrapansi Exhibition. The activity was attended by 144 socialization participants consisting of 72 students from the Digital Business Study Program, Department of Business Administration (digital ambassadors), 14 participants from the Economics Department, 50 MSME participants and 8 participants from the Event Organizer, which was held at the Bengkalis Polytechnic Business Administration in Mini Conference GKT I room. (Prokopim, 2023)

CONCLUSION

The development of the digital economy brings big challenges for government, starting from changes in lifestyle and business models, and so on. The digital economy is changing business patterns, from everything done manually to completely automated. The development of the digital economy is slowly changing people's consumption patterns. Shopping via e-commerce has finally become a lifestyle in Indonesia, including in Bengkalis Regency. In the use of information technology in the current era, understanding digital economic activity actors is very important, especially for business actors in Bengkalis Regency so they can participate in the modern world.

This digital understanding will later form an attitude to always follow digital trends so that sellers or entrepreneurs gain high profits with little capital. The

creation of information technology which is now connected to the internet is able to change people who previously only accessed the internet from reading books to switching to computer devices and accessing the internet which is rich in various information. The internet network that is now available is a medium that can help people develop techniques and abilities. In other words, digitalization has become an intermediary medium that supports the development of more creative and innovative skills in the economic sector, especially the economy in Bengkalis Regency. And also, in order to minimize the dependence of the people of Bengkalis Regency on honorary salaries and reduce APBN expenditure, the Bengkalis Regency government has carried out several activities that benefit MSMEs (Micro, Small and Medium Enterprises).

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