

# Reinforcement of Rural-Owned Enterprises Institutions Through Digital Transaction and Business Risk Challenges During The COVID-19 (Case Study at Kertalangu of East Denpasar)

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**Abstract**— Poverty alleviation is not only supported by government social assistance, but is carried out through government policies and real work programs from the community. One of them is strengthening of Rural-Owned Enterprises Institutions through the provision of micro business capital and digital innovation. This paper aims to build a model for reinforcement of Rural-Owned Enterprises Institutions by utilizing digital transactions and business risk challenges during the covid-19 pandemic. Data analysis was carried out by qualitative descriptive and factorial analysis. The results of the study show that strengthening of Rural-Owned Enterprises through digital transactions can increase, namely: the commercialization of products and services of 90%, time efficiency of 90%, creating a speed of consumption spending services of 62%. The aspect of business risk can shape changes in prudent behavior in shopping, efficiency in the cost of living by 35%, business income increasing by 35%. The digital transactions of 32% will be worrying, digital shopping can be safe by 35%, and a healthy value of 95%, creating happy rate of 97% and well-being of 30%. The recommendation from Strengthening of the Rural-Owned Enterprises during the COVID-19 pandemic can increase for sales value, save time, discipline behavior, maintain health, and happiness.

**Keywords**-Financial Managing; Rural-Owned Enterprises; Pandemic Covid; Transformation; Economic Behavioral

## I. INTRODUCTION

The problem of poverty from the beginning of the era to the new era is never inevitable. The current increase in poverty is inseparable from the covid-19 pandemic disaster that emerged at the end of 2019. The social assistance disbursed has exceeded 800 billion in 2020. Many unexpected expenses during the COVID-19 pandemic were unavoidable by anyone, including government social assistance.

Poverty alleviation is not only supported by government social assistance, but can be done through government policies and real work programs from the community. One of them is strengthening village economic institutions through the role of rural-owned enterprises which is needed to improve the quality of life of the community during the COVID-19 pandemic. Through the provision of micro-enterprise capital and digital innovation, the strengthening and role of economic institutions such as rural-owned enterprises can contribute significantly with digital innovation. As stated by [1] Digital transactions have the features of speed, lower costs, and convenience. A well-functioning digital payment system has a lot of relevance to overall economic activity, monetary policy, and financial stability. Some experts also like

[2] mentioned that it is very important to understand and manage value creation in digital transaction platforms, mechanisms and business value creation. His findings from [3] that people's incomes belonging to medium to low income respond positively to the importance of digital transactions and the effectiveness of government policies regarding digital platforms during the COVID-19 pandemic. The impact of COVID-19 on people's income levels and GDP per capita, government effectiveness, digital adoption, number of commercial banks, and business closures, the government's policy response related to digital payment instruments is a public priority [3].

As stated by [4], [5] digital services through mobile money, the reliability of digital transactions based on the block chain system in general has a positive effect on participation in non-cash transactions. Digital transactions as an indicator of changes in the value of commercialization of products and services in the financial sector [6], efficient use of time between orders, speed of consumption spending services. Business risk is measured by indicators of behavioral change in discipline and obedience [7], attracting customers and individual motivation [8], time efficiency and performance improvement [9]-[10], peer influence and transaction efficiency [11], and [12] in the number of electronic money transactions which increased by 2.117% so that operating income increased. Digital transactions during the COVID-19 pandemic in various developing countries as a supervisory control, safe and reliable transactions, to reduce transaction costs and easy cash transactions [13]-[16]. As the findings from [17]-[19] that digital transactions provide a high level of trust, information security, comfort and individual psychic health of the community and can create utility pleasure.

The description of the research findings of several experts regarding the important role of digital transactions in various banking and non-bank financial sectors as well as various business transactions, it is deemed necessary to conduct similar studies on other economic institutions such as rural economic institutions called rural-owned enterprises during a pandemic COVID-19.

The purpose of this paper study is to build a model for strengthening the rural-owned enterprises institution by utilizing digital transactions and business risk challenges during the COVID-19 pandemic.

**II. RESEARCH METHODS**

*2.1 Design Research*

This research approach used descriptive qualitative. The data used in the form of primary data from observations with unstructured questionnaires, and group discussions of 30 people. Methods of data collection is done by observation, interviews and group discussions. The sum of samples are 30 participant. The key variables for establishing the rural-owned enterprises strengthening model are digital transactions, business risks, and conditions during the COVID-19 pandemic. Digital transactions are measured by indicators of product commercialization, efficient use of time between orders, speed of consumption shopping services. Business risk is measured by indicators of behavioral change in discipline and obedience, individual motivation, cost of living efficiency, and operating income. During the COVID-19 pandemic, it is measured by indicators of individual psychological conditions, individual perceptions, and individual utility. The validity of the unstructured questionnaire results can be obtained from the iteration of the highest factorial value. Primary data analysis was carried out by qualitative descriptive and factorial analysis. The result of factorial analysis concludes that the key variable that gives the highest iteration value has a very strong trend of influence value

*2.2 Data Analysis with Factorial Analysis*

Data analysis used descriptive-Factor Analysis. The validity of the unstructured questionnaire results can be obtained from the iteration of the highest factorial value. Primary data analysis was carried out by qualitative descriptive and factorial analysis. The result of factorial analysis concludes that the key variable that gives the highest iteration value has a very strong trend of influence value

TABLE I. THE KEY VARIABLE OF DIGITAL TRANSACTION

Criteria-Key Variable	Sales Value	Times Efficiency	delivery order of good
High	90%	85%	60%
Medium	7%	10%	32%
Low	3%	5%	8%

*Source: primary data accounted*

Table 1 shows that strengthening Rural-Owned Enterprises through digital transactions can increase the selling value of commercialization of products and services of 90%, time efficiency of about 90%, speed of service for consumption spending by 62%.

TABEL II. MATRIX DIRECT-INDIRECT STABILITY

Criteria-Key Variable	Discipline and Observant	Cost Efficiency	Operational Income
High	71%	35%	30%
Medium	20%	60%	65%
Low	9%	5%	5%

Source: primary data accounted

Table II shows that the strengthening of rural-owned enterprises from the aspect of business risk can shape changes in prudent behavior in shopping, cost of living efficiency is 35%, operating income increases of 35%.

TABLE III. THE KEY VARIABLE OF INDIVIDUAL PSYCHICS CONDITIONS OF PANDEMIC COVID-19

Criteria-Key Variables	Worried	Scared	Secure	Healthy	Happy	Well-Being
High	32%	31%	35%	95%	97%	30%
Medium	63%	63%	64%	3%	2%	60%
Law	5%	6%	1%	2%	1%	10%

Source: primary data accounted

Table 3 shows that Strengthening of rural-owned enterprises with digital transactions can create anxiety of 32%, 35% more secure perception of digital shopping of 35%, and 95% healthy value of 95%, creating a happy utility rate of 97% and happy feeling of 30%.

### III. RESULT AND DISSCUSSION

#### 3.1 The Key Variables of the Pattern Reinforcement in Digital Transaction.

The Key Variables of the Pattern Reinforcement in Digital Transaction is derived from Table I until to Table III. Digital Transaction during The Pandemic COVID-19 needed to handle with seriously.

Simple modeling from the combination of Tables I-III can be formed in "Fig.1". It's namely the establishment of a digital transaction model for strengthening the rural-owned enterprises institution as a business risk challenge during the covid-19 pandemic. This simple model is formed by three main variables, namely: digital transactions, business risk challenges, and individual psychic's conditions during the COVID-19 pandemic. As a simple model, it can be proven that the strengthening of rural economic institutions can be built from two factors, namely

internal factors and external factors. The model for strengthening rural institutions can be presented as Figure 1.

#### Pattern Reinforcement Model of Digital Transactions

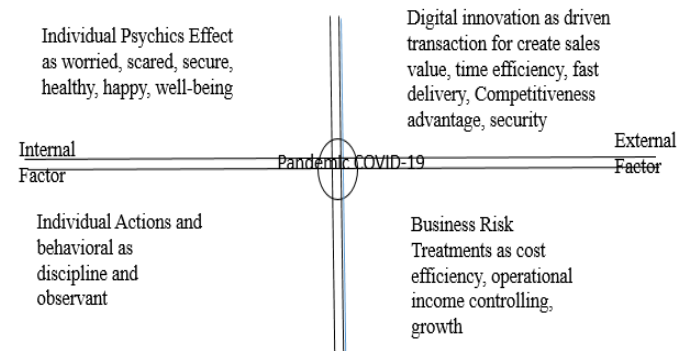


Fig. 1. Reinforcement Model in Digital Transaction

"Fig.1" shows that the model for strengthening Rural-Owned Enterprises Institutions based on digital transactions is a process of forming an agreement between two or several parties driven by external and internal factors to form a value decision on the digital market. The form of strengthening digital transactions from aspects of external factors such as digital innovation to increase selling value, time efficiency, speed of customer service, gain value in competition, and security.

#### 3.2 The Pattern Reinforcement in Digital Transaction based Internal and External Factorial

In addition, external factors are also determined by challenges or treatment in business risks in the form of cost efficiency, monitoring of operational costs, and value growth. Furthermore, the strengthening of digital transactions in is seen from internal factors determined by individual psychological effects and individual actions/behaviors. Elements of the individual psychic in the form of worry, fear, security, health, pleasure and happiness. Elements forming individual actions and behaviors such as discipline and obedience to every business decision that has been determined. Thus it can be concluded that the results of the research above strengthen the results of research conducted by [13]-[16] and [17]-[19]. The findings of the expert stated that Digital transactions during the COVID-19 pandemic in business industries as controlling, to accept a safety and reliable transactions, to create transaction costs efficiency and easy transactions though e-marketplace [13]-[16]. As

the findings from [17]-[19] that digital transactions provide a high level of trust, information security, comfort and individual psychic health of the community and can create utility pleasure.

The strengthening of the Rural-Owned Enterprises during the COVID-19 pandemic can increase for sales value, save time, discipline behavior, to maintain health, and be happy utilities. The recommendation from this study is that the institutional economic strengthening model is faced with natural risks that cannot be accurately predicted. However, there are alternative ways to increase sales value, save time, discipline behavior, to maintain security, health and utilities.

#### IV. CONCLUSION

Institutional Reinforcement through digital transactions is faced with the challenges of business risks during the covid-19 pandemic. The key variables for establishing the Rural-Owned Enterprises Institutions strengthening model are digital transactions, business risks, and the situation during the COVID-19 pandemic. Digital transactions are determined that is a product commercialization, time efficiency, and fast delivery. Business risk is determined that is a behavioral change in discipline and obedience, individual motivation, cost of living efficiency, and operating income. Conditions during the COVID-19 pandemic were measured by individual psychological indicators, individual perceptions, and individual utility. The recommendation from this study is that strengthening of the Rural-Owned Enterprises during the COVID-19 pandemic can increase for sales value, save time, discipline behavior, to maintain health, and be happy utilities. The recommendation from this study is that the institutional economic strengthening model is faced with natural risks that cannot be accurately predicted. However, there are alternative ways to increase sales value, save time, discipline behavior, to maintain security, health and utility. For this reason, further evidence is needed with structural equation modeling analysis in order to obtain model accuracy to build a model for implementing digital transactions as a quality system unit.

The findings stated that the success of micro business institutions is determined by the motivation in doing business; systematic division of labor as the basis of today's digital transactions; have regular and detailed accounting records; a mature marketing plan; and quality certification oriented

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