

Analysis of Public Understanding of the Trade of Domestic Market Goods in Kota Pari Village Through the Digital Economy Towards Increasing Income

Meliana Indah Sari

Universitas Pembangunan Panca Budi, Indonesia

Email: meliananindahsari1998@gmail.com

Abdi Setiawan

Universitas Pembangunan Panca Budi, Indonesia

Putri Aprilia

Universitas Pembangunan Panca Budi, Indonesia

Rusmaini

Universitas Pembangunan Panca Budi, Indonesia

Corresponding author: meliananindahsari1998@gmail.com

Abstract. *The purpose of this community research is to increase community understanding of the concept of trading goods in the domestic market through the digital economy so that there is an increase in income to the community in Kota Pari Village, Pantai Cermin District, Serdang Bedagai Regency. The specific target of this community research is that the village community knows the concept of trading goods in the domestic market and the digital economy, for example in the traditional market closest to the settlement and the village area markets, and how the trade can expand its marketing network. The materials to be presented in this research are: Domestic market goods trading and the digital economy are related to increasing community income through community knowledge and skills related to the prices of agricultural products and home industry business products that will be traded throughout the village and urban areas. From this research, it is hoped that the community in Kota Pari Village, Pantai Cermin Subdistrict, Serdang Bedagai Regency, can know and understand the impact of domestic market trade in goods, such as the selling price of agricultural products, home industry business products, or other business products to increase the community's income.*

Keywords: *Domestic Goods Trade, Digital Economy, Revenue*

INTRODUCTION

Society must balance the economy in any situation. The role of district and city governments has a large share in regulating the economy of their regions. Kota Pari Village, Pantai Cermin Sub-district, Serdang Bedagai Regency is one of the villages in North Sumatra Province. The economic potential of the Kota Pari Village community lies in agricultural products, fish farming, home industry products, and others. The potential

of the village greatly contributes to community income. Although it contributes, there are still many unemployment rates in Kota Pari Village. Thus, to increase income, it is necessary to have a more in-depth understanding of trade in Domestic Market goods and knowledge of the digital economy, so that in addition to helping the community reduce unemployment rates, it also helps increase income.

Kota Pari Village is one type of village that can be categorized as a self-governing village, which is a developing village. As we know this village is still natural and has not received many adequate facilities. Kota Pari Village is located in the Pantai Cermin Sub-district. The touches of development in all aspects are still inadequate and dominant from the government in developing this village, thus making the lives of the community still just adequate. The boundaries of this village area, namely 1) the North borders the Strait of Malacca, 2) The South is bordered by Simalungun Sub-district, 3) The West is bordered by the Snake River, 4) The East is bordered by Simalungun Sub-district.

Kota Pari Village, established in 1954, the ethnic groups in Kota Pari Village usually form a tribal-based community consisting of; 1) Hamlet 1-4 the majority of the Malay ethnic group. 2) Hamlet 5 is predominantly Chinese. 3) Hamlets 6-10 are predominantly Javanese. 4) Hamlet 11 itself is the majority of the Banjar ethnic group.

The village is located west of the Snake River with Pantai Cermin sub-district, about 28 kilometers away. It is traversed by the Serdang Bedagai Regency crossroad. This village is often visited by migrants, especially those who visit tourist attractions, especially on holidays, namely theme park tours. Because this village is close to the tourist location this village is first passed to reach the location of the tourist attraction. The length of the village road, which is a cross-province road and a cross-district road, is about a meter. On the road segments, some settlements stand firmly along with the village head's office. This road is in the middle of the village.

The phenomenon is that the low income of the people of Kota Pari Village who make a living as farmers, fish farming, entrepreneurs, and others is characterized by the low understanding and insight of the villagers about domestic market trade in goods and how to expand trade through the digital economy. Community farming produces agricultural products, namely vegetables, and fruits, only enough to sell them so that they make a profit in addition to meeting household consumption needs, as well as people who

produce other products. The people of Kota Pari Village still do not understand the impact of trading goods in the market on the prices of goods which will have an impact on community income. This limited understanding reflects the limited income of the Kota Pari Village community regarding the prices of goods and the traditional market near the settlement. This is a problem that the income of the people in Kota Pari Village is still low, which is characterized by the limited amount of production/products from the potential of the Village which will be distributed to the market which will affect the movement of prices of traditional market goods, around the Village and outside the Village.

The domestic market trade of goods is related to the prices of goods such as agricultural products, household industry products, and other business products in Kota Pari Village. This can affect prices circulating in the market. Demand and supply activities that occur in the market are caused by price movements. The price of demand and supply for potential village products is influenced by the amount of production because the large number of potential village products can encourage economic activity in Kota Pari Village.

LITERATURE REVIEW

Revenue is the main purpose of establishing a company. As a profit-oriented organization, revenue has a very large role. Revenue is an important factor in the operation of a company because revenue will affect the level of profit that is expected to ensure the survival of the company. According to (Hans et al., 2012), income is an increase in economic benefits during one accounting period in the form of income or an increase in assets or decrease in liabilities resulting in an increase in equity that does not come from the contribution of investors. (Greuning et al., 2013), defines income as an inflow of economic benefits derived from normal business activities. Revenue is defined as the gross inflow of economic benefits during the period, arises from normal business activities, and results in a clear increase in equity not from the contribution of equity holders.

Trade or commerce is an activity of exchanging goods or services or both based on mutual agreement not coercion. In the early days before money was invented, the exchange of goods was called barter, namely exchanging goods for goods. In modern

times, trade is carried out by exchanging money. Each item is valued at a certain amount of money. The buyer will exchange goods or services for the amount of money the seller wants. In trade, some people make things called producers. The activity is called production. So, production is the activity of making an item. There is also something called distribution. Distribution is the activity of delivering goods from producers to consumers. Consumers are people who buy goods. The consumer is the activity of using goods from production.

The digital economy according to the OECD (2012) and experts at the European Commission (2013) tend to equate the digital economy with the internet economy. The OECD recognizes that the digital economy 'enables and carries out trade in goods and services through electronic commerce on the Internet', while the European Commission states that it is 'an economy based on digital technologies (sometimes called the Internet economy)'. The most recent definition and understanding of the digital economy are provided by Harald Øverby and Jan Arild Audestad in their book entitled "Introduction to Digital Economics: Foundations, Business Models and Case Studies" published in 2021. According to them, the digital economy is based on information and communication technologies such as the Internet, smartphones, mobile and wireless networks, optical networks, the Internet of Things (IoT), cloud storage and cloud computing, sharing services, applications, and cryptocurrencies. The size and impact of the digital economy are driven by the adoption of these technologies by people globally.

A team appointed by the British Economic and Social Research Council to study the impact of the digital economy on socio-economic development. They found that in 2017 the literature on the digital economy generally identified it only as an economy that 'functions primarily through digital technologies, in particular, electronic transactions conducted using the Internet', and is a 'combination of technology and people's activities'. A technical note prepared in 2017 for UNCTAD emphasized that the new digital economy develops thanks to the application of cyber-physical systems (connecting machines, IT systems, and employees), i.e. it includes technologies and processes based 'in one way or another' on advanced information and communication solutions, such as robotization and production automation, new data sources emerging from mobile and ubiquitous internet connectivity, cloud computing, big data analytics and artificial intelligence.

A market is one of the various systems, institutions, procedures, social relationships, and infrastructures where businesses sell goods, services, and labor to people in exchange for money. Goods and services are sold using legal tender such as fiat money. This activity is part of the economy. It is an arrangement that allows buyers and sellers to exchange items. Competition is essential in markets, and it separates markets from trade. Two people may be trading, but it takes at least three people to have a market, so there is competition on at least one of the two sides. Markets vary in size, range, geographic scale, location type, and range of human communities, as well as the types of goods and services traded. Some examples include local farmers' markets held in town squares or parking lots, shopping malls and shopping centers, international currency and commodity markets, legally created markets such as for pollution permits, and illegal markets such as markets for illegal drugs.

In mainstream economics, the concept of a market is any structure that allows buyers and sellers to exchange goods, services, and information. The exchange of goods or services for money is called a transaction. A market consists of all good buyers and sellers who influence its price. This influence is a major study of economics and has spawned several theories and models about the basic market forces of supply and demand. There are two roles in the market, buyers and sellers. Markets facilitate trade and enable the distribution and allocation of resources in society. Markets allow all traded items to be evaluated and priced. A market arises more or less spontaneously or is deliberately constructed by human interaction to allow the exchange of rights (ownership) of services and goods.

RESEARCH METHOD(S)

This research is quantitative research using research data in the form of numbers and analysis using statistics. In collecting these data using research instruments, data analysis is quantitative with the aim of testing predetermined hypotheses. The sequence in the quantitative research process starts with building hypotheses from theory, collecting facts or data, using data to test hypotheses, and finally drawing conclusions from the results of data processing (Kurniawan, 2014). The entire series of research concepts can be seen in the figure below:

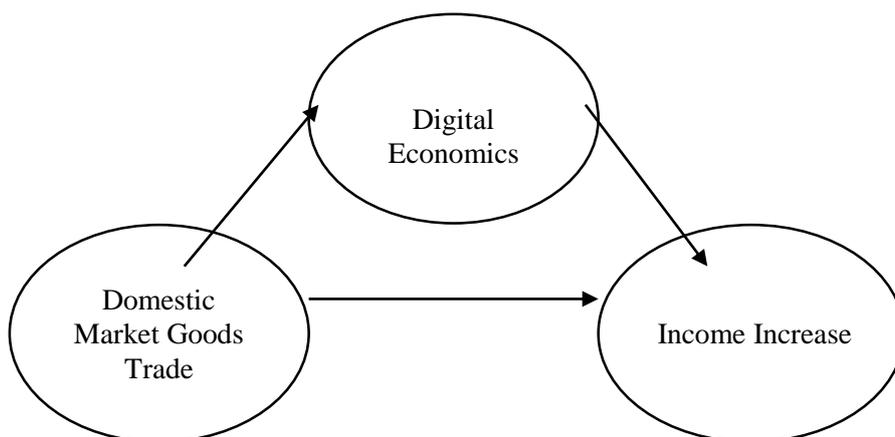


Figure 1. Research Concept

FINDINGS AND DUSCUSSION

1. PLS Model Analysis

The first model or initial model proposed in the study was carried out using all indicators on each construct. The first model is analyzed using the reference basis for the model framework in the following figure:

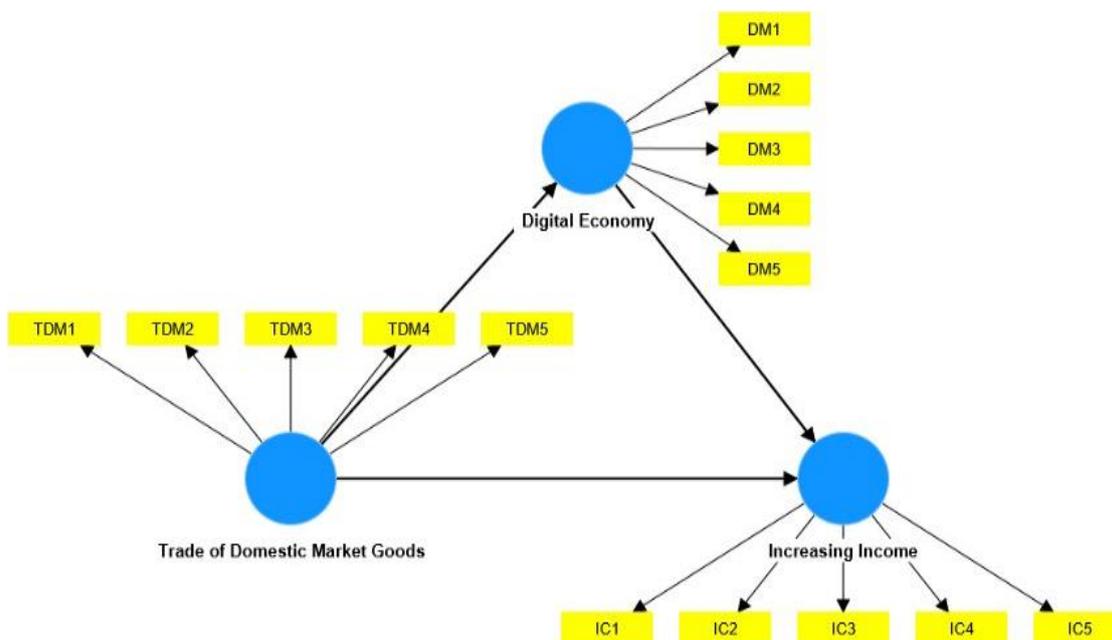


Figure 2. First Model Framework

Based on Figure 2, shows that the first model analysis was carried out on each research variable. This is done to see the suitability of each indicator on each variable which is a reference for reducing research indicators. If the indicators of each variable are

reliable, the research can more accurately predict the relationship between the variables that occur.

2. Outer Model

Outer model/measurement model which defines how each indicator relates to its latent variable. The measurement model is contained in the validity test and reliability test. In reflective constructs, indicator reliability testing is carried out using loading factors. The loading factor value is expected to reach more than 0.7. However, in exploratory research, a value of more than 0.5 is considered adequate. The loading factor value can be seen in the following table:

Table 1. Outer Loading

	Digital Economy	Increasing Income	Trade of Domestic Market Goods
DM1	0.956		
DM2	0.977		
DM3	0.958		
DM4	0.763		
DM5	0.719		
IC1		0.758	
IC2		0.779	
IC3		0.748	
IC4		0.714	
IC5		0.798	
TDM1			0.921
TDM2			0.910
TDM3			0.740
TDM4			0.719
TDM5			0.932

Based on Table 1, it is known that each indicator of the research variable has many outer loading values > 0.5 . The outer loading value between 0.5 - 0.6 is considered sufficient to meet the convergent validity requirements. The data shows that the indicators are declared feasible and can be used for further analysis. Internal consistency reliability assessment is carried out on each construct. The composite reliability value of each construct is expected to be at least 0.7. However, in exploratory research, a composite reliability value of ≥ 0.6 is acceptable. The results on the composite reliability of each construct can be seen in Table:

Table 2. Composite Reliability

	Composite Reliability
Digital Economy	0.782
Increasing Income	0.956
Trade of Domestic Market Goods	0.803

Based on Table 2, shows that the good enough category of each construct has met the criteria for assessing the reliability of the outer model with a composite reliability value of > 0.7 .

3. Inner Model

Table 3. Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Digital Economy -> Increasing Income	1.269	0.391	1.188	3.068	0.028
Trade of Domestic Market Goods -> Digital Economy	0.925	0.925	0.024	37.826	0.000
Trade of Domestic Market Goods -> Increasing Income	0.243	0.077	0.346	2.702	0.048

Based on the results in Table 3, the results of the direct effect of the Digital Economy variable on Income Increase with a value of (P-Values = 0.028 < 0.05) then H0 is rejected H1 is accepted, meaning that there is a positive and significant influence between the Digital Economy on Increasing the Income of the Kota Pari Village Community, Serdang Bedagai Regency. The results of the direct influence of the Domestic Market Trade variable on the Digital Economy with a value of (P-Values = 0.000 < 0.05) then H0 is rejected H2 is accepted, meaning that there is a positive and significant influence between Domestic Market Trade on the Digital Economy of the Kota Pari Village Community, Serdang Bedagai Regency. The results of the direct influence of the Domestic Market Trade variable on Income Increase with a value of (P-Values = 0.048 < 0.05) then H0 is rejected H3 is accepted, meaning that there is a positive and significant influence between Domestic Market Trade on Increasing the Income of the Kota Pari Village Community, Serdang Bedagai Regency.

Table 4. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Trade of Domestic Market Goods -> Digital Economy -> Increasing Income	1.174	0.361	1.107	2.006	0.029

Based on Table 4, shows empirical evidence that Domestic Market Trade Increasing Income through the Digital Economy in the people of Kota Pari Village, Serdang Bedagai Regency. The indirect effect coefficient value is 1.174 with a value of P-Values = 0.029 <0.05, so Domestic Market Trade indirectly has a positive and significant effect on Increasing Income through the Digital Economy.

CONCLUSION AND RECOMMENDATION

Based on the results of the research that has been conducted, it can be concluded that trade in domestic market goods in Kota Pari Village through the digital economy has a positive and significant effect on increasing income. This can be seen from the results of multiple linear regression analysis which shows that the variable trade in domestic market goods through the digital economy has a positive and significant regression coefficient. With the implementation of the digital economy, traders in Kota Pari Village can market their products online through various platforms, such as e-commerce, social media, and marketplaces. This can increase market access for traders and provide opportunities for greater profits. In addition, the digital economy can also help traders increase efficiency in running their businesses, such as by using an integrated stock management and delivery system. Increased competition among traders in Kota Pari Village caused by the digital economy can also be a positive factor. This can encourage traders to improve the quality of their products and services, thereby increasing their income. Therefore, the government and community need to support the development of the digital economy in Kota Pari Village so that it can provide greater benefits to the community.

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