

## **Digital Economic Transformation: In-depth Analysis of Smart Economy in the Implementation of Smart Village in Ketapang Village**

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### **ABSTRACT**

Weak technology and lack of human resources caused global e-government to show that Indonesia is below the world average. It is challenging for Indonesia to have an E-Government initiative program towards Good Governance, one of which is Smart City innovation. The community economy is crucial in determining community welfare in moving towards a Smart City. With a Smart Village in Ketapang Village, Banyuwangi Regency, it is hoped that it can create community welfare through a Smart Economy. This research aims to determine the success of Smart Economy in implementing Smart Village in Ketapang Village, Banyuwangi Regency. This research uses a qualitative method with a descriptive approach. Data collection techniques were carried out using observation, interviews and documentation. If the previous research only discussed Smart Cities in general, then in this research, the author examines one of the success factors of smart cities, namely, the Smart Economy. This update discusses the Smart Economy in depth. The study was carried out based on seven Smart Economy indicators using the Giffinger approach. The research results obtained show that the Smart Economy in Ketapang Village has not been maximized due to several obstacles, such as the uneven distribution of facilities provided by the regional government, the lack of ability of the Ketapang Village community to utilize technology, and the lack of government support for technology weak responsibility towards society. However, in general, its implementation is exemplary, manifested in developing technological innovations for the community and government facilities that continue to be built.

**Keywords:** Smart Economy; Smart Village; Ketapang Village

### **INTRODUCTION**

Government-driven public services are technology-based public services (e-government). E-government is the utilization of government information and communications technologies to improve the services and information they provide to their citizens and other stakeholders efficiently and cost-effectively (Hasdinawati et al., 2021; Sanjaya et al., 2022; Sofyang & Hasyim, 2021). The creation of national e-government systems brings a transformation of the whole governance system. Implementing this new system requires excellent responsiveness. High technologies, design of specialized administrative structures, reorganization of interests of the state in favor of the needs of citizens, changing social and economic conditions, mental environment, and taking on more responsibility (Syarifuddin et al., 2021). The existence of electronic public services helps in functioning, speeding up, and making it easier for the public to fulfill government needs regardless of time and place (Akib et al., 2022; Arhas et al., 2021; Lajas & Macário, 2020). However, according to the United Nations (UN) survey report (2018), E-Government Development Index (EGDI), Indonesia's e-Government development lagged behind other countries until the end of 2018, namely Indonesia was ranked 7th. Indonesia was ranked 7th. among countries in the Southeast Asian region; it is still far below other ASEAN countries such as Singapore (ranked 7th EDGI), Malaysia (ranked 48th EDGI), Brunei Darussalam (ranked 59th EDGI), Thailand (ranked 73rd EDGI), Philippines (ranked 75th EDGI), and Vietnam (ranked 88th EDGI) (Viona, 2022). Due to weak IT (Information Technology) infrastructure and inadequate human resources, Indonesia's global e-government ranking is below the world average. It is challenging for Indonesia to have an E-Government initiative program as capital towards Good Governance, one of which is Smart City innovation.

A smart city is a place for intelligent services based on information and communication technology and helps people receive information quickly, precisely, and accurately (Hasibuan, et al, 2019). In this case, the city offers public services that are easy to obtain in unlimited places and times. Smart City is one of the government's applications of e-governance in advancing technology. In reality, smart city research's technology and governance aspects predominate and continue to play an essential role in developing smart cities (Abu-Rayash & Dincer, 2023). These technologies improve the efficiency of urban space to meet the population's needs and implement the most up-to-date urban upgrading forms to enhance the quality of life for the citizens (Digel et al., 2022). The growth of application support has enabled the emergence of a creative ecosystem in the technology industry, which is a positive first step towards developing Smart Cities. But in fact, Smart City is not just about technology. It is a blend of new technology with an intelligent attitude toward using technology in an organization (Hajar et al., 2021) A Smart City is broadly defined as an urban arrangement or governance that applies technology to increase the benefits and reduce the negative impacts that urbanization may have (Haryo Limanseto, 2021). The Smart City approach has 6 (six) hands, namely: Smart Economy, Smart People, Smart Governance, Smart Mobility, Smart Environment, and Smart Living (Giffinger, 2021). However, in this research, the author is very interested in researching the field of Smart Economy because the economy is an indicator of a prosperous region. If the intelligent economy develops well, other areas will also grow. Economic factors are the primary driver of Smart Cities. Therefore, the economy is the primary basis for measuring the development of different fields. The Smart Economy covers various aspects of life: Innovative Spirit, Entrepreneurship, Economic Image and trademark, Productivity, Labor Market Flexibility, International Engagement, and the Ability to Transform. Several of these aspects indicate that a region has achieved a Smart Economy.

Smart Economy encourages economic development through creative industries in the digital sector, an example of smart economic development . Digital technology creates many new business opportunities and develops practical solutions to rural problems. The smart economy focuses on the industrial ecosystem, which is collaborative, innovative, interconnected, and mutually beneficial, generating profit in terms of advertising, production, transactions, financing, and a conducive environment to increase levels of public benefit . Digital technology is an example of the development of a smart economy. However, the solution continues beyond the creative sector alone. The general business environment must also be taken into account. A smart economy is related to the first factor, namely, an intelligent society. This means that a philosophical society is needed to build a smart economy.

Public services with the Smart City concept have been implemented by one of the regional governments in Banyuwangi Regency. Banyuwangi Regency has innovated to achieve a Smart City by establishing a Smart Village program. On May 31, 2016, the Banyuwangi Regency Government, East Java, officially approved the Smart Village program. Banyuwangi Regency launched this program as part of the government's effort to achieve a technology-based Smart City (e-government) to achieve good governance in its region (Saputra & Pratama, 2023) Various administrative services in previously complex villages can now be completed effectively and quickly because all administrative matters can be done in the town.

Some awards from the influence of Smart Village include: Several awards from the influence of Smart Village include: Banyuwangi has received the TOP IT award in 2021 ; In 2020, Banyuwangi received the Smart Nation Award (ISNA), organized by the Citiasia Center for Smart Nation ; In 2021, Banyuwangi received the Movement Towards Smart City award organized by the Ministry of Communication and Information; In 2022, Banyuwangi received the Innovative Government Award organized by the Ministry of Home Affairs; In 2023, Banyuwangi received the Digital Government Award organized by the Central Government. Smart Village is expected to be a bridge for the community, especially villages, to make it easier to take care of all service needs without knowing limits and time.

In its implementation one of the villages in Banyuwangi that have successfully implemented the Smart Village program is Ketapang Village, Kalipuro District, Banyuwangi Regency. This location was chosen as the research locus because the development of the Smart Village program in this village was more successful compared to other towns with different innovative programs developed in that village. Ketapang is a thriving village that has adopted the Smart Village concept for development in its area and has successfully used it to overcome various challenges the village faces. Of course, this smart village is the government's effort to achieve a technology-based Smart City (e-government) to attain good regional governance (Saputra & Pratama, 2023).

This research is a novelty from previous research. Namely, it discusses the smart economy in smart villages in Ketapang Village. If previous research only discussed Smart Cities in general, then in this research, one of the success factors of smart cities, namely, the smart economy. This update discusses the smart economy in depth and seven indicators of success in implementing Smart Village in Ketapang Village.

## **METHOD**

This research will use qualitative methods with a descriptive approach. argues that one is a qualitative case study because the researcher examines a program, event, activity, or process of one or more people. Based on the typological categories identified by Yin (2009) , case study research is divided into three categories: Exploratory, explanatory, and descriptive. The type of research used in this case study is the descriptive category using explanatory development analysis to explain the implementation of Smart Village in the Smart Economy sector in Ketapang Village, Banyuwangi Regency. This research is very suitable for this approach because it has the uniqueness and innovation of a Smart Village, which only exists in Banyuwangi Regency. Data sources were obtained through primary data conducted by conducting interviews with informants and supported by secondary data searches related to the research problem. Data was collected using various observation methods, interviews, document extracts and audio recordings.

The data analysis technique used uses the. approach. The author carries out data analysis techniques in this technique according to procedures Creswell (2016). The first thing to do is prepare the data to be researched and analyzed. The next step is for the author to read and look to understand the data to be analyzed. After that, the author coded the data; this process organizes the data by collecting pieces and writing them in specific categories or special terms. In the final step, the author conveys the results of the analysis. The narrative approach can include a discussion of the chronology of events, specific themes (complete with several sub-themes, unique illustrations, perspectives, and quotations), and the relationships between themes.

## **RESULT AND DISCUSSION**

### **Innovative Spirit**

The application of the Innovative Spirit indicator in the implementation of the Smart Village program is considered to have made progress even though the people of Ketapang Village initially rejected it. Based on interview findings, many people said there were still people unfamiliar with technological developments. This hinders the government from forming an innovative spirit that grows in society. In some technologically challenged communities, the government still accommodates them manually. However, with the government's enthusiasm in guiding village communities, so they are technologically literate, the community is now starting to get used to it and even feel the positive impact and confidence in implementing the Smart Village program. The government's efforts to create an innovative spirit in the community are not only that the government encourages the community to utilize technology, which is balanced by using

natural resources; this is intended so that they can compete in economic development.

The government encourages the community to rise and see the business opportunities that Ketapang Village has. MSMEs are essential in forming an innovative spirit because, with the increasing number of MSMEs, the regional economy will develop. Several MSMEs in Ketapang Village have developed into various types. Before buying and selling merchandise, MSME players must carry out the initial process of conducting security education. This process is the government's effort to ensure that the production materials used by the community in producing materials are safe and meet standards. This process is carried out within a certain period. After passing the material test, MSME players must obtain a trading permit via the Smart Village Application.

Micro, Small and Medium Enterprises players will undoubtedly find it easy to obtain trading permits using the Smart Village application. The Smart Village application is helpful for business people; they register and trade permits through the Smart Kampung application without going to government offices manually. After a trading permit, MSME players will get a PIRT (Home Food Industry) number. PIRT is a number that MSME players must submit as a condition for their products to be widely distributed. Business actors need this PIRT to prove that the business they produce meets applicable food product standards. PIRT, registered by business actors through Smart Village, is directly connected to the centre. After MSMEs obtain PIRT, they can market their products freely and have received a written distribution permit. All the processes above are facilities the district government provides free of charge for MSMEs. With these facilities, MSMEs feel very helpful and make it easier to create a product.

Apart from increasing MSME actors, economic development through the tourism economy is also being developed by the Ketapang Village government. This is very sustainable given the geographical conditions of Ketapang Village, which is strategically located at the entrance to Bali Province. Of course, a strategic location like this is the right step for the community to form an innovative spirit in creating business opportunities. However, Ketapang Village is often only a transit point for people outside Banyuwangi who will continue crossing to Bali Province. With this, the Ketapang Village government is making significant efforts to create a spirit of innovation in the village community so that it can create an attraction for tourists. With this tourist attraction, it is hoped that tourists will be interested in stopping by and will not only be used as a transit point but will become a leading destination for foreign tourists.

According to interviews, the Ketapang Village government tends to develop the community's spirit of innovation through the tourism economy. Because economic development through tourism is relatively cheap and efficient. Tourism is the easiest thing to establish in Ketapang, especially since this area is a border area between two provinces, namely East Java and Bali. Of course, this is an opportunity and an advantage that the Ketapang Village government must take advantage of to make the village a tourist destination. On average, outsiders only use Ketapang Village as a transit point before crossing to Bali and only pass through Ketapang Village without stopping and spending time there. The significant wish of the Village Head is that outsiders can spend their money in Ketapang, such as eating, sleeping, and travelling.

By developing the tourism economy, MSMEs will also increase and improve. This certainly has continuity between tourism and MSME players. So, if Ketapang Village tourism runs, Ketapang Village MSMEs will also take advantage of the Smart Village facilities the government has provided. With the

existence of Smart Village, MSMEs have products of good quality and meet standards, which are then bought and sold in tourist places and can be recognized by international and domestic tourists.

### **Entrepreneurship**

In terms of entrepreneurship, Ketapang Village has experienced quite good development after the Smart Village program. Village communities have been able to create their businesses independently. Every community has a variety of entrepreneurs because each hamlet has different natural resources and community potential, with other advantages. Communities utilize the wealth of natural resources around them to support them in creating business opportunities. In this case, Smart Village is a means for the district to engage in entrepreneurship. Smart Kampung provides facilities in the form of an application to create work permits independently.

In creating independent entrepreneurship, the people of Ketapang generally utilize natural resources. For example, Selogiri Hamlet has a natural wealth of coral; of course, the people of Selogiri Hamlet use it as a business opportunity to export coral abroad, and this business is already internationally based. The natural wealth that is utilized certainly has an impact on society from a professional perspective. People who previously worked as catch fishermen can now become coral fishermen; of course, this profession is superior to before. Coral fishermen utilize this natural wealth by transplanting or replanting; when the coral has grown, they will sell it to exporters' warehouses. Smart Kampung collaborates with the community to provide good-quality production. This is a development in independent entrepreneurship by the people of Ketapang Village.

Apart from being involved in the coral business, Ketapang Village also has the Gunung Remuk area, which is engaged in services. Community members take advantage of business opportunities to become KSOP (Harbour Harbormaster and Port Authority) service agents. This service business serves ships at the port, which must be administered using an agent. The utilization of this service sector is very effective and only requires a little capital because it is straightforward for people to take advantage of this opportunity. Apart from the service sector, Ketapang Village also supplies food via ship transportation, such as consumer goods ranging from rice, oil, necessities, and others. Not only that, the Krajan area also has a business focus on conventional trade fields such as markets and employees. In traditional businesses, most people are self-employed, selling various community needs, from food to other conditions. There are also businesses involved in wet and dry farming, with multiple types of agriculture to suit the character of the soil.

The people of Ketapang are also involved in FnB (Food and Beverage); in this field, Smart Kampung plays a very active role because it provides facilities for testing food ingredients. Food ingredient testing is carried out by people who want to buy and sell food and drinks. The community creates entrepreneurs in culinary businesses, such as serving typical Banyuwangi food with village food characteristics. The ground coffee and packaged food manufacturing industry is also developing in Ketapang Village. The people of Ketapang Village still run many other businesses. Of course, this is progress for society in creating independent entrepreneurs. Not only that, entrepreneurs in Ketapang Village are already involved in all other fields. From several areas of entrepreneurship that the people of Ketapang Village have been involved in, it can be concluded that Ketapang Village has developed to create its entrepreneurship independently by adapting the potential of each region and utilizing diverse natural resources. Apart from that, the community

is also developing simultaneously by using Smart Village technology as a means of marketing products.

Even though Smart Village benefits many people, the community has also felt difficulties. The difficulty in entrepreneurship is people's ability to promote their products. MSME business actors need to be more optimal in promotion. They hope the Smart Kampung application can provide promotional guidance facilities for their business so that the products they sell can be known to more people outside. Based on the interview results, many people still have yet to be able to use Smart Village to promote their products. People tend to promote through events provided by the government, with events where business actors sell their wares at these events offline. This is because the community has not been able to utilize Smart Village to market its products. However, the events provided do not run daily; they only run a few times. Of course, this is an obstacle for them, so they do not earn income intensively.

### **Economic Image and Trademarks**

Regarding indicators, the economic image and trademark of the community in Ketapang Village need to be fixed. This indicator is one of the difficulties experienced by the community and government of Ketapang Village. A lack of guidance from Smart Village causes this difficulty. The public needs assistance from professionals regarding economic image and trademarks. They felt that the advice from Smart Kampung could have been more optimal, and they were not provided with ongoing/continuous guidance. Every time there is coaching, they only assist once or twice and then leave it like that. Of course, this means that people must be able to create their trademarks. The Head of Ketapang Village hopes that assistance will be carried out continuously until the community can create a brand independently until it is final. The public needs professional guidance, starting with how to use good packaging, how to create a trademark that complies with SNI (Indonesian National Standards), how to create packaging standards that are suitable for health, and how to obtain permission to create their own trademark. People feel that they are not optimal if they are only trained and then abandoned. Several companies prepare and guide people in creating their brands, but the companies are always ready for the basic things that have been provided before. This development tends not to develop and needs to be completed. The Village Head hopes coaching will guide them until the community can generate income.

Apart from obstacles regarding coaching, barriers regarding the responsibility of the person responsible for Smart Village are considered to be difficult for MSMEs. According to the results of interviews with MSMEs, they need help getting the rights they should get, namely making packaging designs for the products they want to sell. Making product packaging designs is a right that MSMEs should get for free. This facility will be obtained if MSMEs have completed all the requirements. The Banyuwangi Regency Government facilitated the creation of this design. However, according to a statement from one of the MSME actors, they were only promised to make the design, which was never realized. One of the individuals responsible for making the design did not grant this right for a very long period, preventing MSME players from immediately marketing their products. The lack of responsibility of these individuals impacts MSME actors who have to make and pay design costs independently outside the facility. However, the obstacles above do not stop the community from developing; the people in Ketapang Village tend to develop wildly with their innovations even though they have yet to receive maximum assistance in their

development.

Apart from obstacles regarding unsustainable guidance, there are also internal obstacles, namely in terms of human resources themselves. Human resources still need to be improved to support the success of creating a product. Village communities need to be more sensitive to their ability to innovate to create their trademark. Creating a brand requires people capable of maintaining an economic image, which requires qualified human resources. One of the people responsible for the Smart Village application has also confirmed this obstacle on the HR (Human Resources) side. This obstacle tends to be influenced by the understanding of human resources; it is often difficult for the public to explain the steps involved in creating a trademark. However, in several experiences, MSME entrepreneurs admitted that they had no difficulty creating their brands, and the Smart Village application immensely helped them. The application makes permission to create a trademark very easy; the public can connect with the centre to apply for the trading permit.

### **Productivity**

Regarding productivity indicators, the interview results show that the people of Ketapang Village can produce goods independently. However, the lack of guidance in making goods is still less than optimal. According to the results of interviews, the public still needs advice regarding knowledge of machines to produce goods. Apart from that, the government always orders the delivery of environmentally friendly goods and avoids plastic, but the public needs guidance, so people need clarification about how to achieve this. Village communities have innovations to produce materials from nature. For example, in the Pancoran area, they plant and make bamboo straws and plates from leaves. This production is an innovation for society to survive economic development by utilizing its natural wealth. Seeing this, people are increasingly enthusiastic about innovating to produce environmentally friendly goods.

Productivity is achieved by utilizing natural resources, one of which is agriculture. Several people in Ketapang Village use their land to produce coffee, which is then processed into ground coffee, which can be sold to the community. Some people use bamboo as straws and make plates from the leaves. They even make crafts from roots and leaves, assembled into productivity bags. This product upholds environmental friendliness. In this case, Smart Village plays a vital role in increasing community productivity because, with the existence of Smart Village, the products produced by the community must go through feasibility tests and trade permit numbers by Indonesian National Standards. By having good quality and appropriate products, people's productivity and the sale of their products to consumers will increase.

Apart from that, if seen from the perspective of one of the MSME business actors in the packaged food sector, this brand has succeeded in producing food up to 50kg/month or even more. Of course, this production reached or even exceeded the target. Even though this product is marketed offline, the turnover is very high. He sells his merchandise through trading companies or what is usually called entrusting his products to offline stores. This sale covers the entire Banyuwangi Regency; they have yet to market their products optimally outside Banyuwangi. Because if they sell online via the Smart Kampung application, their products won't sell. Business actors hope that local governments can help business actors accompany and guide them in marketing their products more aggressively so that product productivity increases.

The productivity of Ketapang Village has also increased with the many awards for the Smart Village

of Ketapang Village, which are considered good; of course, this has an impact on the productivity of the community, which is better known to the outside community, this makes it easier for them to sell and buy the products they offer. Apart from that, the Smart Village program creates public awareness that in an era like today, businesses can only sometimes rely on conventional; conventional trade is carried out offline, whereas, in the modern era, we must be familiar with online platforms. A Smart Village certainly opens people's minds to the fact that every community can produce its goods and market them freely. However, only a few Ketapang Village residents understand how to buy and sell their products on e-commerce; they need to learn how to create an online shop and market their products. Things like this make people unable to sustain their productivity sustainably, and their fighting spirit still needs to be improved.

Therefore, the successful people are actually from outside the Ketapang area; on average, the immigrant people have a more active spirit and have a higher energy of productivity. The native people of the Ketapang area have a more relaxed nature because they use what is available without exploring anything further. Including exporters in Ketapang, 60% comes from outside Ketapang, and the rest comes from the native Ketapang community. Of course, this significantly affects the productivity of the indigenous people of Ketapang itself.

### **Flexibility of labor market**

In terms of labour market flexibility indicators, Ketapang Village has succeeded in reducing unemployment. With the Smart Village program, the government makes villages economic centres by embracing elements of society through various business fields facilitated by the government free of charge. Smart Village makes it easier for people to create businesses independently so that the unemployment rate in the Village will decrease along with the development of the economy. Apart from Village, this economic activity is also supported by the government through events organized by the government. The community uses this event as a means of buying and selling the products they sell.

Not only that, Smart Kampung also collaborates with local women's organizations to coordinate to form an MSME group. With this collaboration, Smart Kampung can provide the community with all information and guidance regarding MSMEs. Smart Kampung will also launch an e-commerce platform for village communities to market MSME products through the Smart Kampung application. With e-commerce, it is hoped that people can promote their products more widely and effectively without meeting face-to-face. The government's efforts to provide facilities in the form of Smart Villages have proven to reduce unemployment in the Village.

This is validated by BPS data, which shows that the unemployment rate in Banyuwangi Regency continues to decline yearly. The government utilizes human resources as a driving force for the economy. In this case, the government provides facilities for the community to create all their creativity. This is related to the increasing development of community innovation in utilizing natural wealth and technology well. By utilizing natural resources, the people of Ketapang Village will gain income from wise use.

Several interviews show that many low-income people can now create their own products. With the Smart Village, the community can mobilize themselves to take advantage of the government-provided facilities and utilize nature as their production material. The district uses its natural wealth for tourism and



making products that utilize nature. Apart from that, people's livelihoods in Ketapang Village are now more diverse and well-developed. Not only that, the Ketapang Village government also provides facilities as a place to market products for MSMEs. The site provided is an event or tourist attraction, allowing the public to sell and buy their products. In this way, the unemployment rate in Ketapang Village can be reduced by maximally empowering the community.

### **International Embeddedness**

From the international embeddedness indicator, several Ketapang Village communities have been able to collaborate with foreign parties. The role of Smart Village here is to help production actors make goods by Indonesian National Standards. With good standards, the quality of those sent abroad will satisfy consumers. Smart Village will ensure that the Village community's products are of good quality by having an entry permit in the form of a PIRT number. The PIRT number is a number that people must have to be able to market their goods freely. For example, the people of Pancoran succeeded in sending sales to Japan. They sell handicraft bags made from natural materials. The bag is made from roots and leaves, assembled into a perfect quality bag. Selling abroad is ideal for community economic development.

Another example is a coral business that collaborates with external parties in procuring goods, namely with KSDA (Conservation of Natural Resources); KSDA guides how coral can have good quality and how to make coral attractive. Another collaboration, namely inter-regional collaboration, has also been carried out by one of the MSME actors. This business is a small-scale collaboration with coffee farmers. This collaboration is carried out by purchasing coffee still in bean form and producing it into ready-to-drink coffee. This collaboration is an activity that is mutually beneficial for both parties.

Some MSME actors do not all have cooperation between parties. In interviews with MSME actors, the community stated that this was because most of the MSMEs already running in Ketapang Village were home entrepreneurs. They produce the products they sell themselves on a small scale; no employees can help, only family. The products they sell also use their capital without any relationship with any party. Several Ketapang Village residents regret this because Smart Kampung needs facilities for the community to provide access through international cooperation or local cooperation. According to the interview results, the village community hopes that the government will provide additional facilities in the form of access to collaboration so that their production of goods and services can further develop.

The absence of collaboration with external parties means that MSMEs have minimal income; Several MSME players confirmed this. For example, one of the MSME participants bought food products from other parties and resold them. This is done because they need help to produce it. Of course, this makes their income less than if they collaborated with other parties and got cheaper materials. The hope they want is for the local government to provide access to cooperation for them so they can sell products with maximum income. Establishing relationships with other parties will help Ketapang Village MSMEs increase their revenue significantly because their sales have exceeded targets in large quantities.

### **Ability to Transform.**

In this indicator of the ability to transform, the people of Ketapang Village have good skills in technology. Previously, people were unfamiliar with technology, but now people are following the times

and really like to apply it. With the existence of Smart Village, people have changed from doing business manually to marketing through Smart Village. So far, the community has developed and can transform, and the Ketapang Village Head will continue to innovate

The statement of one of the MSME actors is the statement of one of the people in charge of Smart Village, namely that not all have a positive response to the use of technology in the community. In this indicator, society still needs to be considered capable. The development of humanity to transform, especially in technology, certainly has different responses. The community's response can be seen depending on the age of the community itself. On average, people who are unfamiliar with technology are people aged 40 years and over. Apart from age factors, family and environmental factors also influence how they respond to technology. However, due to technological developments, the government is still striving to transform society so it can change.

The government has made efforts to spread internet access to even remote areas. Internet facilities have been provided to the entire community, hoping that people can develop with their environment and keep up with the times. The lack of people who are capable of using technology will undoubtedly have an impact on the primary goal of Smart Village. Smart Village is the government's effort to make it easier for people to carry out economic activities using technology. This requires extra steps for the government to introduce technology to the community so that they can make the most of the Smart Village facilities that the government has provided. In fact, according to the public, the Smart Kampung application does not affect sales and turnover. People tend to use personal e-commerce applications to buy and sell their products.

Consumers respond negatively even though people buy and sell their products through personal e-commerce. Their products sell better if they buy and sell them through trading companies or what is usually called entrusting goods. This MSME actor has run a trading partnership in many shops. Of course, this affects people's enthusiasm for production. Trading partnership activities are a way for MSME actors who cannot use technology. This trading partnership activity is the simplest way for MSMEs to market their products because trading partnerships only entrust the products they sell. In this case, the Banyuwangi Regency Government provides opportunities for people who need help to afford to use technology by providing provisions for offline marketplaces such as Indomart and Roxy to accept MSME products. This is an effort by the local government to uphold local MSME products.

This was confirmed by one of the people in charge of the Smart Village application, who came from the Banyuwangi Ministry of Communication and Information. The transformational development of society, especially in the field of technology, certainly has different responses. The community's response can be seen depending on the age of the community itself. On average, people who need to become more familiar with technology are people aged 40 years and over. Apart from age, family and environmental factors also influence the way they approach technology. However, the government strives to transform society through technological developments, especially by utilizing the Smart Village program, which was created to make it easier for people to use technology and improve the community's economy. The government must try harder to direct the community to introduce Smart Villages.

## **Discussion**

Based on the presentation of the research results explained in the previous sub-chapter, it cannot be said that the Smart Village program is perfect for achieving an intelligent economy that could be better. This study is examined through the Smart Economy, which contains seven determining factors for success. Several indicators have been implemented well within the seven factors determining success, but some hands need to be implemented better. The Smart Village Program in Ketapang Village still needs to make many improvements to achieve a Smart Economy. From the research results, it was found that in the Smart Economy indicator. Economic image & trademarks, there are government officials who do not carry out their duties properly, causing the people of Ketapang Village, especially MSMEs, not to get the rights they should get. The public should have the right to access facilities to design product packaging, but government officials still need to provide this to MSMEs. This non-compliance should not happen because, with Smart Village, all public services should be carried out using technology that prioritizes e-government openly to reduce fraud. In line with this, in e-government implementation, it is essential to design practices that are adhered to by all levels of the organization to galvanize coordination across agencies (Gokmen, 2010)

Lack of Ability to use technology on average over 40 years old. Because some people do not need help with technology, they only market their products through trading companies. They choose not to use online marketing because it is difficult for them. Technology is an essential thing that the government and society should work together on. In this case, the government must provide maximum guidance to the community, and the district must be able to follow technological developments. Technology is essential in achieving a Smart Economy because the Smart Village application aims to create an intelligent society by utilizing technology to develop the village economy. In line with this, the digital economy opens up new opportunities in the field of trade, and the rapid development of technology drives economic growth.

In the overall research results, the role of Smart Villages in the Smart Economy still needs to be more significant. The position required by the community must be fulfilled so that economic development continues to expand. Access to collaborate with other parties is also needed by the Ketapang Village Community. Many communities still need cooperation with other parties to support them in producing goods and services. There are even some people who want to collaborate to gain even greater profits. This collaboration will, of course, also impact the opening of other job opportunities. Collaboration with other parties will benefit two or more synergistic parties. In this case, no party is harmed; each party working together will benefit from the partnership. Economic cooperation activities also play an essential role in helping small businesses or MSMEs to develop.

## CONCLUSION

Based on the research results, it was found that the success of Smart Economy in implementing Smart Village in Ketapang Village, Banyuwangi Regency, still needs improvement. Several obstacles caused this imperfection in the people of Ketapang Village. Research finds that the Smart Economy in Ketapang Village is unevenly distributed. This inequality cannot be separated from the facilities provided by the government, which the entire community of Ketapang Village has not felt. Not only that but government officials' responsibility is also considered to be insufficiently fast in creating packaging designs for the products they will sell. Apart from weak commitment, the community feels that guidance from the government could be more optimal, and they should be given continuous advice to achieve success. Apart from that, people's ability to utilize technology still needs to be improved, especially among people aged 40 years and over. The ability to use this technology also dramatically influences the use of the Smart Village application. Apart from age factors, environmental and family factors also influence the development of technology used by society. In addition, the need for more guidance from local governments significantly impacts the Smart Economy's success. Of course, to succeed in achieving a Smart Economy, the Ketapang

Village Government and the Banyuwangi Regency Government must collaborate even more optimally. Apart from the government, society's development in following technology must also be considered. If these basic things are implemented well, then the success of the Smart Economy will be achieved.

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