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Neue-Gemeinschaft: Transformasi Digital pada Usaha Mikro, Kecil dan Menengah di Komunitas Pedesaan Banyuwangi, Jawa Timur

Neue-Gemeinschaft: Digital Transformation of Micro, Small and Medium Enterprises among Rural Community in Banyuwangi, East Java

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ABSTRACT

This study aims to analyze the digital transformation of changing rural economy towards a digital society. Qualitative research methods were used, including 50 participants and in-depth interview informants, with participatory observation, policy analysis, and three series of focus group discussions both in person and online. The study found that internet intervention significantly impacts collective behaviour and improves MSMEs development. Referring to the continuum theory of Gemeinschaft-Gesellschaft, the study showed that these changes result in the formation of a 'Neue Gemeinschaft'. Rural MSMEs are entering a new era due to the adoption of digital technology by businesses that support and exhibit characteristics such as the intensity of the use of internet networks, the ability to conduct digital transactions, and the preservation of village social values. Theoretically and empirically, the research indicates that digital transformation is driven by a change in collective behaviour around technology use, followed by inclusive rural digital economy.

Keywords: *digital platforms, digital transformation, economy community, MSMEs, rural development*

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INTRODUCTION

The rise of digital technology has disrupted the growth of old economic capitalism, which relies on innovations that combine production, information technology, internet, and traditional industrial processes (Matt & Rauch, 2020). Indonesia Economic Industry 4.0 should address global challenges, such as sustainability, resource, and energy efficiency, and strengthen competitiveness (Kagermann et al., 2013). Rural poverty is one of these global challenges. Rural communities are currently struggling to catch up with development progress in the industrial era 4.0. Digital transformation and the growth of MSMEs are effective strategies for reversing the trend of urbanization. Digital transformation is expected to influence the pace of economic development, the level of employment, and community productivity (Aly, 2020; Zhao dan Zhang, 2009). Meanwhile, MSMEs have good potential in tackling poverty (Prestyo, 2008; Supriyanto, 2012; Sudrajat, 2018).

Digital platforms including e-commerce, e-learning, e-health, and e-money have turned the village into a new rural reality. That is because digital platforms are considered the primary driver of digital economy expansion (UNCTAD, 2019). In rural areas, this opens up opportunities for access to new sources of information and economic opportunities (Ye and Yang, 2020; Mark and Tamara, 2019), be it employment opportunities, trade, or access to other modern life (Bloom et al., 2001).

Despite the connection between digital technology and rural economic communities, the two critical flaws have not been fully addressed. First, how do digital corporations that reach villages due to digital transformation affect social structures, mainly rural economic communities? As it is known, the rural community is homogeneous, with the majority of the population engaged in agriculture. Tonnies refers to village communities as 'Gemeinschaft' and more complex communities as 'Gesellschaft.' This characteristic has evolved into a dichotomous term that clearly distinguishes between rural and urban areas (Waters, 2016; Mellow, 2005; Aldous et al., 1972). Moreover, when digital transformation intervenes in the village, it alters the rural social and cultural structure (Lévy, 1997; Berdegué et al., 2013; de Brauw et al., 2014). At the same time,it changes the way people interact, communicate, retrieve and share information (Hong and Lee, 2017; Chanias et al., 2019) and patterns of social relationships and expectations(Sia et al., 2016). Rural Communities are no longer constrained by distance, time, or cost for the network in a borderless and timeless manner (Castells, 2009). At that time, Tonnies said that 'Gemeinschaft' was no longer appropriate.

The most visible changes, particularly during the Pandemic Covid-19, occur where the implementation of Community Activity Restrictions (PPKM) has profoundly affected micro, small, and medium-sized businesses (MSMEs). This policy's impact results in a decrease in demand for goods and services, a decrease in sales, and ultimately a decline in the income of MSMEs. On the other hand, they provide new opportunities for survival and development through adaptation to digital transformation, specifically through marketplace participation or selling and marketing their products digitally via e-commerce platforms. Villages are adapting to digital transformation through online MSME platforms and Banyuwangi-Mall.com, a local digital platform connected to other digital platform corporations. In this case, the intervention of digital technology into Banyuwangi village through the 'Smart Kampung' serves as a case study for examining the process of developing a new digital-based rural economic community. Specifically, it functions to ascertain changes in the structure of rural MSMEs (Micro, Small and Medium Enterprises) and their impact on their ability to improve their quality of life.

Second, how does this new economic community fit into the Gemeinschaft-Gesellschaft dichotomy? Considering that change in rural communities in the digital era cannot be detached from connectivity, interactivity, and access elements (Kyungwon Koh, 2015), this study provides new insights regarding the rural economic community towards a digital society based on this case. This research also provides a new perspective on the social relationship of farmers with capital owners and how digital platform corporations contribute to the rural economy's development.

METHODS

The study conducted in-depth interviews with participants to better understand rural digital transformation through detailed investigations into individual experiences therefore this research is considered more qualitative than other types of research, therefore the research is deemed to be more qualitative than other types of research. Case studies are used to assess the rural economic community's change. The case study research design is an empirical examination that delves deeply

into a contemporary phenomenon and its real-world environment, mainly when the borders between phenomenon and context are not readily apparent. (Yin, 2009). The data collection consists of primary and secondary data. Primary data was gathered through in-depth interviews, interactive observations, and focus group discussions (FGD). The outputs of focus groups were subjectively reviewed and understood as planned dialogues by predetermined techniques (Kitzinger, 1995). Secondary data collection was acquired through a literature study. The accompanying documentation analysis includes laws, government regulations, regional regulations, regent's decrees, online media documents, etc. The study involved 50 informants, including community leaders, religious leaders, young people, non-governmental organizations (NGOs), and government institutions. The informants were chosen using the snowballing technique to collect the relevant information and complete the data. The snowball technique selected informants to gather pertinent information and meet the data. The snowball model collected data from those who expressed an interest and generated valuable data (Creswell 2014; Phelan 2011). The data collection process was divided into two phases: November 20, 2019, and October 25, 2020. It was carried out in Tamansari Village, Licin District, Ketapang Village, Kalipuro District. Banyuwangi Regency, East Java

THEORETICAL FRAMEWORK

Gemeinschaft and Gesellschaft

According to many studies, digital transformation has altered practically every aspect of village life (Stolterman & Fors, 2004; Verhoef et al., 2021; Morze & Strutynska, 2021). Both in terms of social structure and cultural values or in private households at the local, state, and federal levels. This alteration had a profound effect on the village's characteristics. From a sociological perspective, Boeke (1971) said that the village is a legal prefix to the indigenous people that develop naturally in society and has a traditional base. Additionally, the village is a legal entity where a community in power (competent authority) has its government (Wiradi, 1988). In economic terms, rural communities' livelihood structure is always related to the agricultural sector, which encompasses all economic activities in the agricultural (farm) and non-agricultural (non-farm) sectors. Three critical elements contribute to the characteristics of rural communities' economic activity: (1) social infrastructure, (2) social structure, and (3) supra-structure social relations (Dharmawan, 2007). This feature is also found in rural areas around forests in Banyuwangi (see Nurrochmat et al., 2017). In a broader form, Tonnies (1887) describes characteristics as a homogeneous organic social unit with moral cohesion based on religious values. Its social interactions tend to be modest or called '*Gemeinschaft.'*

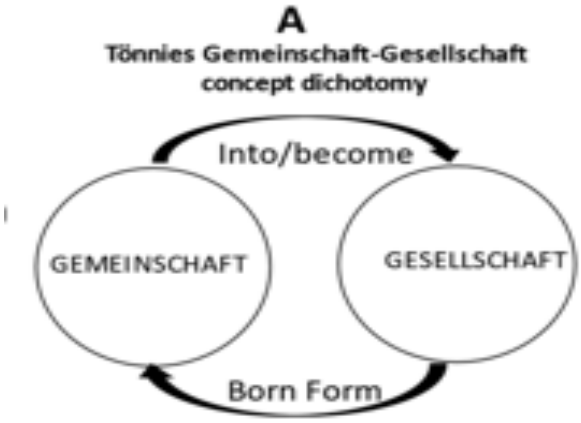

Figure 1 Tonnies Gemeinschaft-Gesellschaft Dichotomy

Ferdinand Tonnies' concept of society inspired the idea of a Neue *Gemeinschaft*. He developed the concept in his book '*Gemeinschaft und Gesellschaft'* (Tönnies, 1925). He introduced them as analytical categories that he found helpful in examining the distinctions between the many types of rural peasant civilizations that underwent the industrial revolution. According to Tonnies, *Gemeinschaft* comprises personal social ties and interactions governed by traditional social laws, resulting in a cooperative social structure. There are personal kinds of social contact, such as shared values and views organized around an appreciation for personal relationships. He argues that these

relationships and social links are motivated by emotion and feeling (*wesenwille*) and a sense of moral obligation toward others. They are prevalent in rural, small-scale, and homogeneous communities. By contrast, *Gesellschaft*, or society, comprises impersonal and indirect social ties and interactions that are not always face-to-face (in the current situation, they can be carried out via telegram, telephone, in written form, through a chain of command, and others). The links and interactions that define a *Gesellschaft* are governed by formal ideals and beliefs influenced by logic and efficiency and economic, political, and self-interest or rational will (*kürwille*) (Crossman, 2019). The difference between the two can be seen in Table 1.

Table 1 The Rural Characteristic of Gemeinschaft-Gesellschaft

Gemeinschaft	***Gesellschaft***
Wessenwille (organic will)	Kurwille (rational will)
Community	Society
Mechanical Solidarity	Organic Solidarity
Homogenous	Heterogenous
Togetherness, strong ties, communal relations	Weak ties relationships, individualism
Simple	Complex
Traditional	Modern
Weak division oflabourr	Strong division oflabourr
Trust	Law
Spontaneous	Formal
Consensus	Contractual
Rural	Urban

Source; (Tönnies 1925; Britannica Encyclopedia, 2020; Pradinie, 2018; Waters dan Waters, 2015).

In the discussion on the dichotomy of *Gemeinschaft* and *Gesellschaft*, the *Gemeinschaft* society's development is considered a process of slow change towards a *Gesellschaft* (Gram-Hanssen, 2000). Aldous sees *Gesellschaft* as a society born out of *Gemeinschaft* (Fig. 1). On the other hand, Asplund (1991) says that these two concepts should be seen as a whole, where *Gesellschaft* cannot exist without *Gemeinschaft*. (Gram-Hanssen, 2000). That means that modern society will never become a complete *Gesellschaft* or *Gemeinschaft* without a *Gesellschaft*. Both are present and connected at the same place and time. The concept of *Gemeinschaft-Gesellschaft* has also been used by Weber in his writings' Economy and Society' (1921), where Weber sees *Gemeinschaft* as rooted in the subjective-affective or traditional feeling, while *Gesellschaft* is rooted in rational action. Weber later modified it into a German term with *'Vergemeinshaftung und VeGesellschaftung'* (Waters & Waters, 2015). Meanwhile, Durkheim interpreted *Gemeinschaft-Gesellschaft* into a community organization called *mechanical solidarity* and *organic solidarity*.

In The political context, the term *Gesellschaft* by Hobsbawm is considered a form of fictitious improvement of the quality of the *Gemeinschaft*. It refers to identity politics used to tie back group identities in society (Hobsbawm, 1996). In the context of the state, Aldous analogizes *Gemeinschaft* as a communal form of association or 'communist' and *Gesellschaft* as a 'socialist' form of society. According to him, socialists were born from communism because *Gesellschaft* was born from *Gemeinschaft*. Furthermore, this dichotomy initiates other rural-urban characteristics such as; traditional-modern, clean-dirty air, orderly-disorganized atmosphere, or safe-unsafe society (Haferkamp & Smelser, 1992). Apart from that, the continuum theory also emphasizes the rural-urban differences rather than the rural-urban dichotomy. Villages and towns cannot be seen as mere dichotomous entities; they are related but distinct from one another (Johnson & Fuguitt, 2000; Sjoberg & Redfield, 1956)

Finally, Brint (2001) finds that this community research could not generalize human social organization. As a result, the study of society has virtually vanished from contemporary sociological scholarship. Brint critiques Tonnies for making conceptual distinctions between *Gemeinschaft* and *Gesellschaft* that are frequently unrelated. An obvious flaw in this approach is that these traits do not always coincide on one side of the conceptual divide, and common ways of life do not necessarily imply common beliefs. A small population does not necessarily imply a common way of life. An ongoing relationship does not require emotional attachment. Therefore, Brint offers an alternative by considering the interaction of rituals, social networks, and social capital as a new structure in the community (Brint, 2001). He then gave five subtypes of a community consisting of (1) collective communal, (2) Community of place, (3) elective community, (4) imaginary community, and (5) virtual community. Meanwhile, Gläser (2001) also proposed a subtype of community, based on the similarity

of social order and consisted of (1) producing community, (2) practicing community, (3) social movement, and (4) traditional community.

Additionally, the concept of community evolved into a more diversified one. For instance, Castell introduces the idea of a networked society. The phrase "network society" was proposed in 1981 by Stein Braten, a Norwegian sociologist and social psychologist. He envisions a networked information and communication technology-enabled civilization. In his book, Van D, Dijk (1991) coined 'The Network Society,' Manuel Castells followed suit in 1996 with The Rise of the Network Society. According to Van Dijk, networks are generated by the structure of individuals, organizations, and communities.

Meanwhile, Castell perfected the term network society as a socially structured society with activities regulated by microelectronic-based information networks (Castells, 2005). The network society is organized around novel concepts of space and time, which he frequently refers to as the space of flows' and 'timeless-times.' A network society possesses three characteristics: (1) adaptability, (2) scalability, and (3) survival. This new concept does not supersede the previous one; rather, it coexists and becomes a component of the network society's cultural expression (Castells & Cardoso, 2005). Thus, the geographical variables that characterize the Gemeinschaft concepts are no longer valid. According to Castell, place and time become increasingly irrelevant to social activity due to these fundamental societal changes.

Meanwhile, scholars such as Bourdieu, Putnam, Coleman, and Granovetter have identified a value such as trust, norms, trust, and networks as social capital which also forms the characteristics of rural communities. Bourdieu, for example, uses the values of similarity of interests as symbolic capital. In the current digital era, social capital has become a form of digital capital. Regneda (2020) stated that digital capital accumulates digital competence and technology. In other words, digital capital is a prerequisite for the formation of a network society. In measuring the digital capabilities of rural communities in Banyuwangi, it is known that 95.83% of villagers have internet access, and 69.58% have internet-based devices (Mazya & Kolopaking, 2021). That indicates that the social interactions of rural communities have changed and thus their characteristics.

Thus, digital technology disrupts the *Gemeinschaft* concept. They facilitate the village's characteristics with internet-based communication and information technology to form new network-rural communities as the 'intermediate' community. The differentiation of social ties in groups, communities, or groups formed in the village is immediately transferred to a new room called 'cyber' or virtual space. Starting from family groups, playmate groups, school groups, business groups, citizen or "arisan groups," and others. The social relationships created around this interest do not undergo a semantic transition but rather a spatial transfer to a virtual realm. The form of cohesiveness created from the sense of extinction has been constrained by distance and time. With the new space on social media, the extension's purpose is getting stronger because there is no long-distance, time, or physical presence. Here, virtual networks become the village's new social structure. Mechanical solidarity strengthened by digital networks becomes a new form of mechanical solidarity. Likewise, the digital-based *Gemeinschaft* becomes a new community that fills the void of the village-city dichotomous space or *Gemeinschaft-Gesellschaft*. That space is *'a neue Gemeinschaft'*.

This concept of community underpins the understanding of the emergence of an economic community in rural regions due to digital corporations that massively infiltrate the village. In a trade agreement, "economic community" refers to a collection of individuals or countries established to work toward a common purpose (both national and international). Additionally, the "economic community" is defined as an organization that enables product flow across groupings or member countries by establishing similar economic regulations. The ASEAN Economic Community (AEC) is one of the global economic groupings. The AEC is an economic integration whose goals are the free movement of goods, services, investment, skilled workers, and more unrestrained movement of capital (Ishikawa, 2021). Indonesia is one of the member countries of the AEC.

As part of the economic community, Micro, Small, and Medium-Sized Enterprises (MSMEs) are critical tools for promoting economic prosperity and independence in Southeast Asia and sustaining the regional economy during the AEC era. That is because MSMEs are the primary drivers of the domestic economy, accounting for 60.3 percent of Indonesia's total Gross Domestic Product in 2017, employing 97 percent of the workforce and accounting for 99 percent of total employment (The Ministry of Cooperatives and SMEs 2020). MSMEs' strategic role in the AEC is to assist in resolving unemployment issues, revitalizing industrial areas, demonstrating strong resilience in the face of crises,

and significantly contributing to GDP and economic growth. MSMEs are community-based economic empowerment activities.

Technological Determinist Corporate

Among the most compelling narratives on technological determinism is that technology can increase welfare (Veblen, 1899; Ghiurcă, 2019) and is a significant cause of social change (Smith & Marx, 1994). Meanwhile, on the other hand, technological determinism states that technology gives birth to society's culture. On the one hand, cultural values that develop in the community encourage the dawn of technology. Still, on the other hand, culture is often considered to hinder the process of technology penetration. From the social determinant, culture produce the theory of Social Construction of Technology (SCOT) (Pinch & Bijker, 1984), which sees that the social construction shapes technology. At the same time, determinism technology said that in the end, it is the communication equipment that will shape and affect our lives (McCluhan, 1964). As is the case today, the globalization of the internet of things has become the basis of communication. It has become a new way to shape one's identity and social awareness (Levin, 2014). Digital technology, ICT can shape the behavior of its users (Salehan et al., 2018). In this way, access to information will automatically lead to social change as deterministic information. (Natale et al., 2019).

Digital platforms, which today dominate the global trading market, can be considered the determinist technology. Still, it is called corporate determinist technology in the context of corporations. This idea was put forward by Natale (Natale et al., 2019), which analyses how deterministic narratives are approved as a form of corporate group discourse to achieve its goals, including the corporate public image. According to Natale, the determinism of corporate technology tends to present a narrative of technology as a corporate agency and the individual founder or CEO. It does not necessarily rely on technology determinism as the only cause or effect of the presence of the technology. For example, Steve Jobs and Apple, where when people mention Apple, Jobs' name is often attached. In other words, this deterministic corporate technology is a concept that makes digital technology a means, goal, or shaper of culture or welfare and carries the corporate narrative, including the individual founders, as part of the technology. In Indonesia, Nadiem Makarim is highly attached to the Gojek platform because it has provided many jobs to the village. Even in Banyuwangi, in the Rantang Kasih program, the local government has collaborated with Gojek to provide food and medical assistance for the elderly. The digital business development accelerated rapidly, and Gojek managed to get a Unicorn award with a valuation of more than 1 billion US dollars. For his achievements, the Indonesian Government appointed him as the youngest Minister of Education representing millennials today.

Digital Platform in Rural Areas

The term "digital transformation" refers to societal changes caused by digital technology. (Karaboğa et al., 2021; Agarwal et al., 2010). The concept of digitization has penetrated the village, and it is rare to see individuals without it. However, the level of digitization is not the same, as there is still a need for more investment in rural areas by the Government. The increasing exploitation of digital technology affects the institutional system, namely reducing the traditional job system;, however, it can create new job opportunities (Manyika et al., 2017). Among these new job opportunities is the emergence of online commerce offered by digital platforms. According to the United Nations conference on trade, the digital platform can create new opportunities for companies to engage in the trading business. They can have advantages in terms of relatively low consumer prices, flexibility in providing online services, transaction efficiency with lower costs, and information system support, and they can increase market access more competitively (Karaboğa et al., 2021). Moreover, today, most industries operate on these platforms, where the platform owner is the market power that gets the most economic benefits.

Smartphones and other portable digital platforms allow mobility, connectivity, and interactivity. It can also correctly communicate information, allow multi-actor interaction, and foster community (Srivastava, 2005; Caballé et al., 2010). Several types of digital platforms are commonly recognized, including the following: 1) a transactional platform that acts as an intermediary between sellers and buyers; 2) communication platforms such as WhatsApp, Line, and Telegram; 3) social media platforms such as Facebook, Instagram, and others; 4) payment platforms such as OVO, Dana, and Gopay; 5) participatory platforms that encourage customers to participate in product development and

delivery of new services actively; and 6) the Government's public service platform facilitates the delivery of government services.

In Indonesia, four major platforms have achieved the Unicorn: Gojek, Tokopedia, Traveloka, and Bukalapak. In 2020, the OVO and Shopee platforms will be added again. Platforms have also entered the countryside. The Gojek platform provides online transportation services, Traveloka for tourists and travelers, Tokopedia and Bukalapak as online store service providers, and OVO as an online money service provider instead of cash. Other giant platforms that cannot be separated from digital technology tools are search engines Google, Amazon, Alibaba, social media, Facebook, Instagram, WhatsUp communication media, etc. These platforms shape social, economic, cultural, and organizational networks, creating a digital society (Castells, 2011). A platform is a media that brings together product service providers and customers. Gojek, for example, connects a motorcycle taxi driver with tenant services or Tokopedia with buyers and sellers of goods in its application. The platform itself is defined as technological devices that combine services or content and, both have advantages from both parties as their respective users. Compared to those who do not use digital technology facilities, such as Amazon vs physical book publishers, between Opal (ojek base) vs Gojek ride-hailing; or between shopping in a muddy, hot, and far market vs shopping at Tokopedia, Lazada, or Shopee. 'All you have to do is click. Then the goods will be delivered to your doorstep'.

Mobile platforms, particularly as a transaction and communication platform, play an essential role in rural areas, where they are particularly prevalent (Kolopaking, 2012). Mobile platforms can provide features or functions that help farmers overcome distance barriers by utilizing mobile connectivity and increasing farmers' access to public and private information. It also connects buyers and sellers, facilitates local Government and agricultural data collection, and improves access to financial services, among other things (Ye & Yang, 2020). Now, residents of the village have access to this facility as well. Their communication devices, on average, already include the digital platforms mentioned above, except the Gojek transportation platform, which has yet to expand into many mountainous areas. However, many are found along coastlines. In coastal villages, fishers who have converted to ornamental fish and coral fishers typically sell their products outside their village via social media platforms. Many of the enthusiasts are international. In mountain villages, most activities are related to tourism, with bookings for tourism, lodging, and transportation services conducted online through collaboration with digital platforms such as Traveloka, Tiket.com, OYO, and other platforms.

Digital Platform and MSMEs

Since the COVID-19 pandemic, more people have to stay at home due to the need to maintain distance. The government implements Large-Scale Social Restrictions (Pembatasan Sosial Berskala Besar, PSBB) to avoid virus transmission. That pandemic caused major economic shocks throughout the world, including Indonesia, where economic growth reached minus 0.74% in the first quarter of 2021 (BPS, 2020). The heaviest blow was felt by small business actors and those under them, especially business groups in the food and beverage sector. That condition makes people's purchasing power decline, and many companies go out of business. As a result, many employees are fired. Not only the economic sector but the education sector is also affected. Students are required to study at home with an online learning system. However, the rationale for this pandemic has forced parents who were previously unable to use digital technology devices to use them very quickly to accompany their children to study at home. Several corporate e-learning platforms are used in education, such as Google Classroom, Zoom Cloud Meeting, Teacher Room, WhatsApp Group, etc. Such conditions also apply in the village. Due to the necessity of social and physical distancing (Large-Scale Social Restrictions-PSPB) during the COVID-19 pandemic, creative innovations have emerged from various platforms to provide the best service needs. Creative innovations have also emerged from households and small-medium industries (MSMEs) to survive during the crisis and take advantage of digital platform services. The digital technology-internet has a significant impact on the MSMEs sector. In addition, the internet allows MSMEs to expand and grow more quickly. (Brown et al., 2011) At the same time, the internet (digital platform) will cut the cost of advertising and expand the market reach.

University of Indonesia study shows the massive use of digital platforms during the pandemic. In Indonesia, the 'Go-jek' and 'Grab' platforms are the most commonly used to facilitate their business marketing networks. 'Go-food' as part of the Gojek features is the most widely used service besides 'Go-send' and 'Go-jek'/'Go-car,' especially during the COVID-19 outbreak. The most frequently used platforms include the Gojek platform (93%). The most commonly used features include Gofood

(65%), Go-Pay (68%), Pay later (57%), and the rest Go-send (36%). Meanwhile, the most widely used e-commerce platforms during the pandemic were Tokopedia (147,8M which ranked the highest after Shopee (126,10M), followed by Bukalapak (29,46M) and Lazda (24.4M) (Figure 2). The community has exploited these venues because information flow knows neither time nor geographical limits. Rural communities are now accustomed to these platforms' online buying and selling systems.

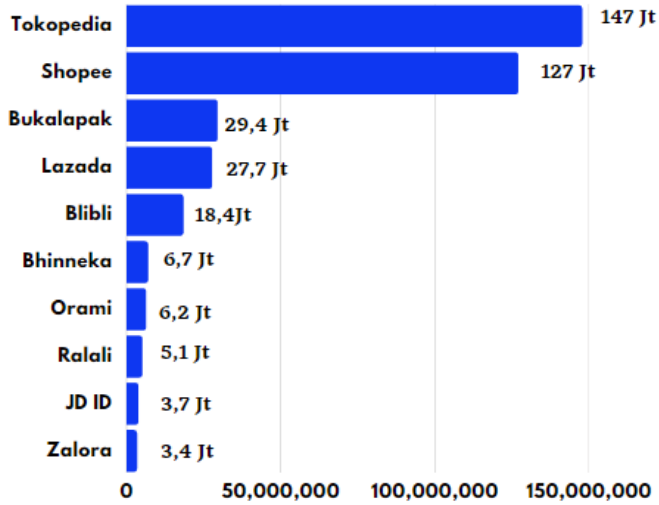

Figure 2. 10 e-Commerce with most visitors 2021
Source: Katadata.co.id, 2021

In Banyuwangi, the most extensive use of the platform is on the 'Bukalapak' platform. Based on data from the Banyuwangi district government in 2019, on the Bukalapak platform, there were 15,000 Banyuwangi community accounts, both as sellers, MSMEs, and buyers. Sixty percent of the total number of accounts were MSMEs member accounts (Banyuwangikab.go.id, 2020). MSMEs have an essential role in the economy of Indonesia. MSMEs have 99.99% of the total business actors in Indonesia or 56.54 million units (Iswoyo et al., 2019;. Kemenkoekuin, 2021). BUMDes (Village Owned Enterprises.) is in charge of village MSME institutions. MSME is an economic unit that is capable of surviving economic downturns. According to the Central Statistics Agency data, the number of MSMEs did not decline following the 1997-1998 economic crisis; instead, they increased, eventually employing 85 million to 107 million workers by 2012. (Central Statistics Agency data, 2021)

Due to the pandemic and the desire to stay at home, MSMEs in the home sector have grown fast. The internet and digital platforms like Gojek and Gosend have ordered and got things straight at home. Similarly, the MSME sector, notably food demands, existed during the covid epidemic.

Before introducing digital technology into villages, MSMEs remained conventional and sectoral. However, due to the village's digital transformation, MSMEs now have access to a digital platform and expand their market to cities and international countries. That, undoubtedly, has a beneficial effect on the sustainability of rural communities' well-being. A comparison of BPS (2015) and Bappeda (2019) shows that the number of MSMEs business actors in Banyuwangi has climbed from 269,267 to 10,572,000. If we look at MSMEs' component structure and range, at least three aspects have changed before and after digital transformation (Table 2).

Table 2 Components and Outreach of MSMEs Before and After Digital Transformation in Banyuwangi

MSME Institutional Aspect	Attribute	Digital Transformation Before 2016	Digital Transformation After 2016
Strategy	Distribution & marketing	Not optimal Local Exhibition From mouth to mouth or *gethok tular* Open stall at home Selling around, on the street. Pamphlets/Brochures	Connected with a digital platform Social media: Facebook WhatsApp *Gethok tular* facilitated by Memes E-Commerce, sell online.
	Product development	Unattractive packaging Often unfinished product	Marketing is more attractive and varied Already many finished products
Access	Market information and raw materials	Limited, difficult	Accessible and wide through the internet
	Bank loan/capital	Inaccessible	Online Bank EDC online agency
	Credit institution	High interest	Online loans
Management quality	Payment system	Cash or credit Buyer and seller meet directly	Cashless: Mobile banking Internet banking Ovo Fund Link Aja, etc

These changes in the rural economic community can be seen from that shift in the institutional aspects of MSMEs, which have implications for new community formations: a rural digital-based economy community. In the next chapter, the discussion is divided into two parts; the first is related to *Digital Driven Rural Transformation in Banyuwangi*. This discussion explains the relationship between rural transformation and the entry of digital platform corporations into villages and the impact on the social structure of society, in the form of, among others, *Rural Disruption, Increasing the Digital Capability and Reducing Digital Divide, Rural MSME Community, Strategy; New Market places for MSME on social media, "Gethok Tular "Online; New Ways of Trading, Access to Capital, Market Information, and Raw Materials and Management Quality*. The second discussion is about *Changes in Rural Rationality* which refers to the *formation of Neue-Gemeinschaft and Its Implications* in Economic Society.

RESULTS AND DISCUSSION

Digital Driven Rural Transformation in Banyuwangi.

Digital transformation in rural areas is currently a strategic trend in accelerating village development. Various studies related to transformation are investigated from multiple perspectives. (Chanias et al., 2019; Liu & Fu, 2019; The World Bank, 2006; Higgins & Roper, 2013). Digital technology is said to change many things, including changing traditional work traditions and creating new jobs (Dijmărescu & Ionescu, 2021)(Dijmărescu & Ionescu, 2021). In Banyuwangi, the digital transformation delivered by the regional leader, Abdullah Azwar Anas, has shown significant changes with the increasing use of digital technology devices in the village. The research results show that 95.83% of the people have access to 4G-speed internet. "Nowadays, almost everyone in the village, both mothers and fathers, owns a digital device. Children frequently interchange these devices with their parents. Although most devices owned are still ordinary cellphones, a significant number also own Smartphones." (RS/Male/2019)

Before the digital transformation took place, Banyuwangi was once known as the city of witchcraft, backward and inaccessible by transportation. However, when the government issued Law Number 6 of 2014 concerning villages, regional leaders did not waste the opportunity to innovate to create digital-based villages, where villages could have the autonomy to build their information and communication

services. The local government then provides a platform for transforming people's mindsets into more open and digitally-oriented through the Banyuwangi Digital Society (B-diso). The government's objective for B-diso is to build a community of youthful influencers to propagate the digital attitude throughout society. Also, the government innovates the Smart Kampung program at the village level, which provides online services. All government activities and agencies' activities are conducted in this manner, as the government system has begun to go online from public services, health, education, population, tourism, and others. The government then integrates the service system into a point of contact called the Public Service Mall, Known as Mall Pelayanan Publik (MPP).

Thus, residents who need services no longer have to visit multiple offices. It is sufficient for this single agency to provide all types of services, including the benefit of opening a business license. Now residents in the mountains can access the internet with the reasonably good network quality. In this village, people who have access to the internet have reached 95.8 per cent in the mountains and coastal villages. The rest use tablets or laptops as well as non-Android devices. The internet's introduction into the village has connected it to the outside world. Villages can market their natural tourism potential to international markets. As a result, tourist arrivals increased significantly. The circumstance has a beneficial effect on the economic well-being of its citizens. The Gross Regional Domestic Product (GRDP) of Banyuwangi increased 115.4 per cent to approximately Rp. 69.9 trillion in 2018. Regional original revenue increased by 15 billion rupiash to 37 billion rupiash in 2018, up from 22 billion rupiahs in 2017. This increase was driven by the tourism industry, contributing 10.3 per cent to gross domestic product (GDP) since 2016 (Banyuwangikab.go.id, 2020).

Rural Disruption

Significant changes have occurred in highland villages due to the village's digital intervention. Digital transformation entered both villages concurrently in a borderless and timeless manner, allowing mountainous villages to access opportunities on a par with or greater than those available to coastal villages. This change occurred when the settlement became the site of the international bicycle race 'Tour de Ijen,' which was hosted in the village. The route taken on this tour activity intentionally goes past tourist hotspots. Along the way, cultural attractions such as dances, ethnic music, regional specialities, and handicrafts are developed to promote regional economic growth and diversity. The impact of the Tour de Ijen attraction, for example, was also felt by people who passed the race route. Dewi, for instance, stated that she could sell 200 bottles of ginger syrup and Banyuwangi-style ginger each day at the cost of 5,000 rupiahs per bottle The profit is four times the daily sales volume, merely 50 bottles.

Similarly, handicraft makers saw an increase in sales compared to regular days. Even souvenir t-shirt vendors in Banyuwangi reported a rise of three to fifteen million rupiahs (Banyuwangikab.go.id, 2020). Since then, mountain communities have become more open with the advent of digital tools. The flow of communication and information technology has disrupted the coast's role as a gateway for goods, information, and services. Thereby, the nickname of the beach as an open village is no longer valid.

Increasing the Digital Capability and Reducing Digital Divide

Rural communities are becoming more digitally capable as technology forces residents to access online public service information. Second, adequate digital infrastructure support and access network facilities, even by people living in mountainous areas. Thirdly, the variety of digital device ownership contributes to this factor. According to observations and interviews, there are two distinct groups regarding digital device owner traveller's village: the first category is parents consisting of those who primarily use non-Android devices; second, Smartphones are primarily used by young people and government employees.

Rural people's lifestyles and daily lives are increasingly linked to their gadgets. According to the field data, there are already 69.20 percent smartphone users in Tamansari Village and 65.80 per cent in Ketapang Village. Individual internet usage has also surpassed 50 per cent, reaching 77.50 per cent in Tamansari and 61.30 per cent in Ketapang. Although around 30.4 per cent of households continue to use traditional cellular telephone lines, households no longer have fixed-line communication lines or landline telephones. With the high number of digital device users in rural areas, on the one hand, their reliance on digital devices is increasing. On the other hand, this circumstance demonstrates that the village has successfully reduced the digital divide.

Rural MSME Community

MSMEs are one of the community empowerment initiatives that the government encourages to be maximized. As a result, the government assists MSMEs with their service needs, ranging from technical assistance to mentoring and business consulting. Thereby an online MSME clinic indipreneur is used, as well as SMS Gateway and online licensing services that stimulate the business world's acceleration (Imaniar & Wahyudiono, 2019). The government promotes the growth of MSMEs by incorporating tourism and digital technology into the promotional event. As a result, in 2015, the local cooperative service innovated to promote MSMEs online through the Online Marketing Program (MOL). The local government then finalized this concept in collaboration with the Bank to assist MSMEs in marketing their micro, small, and medium-sized business products and local tours via "Banyuwangi-Mall.com." As a marketplace, Banyuwangi-Mall.com can significantly enhance the MSME sector. Apart from serving as a medium of communication and promotion for locally manufactured goods by SMEs, it also increases market share. MSMEs have benefited from the mall, including online sales, market research, sourcing raw materials, and finding work partners. Thus, national and international recognition can be accorded to indigenous MSME products. At the mall's inception in 2016, there were only 31 MSMEs. However, it had a beneficial effect on transaction value, which increased to fifty-one million rupiahs with 200 transactions. The number of MSMEs that went online until 2019 was 40.000 MSMEs.

Research shows that MSMEs can significantly contribute to gross domestic product (GDP). MSMEs contributed up to 57.8 percent of GDP in Indonesia in 2018. Additionally, they could absorb up to 97 percent of total employment (99 percent) (Katadata.co.id, 2021). Meanwhile, MSMEs grew the economy in East Java Province by 57.52 percent from 12.1 million MSMEs in 2019, and in Banyuwangi Regency, MSMEs contribute to an increase in GRDP up to 5.15%. MSMEs provide a foundation for the community to grow and develop independently by playing a critical role in the village's economic development. Therefore, the local government in 2017 established the Banyuwangi Regency MSME Forum to support MSME products that are marketed both locally and internationally.

Indonesia currently has 64,194,057 micros, small and medium-sized enterprises. As much as 269.615 or 0.42 percent of these are in Banyuwangi. Of the total MSMEs in Banyuwangi, 5%, or 13,422 units, are located in Kalipuro District, while 2.5 percent, or 6,650 units, are located in Licin District. This figure encompasses numerous facets of business units (Table 3).

Table 3 Number of MSMEs and Labour in Kalipuro and Licit Districts, Banyuwangi

DESCRIPTION OF SECTOR	Kalipuro district		Licin district	
	MSME	Number of Labor	MSME	Number of Labo
Transportation	386	531	87	108
Processing industry	1390	1464	233	542
Service	1067	1853	334	569
Finance	6	25	75	231
Construction	6	24	39	107
Trade, hotel/restaurant	3839	6191	1274	2137
Mining-Mining	97	126	20	41
Agriculture	6631	9032	4588	6864
Amount	13422	19246	6650	10599

Source; Survey of SMEs R & D Regional Development Planning Agency Banyuwangi, 2012

As indicated in the table, agriculture continues to be the dominant sector in both villages. Following that are commercial enterprises, hotels, and restaurants. At the same time, financial services and construction businesses take up the smallest percentage of space. In Kalipuro Regency, agricultural MSMEs account for 49.40 percent of all MSMEs, followed by trade, hotel, and restaurant MSMEs at 28.60 percent. While in Licin District, agriculture is even more important, accounting for 68.99 percent of global production, followed by the trade, hotel, and restaurant sector at 19.16 percent. Meanwhile, *"In this village, the MSME sector is mostly culinary food, followed by the agribusiness sector, household crafts and tourism services and all of this has been performing by digital marketing, ...certainly through the Facebook.". (FGD forum).*

Tamansari Village has 24 MSMEs and 15 MSMEs creative product houses such as Nut brittle, banana chips, and coffee. The aspect of MSMEs service includes homestays and tourist admission passes.

Meanwhile, Ketapang Village is home to 118 food and beverage establishments, 55 wood and furniture establishments, and non-metallic mining establishments (41 units). It contains one public market, 218 businesses, 29 drug stalls, eight stalls, and four minimarkets. Additionally, it has seven hotels, two inns, and eleven restaurants/cafés (BPS Banyuwangi, 2018). The distinction between the two villages demonstrates unequivocally that Ketapang village has a more diverse MSME development than Tamansari village. Tamansari is located in a mountainous area that is still difficult to access via public transportation. However, coffee growing has resulted in the Ijen and Tamansari coffee brands being sold. Tourist admission fees have risen to 20.53 percent, or 5.4 million visits, from barely 1.5 percent in 2013. The village earns an average of $100 million every year from the proceeds of the ticket charge. Since 2016, villages have been the major contributor to PAD, accounting for 10.3 percent. This increase occurred when digital technology entered the hamlet and connected it to the internet, recognizing the village's tourism potential and attracting many visitors.

Strategy: New Marketplaces for MSME on Social Media

Marketing strategy is one way for businesses that produce goods or services to achieve sustainable competitive advantage. That can be considered one of the fundamentals of developing a thorough business plan. According to (Kotler & Armstrong, 2018), A marketing channel is a group of companies that work together to make a product or service available for use or consumption. Each of these channels contributes to disseminating information, promotion, negotiation, payment, or the exercise of property rights (Kotler & Armstrong, 2018). That occurs as a result of producers' inability to conduct direct marketing. Numerous SMEs in the village are also affected by this condition. They are capable of manufacturing but not marketing their products. According to the interviews, residents who started businesses initially distributed their products by walking around the village. Some sell their wares from their terraces. Several of them deposit it at a neighbor's business.

> *"The biggest shop in this village used to be only a grocery store. There was no mini market. Selling food was only for people around the village because those who bought it were the same. There was no innovative food, pizza, or modern food. Because the village still closed and unreachable by transportation..." (HD/Male/2019)*

Additionally, some rent several outlets in several shops; however, it has been discovered that many cannot survive for an extended period because sales cannot support the cost of renting outlets. Another way to do this is to participate in exhibitions, but only on significant days in the village. Meanwhile, pamphlets and brochures are rarely distributed in the village. This distribution and marketing pattern undergo a cultural shift when digital transformation occurs. Previously conducted through traditional channels, the distribution and marketing of goods are now conducted directly through online channels. It can be accomplished via a business website, social media, or a marketplace.

Similarly, those who shop have shifted to an online model. However, distribution and direct marketing are carried out in the village with free social media platforms like Facebook and WhatsApp. Residents must have personal media on their smartphones through applications or platforms already installed on them, such as Facebook, WhatsApp, or Instagram. Numerous individuals share content for public consumption via social media.

There are now at least three MSME actors in the coffee business sector in the mountain village. They sell coffee directly to consumers, either offline through home-based shops or online through the online trading platforms' Tokopedia' and 'Bukalapak.' Because of the many visitors to this tourist village on Mount Ijen, this coffee sale generates a good amount of revenue. Local coffee Ijen is a popular souvenir among travelers. Ijen coffee is one of the coffee products from this village that has gained national recognition through digital platforms. Meanwhile, there are already banana chip business actors in coastal villages who can also export their products to Timor Leste. They sell it via social media platforms such as Facebook. Thereby, social media Facebook has become a popular platform among SMSE actors in promoting their products digitally. (Fig.3).

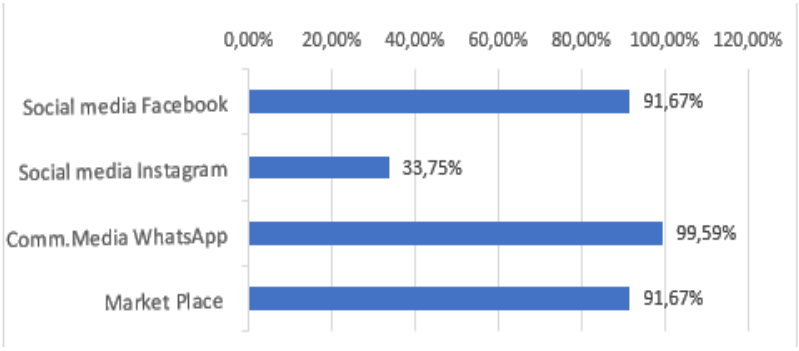

Figure 3 The village's most frequently used digital platform

This statement is consistent with the field data, revealing that Facebook is the most frequently used social media platform, followed by WhatsApp in media communication and the marketplace. In this case, tourism, as the core of Banyuwangi's economic development, contributes to the community's multiplier effect, particularly for rural residents. This tourism is critical to the local economy's survival. Residents have a growing sense of innovation and creativity to generate income due to increasing tourists. The relationship between tourism as the core of the regional economy and the increase in village MSMEs can be described in Fig.4.

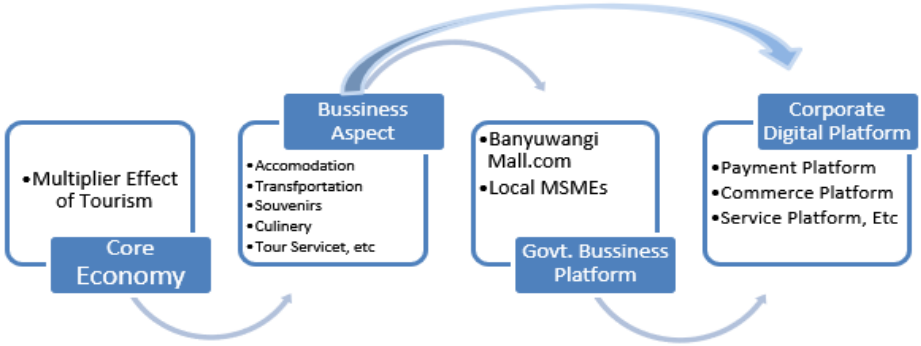

Figure 4 The Relationship Between Tourism and SMEs in Improving Rural Economy

"*Gethok Tular* "Online; New Ways of Trading

Village communities use one of the marketing methods in marketing their products through '*Gethok Tular*.' *Gethok Tular* is a local wisdom's way of communication, that is by word of mouth. This can disseminate information and chain messages. Now that villages have access to digital technology, *Gethok Tular* messages are delivered online via their communication devices (information sharing). Banyuwangi regional leaders also employ the *Gethok Tular* system as their regional tourism marketing strategies (marketing to MSMEs). Why is this strategy being used? Because, as the regional leader, Regent Anas believes that the communicable *Gethok tular* can help reduce the budget for tourism marketing and promotion costs. He adheres to an unusual tenet: 'Not promoting is the best promotion' (Azwar, 2019). He accomplishes this by utilizing *Gethok Tular*' as his digital free marketing system. According to him, in the current industry 4.0, everyone who comes to Banyuwangi uses smartphones. They use it in addition to communicating and self-actualize to social media through self-portraits (selfies), which are then uploaded to their social media either on Facebook, Instagram, or WhatsApp. According to Anas, this is an effective marketing strategy because, in addition to uploading, visitors will share their experiences in Banyuwangi with friends, relatives, and colleagues. Anas dubbed this strategy *'Gethok Tular*.' They assist in marketing it not through word of mouth, which has a limited reach, but through gadget to gadget, which can reach foreign countries. In other words, *Gethok Tular* serves as an endorser and a customer.

Access to Capital, Market Information, and Raw Materials

Raw materials are components of the finished product that manufacturing companies obtain through local purchases, imports, or processing. Numerous factors impede the growth of MSMEs, including a lack of capital coupled with insufficient management skills. Even when business demand increases

due to a lack of funds, it is frequently impossible to meet that demand due to a lack of information about financing procedures and the inability to submit funding proposals. Additionally, this condition impedes product development, lowering consumer purchasing power. The village's findings revealed several barriers to MSMEs accessing capital financial institutions, including the following: 1) Many rural communities have little bank accounts. That is also due to the absence of bank institutions in rural areas or their remoteness, making them difficult to access. 2) Applying for bank loans is frequently challenging, with complex and time-consuming requirements. Additionally, the procedure is quite complicated, and it is not always straightforward to meet all requirements. (Weyforth & Nurkse, 1955). Numerous small entrepreneurs and MSMEs require these documents, but many small businesses lack them due to this impediment. 3) Small businesses usually require a large amount of capital to run their business, but often they find it difficult to repay loans within a certain period. Not to mention, every bank loan requires collateral. Many small entrepreneurs do not have assets to be used as collateral (Dhurup et al., 2014).

Since the introduction of digital technology in the village, the local government has begun to address these constraints by providing consulting services to online MSMEs related to PT. Telkom indipreneur MSME clinics online and by implementing SMS Gateway and online licensing services that stimulate the business world (Imaniar & Wahyudiono, 2019). The Government is also developing MSMEs through the Online Marketing Program (MOL) for MSME actors to promote online at Banyuwangi-Mall.com. The government also provides capital assistance to MSMEs by depositing funds directly into the accounts of business actors. Providing this assistance encourages small business actors to open bank accounts and be integrated online. Now that online bank EDC agents have entered the village, and so have online lending institutions such as Fintech. In other words, digital technology facilitates the development of MSMEs, and one could argue that MSMEs in villages are now online.

Management Quality

The FGD discussions also revealed issues with the quality of MSME management in the village, including human resources, product competitiveness, technological mastery, and business organization. Since the emergence of digital technology in villages, improvements in the quality of human resources have been observed; by strengthening citizens' abilities to access and operate digital devices, they can distribute and market their products online through digital platforms. Coffee is one of the agricultural MSME products produced in the village of the Ijen mountains. At the same time, banana chips are found in the coastal village. Most village business actors are members of the Village Owned Enterprises (BUMDes) institution. BUMDes acts as a mentor, trainer, and business manager for MSMEs. BUMDes and students with Actual Work Lectures Programs (KKN) also assist village communities and business actors BUMDes through the collaboration between BUMDes and students. Coffee prices are adjusted to market conditions, and product packaging, beginning with labels and logos, is evaluated to attract buyers. Farmers no longer sell their coffee by grain due to this training. They can now process coffee from drying, storage, and roasting to the point where it can be made into drinks similar to those in city cafes. They also taught them how to market digitally. That increases their technological mastery, human resource, and product competitiveness. Mountain coffee shops are now as popular as city cafés.

Change of Rural Rationality

Before the village was introduced to digital technology, patron-client relationships were a common feature of the community's social structure (Satria, 2015). Farmers are approaching a critical point in sustaining their livelihoods through farming. Farmers sometimes rely on networks or institutions outside their families to meet their subsistence needs, such as family, relatives, and neighbours, until it manifests networks or institutions that act as emotional buffers in farmers' lives during economic downturns. This network provides farmers with subsistence resources and establishes a reciprocal relationship known as client patron (Scott, 1978). This patron-client relationship is based on knowing each other, trusting each other, meeting each other Face to Face, but the relationship model is vertical solidarity (Lande, 1983). In exchange for the client selling his harvest products to the patron, the patron provides protection, capital loans, and everything else the client requires subjectively. According to Duncanson & Popkin (1980), this is an act of patron exploitation of the farmer, but Scott (1978) views it as the farmer acting rationally to save his life. The chosen action is a moral one that prioritizes safety over anything else, as life is on the verge of extinction. This relationship endured for

an extended period until institutionalized and was disrupted by introducing digital technology and the internet to the village. The disruption caused by digital technology has altered numerous aspects of village life, including the patron-client relationship system. Through their ability to access information and conduct business online, farmer-fisher can eventually reduce their reliance on patrons.

Market mechanism relations are, in general, commercial relationships between producers, distributors, and consumers; similarly, farmers and capital owners also employed a patron-client relationship. Historically, coffee farmers had difficulty selling their crops because coffee was always available in every household in that village. However, with the advent of digital technology, the association has shifted. Technological disruption is a novel economic system where producers connect directly with consumers via digital platforms. The villagers have developed a habit of drinking coffee each morning and evening.

Furthermore, we will always be served coffee whenever we visit a resident. As a result, they are forced to sell coffee to intermediaries or collectors. Naturally, this is detrimental to farmers, as the collectors have determined the price, and they are powerless to change it. When the Industrial 4.0 era arrived in the village, the village's economic productivity structure shifted. Farmers no longer sell it in the form of coffee beans but ready-to-eat packaging, thereby increasing the value of their coffee. They can then set a price and sell the item directly online. Its market reach is even broader than competitors' because regional boundaries do not constrain it. Now, coffee producers market their coffee directly to consumers via digital platforms. In this case, farmers who previously acted rationally to ensure the security of their subsistence have shifted into a new mode of rationality due to technological disruption that reduces their reliance on patrons, intermediaries, or agents. Farmers-fishers and MSME business actors can thus develop independently.

Implication: a *Neue Gemeinschaft* in Economic Community

As is known, the rural community of Tamansari lives in the highlands around the Ijen mountains. Before entering the internet, this village was very closed and unreachable, in stark contrast to Ketapang Village, located in the crowded seaport. The homogeneous community components have a solid attachment for social relations in gatherings, meetings, harvestings, etc. There is still a tradition of mutual assistance in building houses, celebrating, cultivating agricultural land, mourning or marriage, in this village. They call it the term 'Sambatan or splice.' Meanwhile, residents who help their neighbours during a celebration are called 'Peladen or servers.' At the level of solidarity that institutionalizes and revives the village, Tjondronegoro (1984) calls it sodality. Tonnies calls it a community or *Gemeinschaft*, and Durkheim calls it a form of mechanical solidarity. (Kamenka, 1965; Gram-Hanssen, 2000(Gram-Hanssen, 2000); Aldous et al., 1972).

Furthermore, the community in Ketapang Village is more open because it is one of the characteristics of coastal communities (Satria, 2015). Therefore, this village is more likely to have *Gesellschaft* characteristics. However, social networks formed from kinship, family, communities, and friendships contribute significantly to creating complex and dynamic public spaces.

The digital transformation in the countryside accompanies what Tonnies calls a society about social networks (Korom, 2015). Digital technology has become a means to connect and regulate its activities through microelectronic-based information networks (Stark & Castells, 1997). The social changes that humans strive for will affect technology. On the other hand, technology also affects the culture of the people. Social changes influenced by digital technology form new values in society (Bagchi et al., 2003; Prieger & Hu, 2008; Griffith & Rubera, 2014); Castells calls it a network society or now known as a digital society. In Tonnies' perspective, it might be called 'a *Neue Gemeinschaft*'.

Tonnies' Gemeinschaft can be compared to rural economic communities (in this case, SMEs). Previously, local MSMEs were comparable to other MSMEs. They offer comparable products, have insufficient financial systems, and have a limited market reach due to their proximity to neighbouring villages. These characters exemplify the concept of Gemeinschaft Tonnies (Table 1). When the village undergoes a digital transformation, all information flows into the village and is accompanied by various platform offerings such as human assistance applications, including platforms that have evolved into integrated components of our smartphones' features. As a result, we enter the digital world when we use it. We are a subsidiary of a large digital platform corporation in that world. Tonnies refers to this as a *Gesellschaft*. As a result, when digital transformation enters the village, it creates a new economic community between the non-digital financial community and the digital

platform corporations. Economically, this community is referred to as a *Neue Gemeinschaft*. The difference between the three can be seen in Table 4.

Table 4 Differences in Economic Community in the Tonnies's Perspective

Aspect	Non-Digital MSMEs (*Gemeinschaft*)	MSMEs Digital (a *Neue Gemeinschaft*)	Digital Platforms (*Gesellschaft*)
General	Community, economic institution	Community, digital-based monetary institution	Digital corporation
	The bookkeeping system is not standardized; it has still mixed with personal money	Digital bookkeeping application platform available	Management by a digital system
	Homogeneous product	Product variation	Variative
Access	Limited capital	Available online credit platform, Fintech	Unlimited access
	Limited access to Bank	Online banking	Easy access
	Limited time to transaction	Timeless can buy and sell anytime	Timeless can purchase and sell anytime
Management	Not clear	Not clear	Formal, clear
Status	Do not have a business license	Business licenses can be obtained online through online public services	Have a business license
Financial Resources	Moneylender, Middleman	Break the chain of moneylenders, direct transactions with consumers	Banks, Fintech
Payment System	Cash	Cash on Delivery (COD)	Cashless
Transaction System	Face to face, traditional	e-commerce, online	e-Commerce, online
Value	Trust, moral peasant	Virtual formal	Like and dislike
Locus	The location of economic transactions is not fixed and can move around	The transaction location is generally in the village but can be anywhere, without limits	Location anywhere, borderless

Source:(The Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises; Tönnies,1925; Fauzi & Sheng, 2020; Mazya & Kolopaking, 2021) processed.

Indeed, digital marketing in the village is currently limited to free digital services, specifically social media applications like Facebook and WhatsApp. Therefore, the village head also assists in local marketing products through the village's website pages. Meanwhile, the provincial government encourages local MSMEs to go online through Banyuwangi-Mall.com. According to Banyuwangikab. go id (2021), the number of MSME business actors in Banyuwangi reached 296,000 in 2020 and was already digital-based. These MSMEs in Banyuwangi can support 485 homestays, 750 restaurants, 58 tourist destinations, 68 travel agents, and thousands of other small and medium-sized businesses in Banyuwangi (Imaniar and Wahyudiono 2019).

The local online mall then synergized with digital platform corporations, including Gojek and bukalapak (fig 4). At the beginning of the transformation, there were already 40 thousand MSME in Banyuwangi that went online. Meanwhile, approximately 15 thousand registered Banyuwangi citizen accounts on the Bukalapak platform, both as direct business actors and resellers. MSME entrepreneurs hold 60% of these accounts (Banyuwangikab.go.id). Furthermore, the government collaborates with banks and other cashless financial platforms such as Dana, OVO, and Gopay to facilitate the payment system for these business transactions. Gofood, a Gojek platform, is widely regarded as the most capable of accommodating residents' culinary businesses. Culinary traders and MSMEs in Banyuwangi can leverage the Gofood facility to expand their product marketing. Over 200 culinary merchants have joined the platform to date. The differences in economic community in Tonnie's perspective can be seen in Table 4.

This new community's most distinguishing feature is the concentration of MSMEs in small villages. However, the internet has made it possible for communities to perform cross-border commerce. Social solidarity is fostered in this new economic community via virtual networks, including WhatsApp groups that establish a digital or virtual community around shared interests. This digital network connects businesses with consumers, other companies, associated agencies, and the general public via a digital community group such as WhatsApp or Facebook. The community is then connected to a local marketplace (Banyuwangi-Mall.com), and the mall becomes the operational hub for creative ho the Banyuwangi-Mall.com as a local marketplace. *"Online marketing has become a mandatory*

requirement for enhancing the competitiveness of MSMEs, and the Banyuwangi-Mall.com marketplace features a variety of Banyuwangi local products and services" (Azwar, 2019). Although a cashless payment system is already in place, most e-commerce transactions in this system are made using the Cash on Delivery technique. The lack of financial services and the fact that few locals have bank accounts led to using a COD payment method, and it also connects them to digital corporation platforms like Tokopedia, Shopee, Bukalapak, etc. Because of this, dealers and buyers can still meet in person. The COD is also a place for consumers to express their dissatisfaction with the terms of the previously agreed-upon transactions. A digital platform usually has agreement or transaction guidelines found on its site. All buyers have to do is click "ok" when they agree to these terms. These values, therefore, are virtual formalities.

Additionally, this new economic society emphasizes management and organizational systems largely unlicensed, low-capital, and reliant on Fintech platforms for finance. Although community engagement and communication systems are entirely digital, they maintain a familial focus. The illustration demonstrates that the village has transformed. In the Tonnies' perspective of *Gemeinschaft-Gesellschaft*, the relationship between small and medium-sized business groups and digital platforms can be summarized (fig.5).

The illustration depicts the relationship between the rural (*Gemeinschaft*) and urban (*Gesellschaft*) communities (side A). In this concept, the relationship between *Gemeinschaft* and *Gesellschaft* devolves into a dichotomy of rural-urban, traditional-modern, clean air pollution, etc. An in-depth discussion about who became what (*Gemeinschaft* into Gesselscaft) and who was born from what (*Gesellschaft* was born from *Gemeinschaft*) was also included in this (Gram-Hanssen, 2000); (Aldous et al., 1972); (Asplund, 1991);(Eriksson, 2005);(Hobsbawm, 1996). The idea of a *Neue Gemeinschaft* envisions a new community capable of bridging the two opposed relationships. It bridges the chasm between *Gemeinschaft* and *Gesellschaft*. Rather than that, it becomes ingrained in each of these concepts.

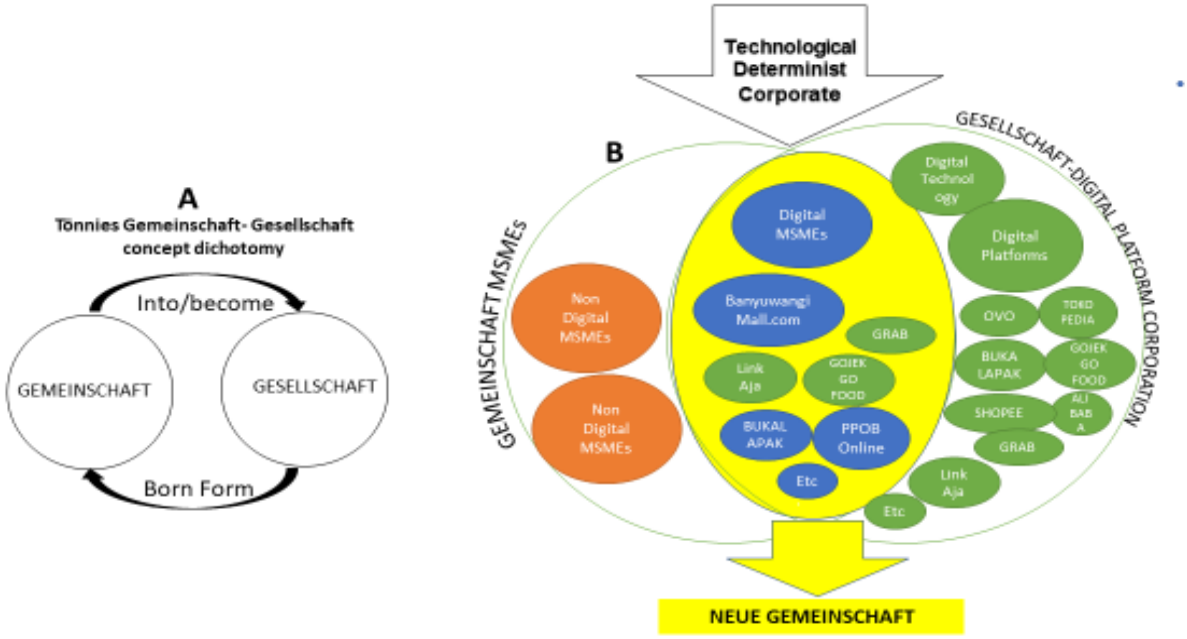

Figure 5 The Digital Transformation Created a New Economic Community, a *Neue Gemeinschaft*

Figure 5 shows a group of traditional MSMEs that have not benefited from digital technology (side B). They may include senior members of the parent group who lack access to digital technology. This group traditionally markets their goods by walking around the village or selling them in front of homes. The transaction system is still manual, and the product packaging is frequently unsightly due to its improvised origins. When digital transformation is implemented in a village, all information is continuously ingested.

Additionally, various digital platforms provide various benefits to MSMEs and villages. Digital corporations that enter the market via devices and applications make it initially difficult for citizens to interact with them. However, people have grown accustomed to using a variety of digital platforms on their devices over time. Since the village gained access to information, the community is now more

open, already connected to foreign networks. Additionally, MSME actors can sell their products online more widely.

Meanwhile, most MSMEs in urban areas represented by the Gesellschaft group are already digital. Similarly, their transaction system is no longer based on cash. A deterministic digital corporation explores villages and alters rural communities' social and cultural structures. The local government assists by developing a local marketplace, namely Banyuwangi Mall.com, and local MSMEs have embraced digital technology. However, not all MSMEs operate digitally, and not all business transactions are cashless. They conduct e-commerce in this community, but payment is made in cash or by COD.

Furthermore, although they operate a borderless network, their geographical location remains rural. As a result, this community becomes distinct from the Gemeinschaft and Gesellschaft characters. This community effectively filled the void created by the two and established a new community known as a Neue Gemeinschaft.

CONCLUSION

Rural digital transformation implemented by the Banyuwangi district government through online public services has significantly impacted rural communities' lives, especially in the economic sector through MSMEs that have developed to be digital-based. Thus, it can improve the quality of people's lives. The findings indicate an improvement in the quality of human resources, particularly in villagers' digital capabilities. This digital capability is bolstered by almost 70% of the population owning a digital device. Thus, the digital divide is reduced. The quality of human resources dedicated to digital capabilities also shifted farmers' rationales away from complete reliance on intermediaries and toward self-marketing online. Due to borderless and timeless digital transformation, mountain villages can gradually improve and equalize with coastal villages.

The use of digital technology enables the community market's reach to be expanded globally. People are instantly connected to the company's vast network of digital platforms. That is because deterministic digital corporations explore villages and alter the collective behaviour, social and cultural structure. However, that is not the case. The village character is still strong, and there are several issues, such as access to banking services, which is critical for small enterprises to trade online.

Additionally, the limitations of digital literacy pose a barrier to business actors organizing and managing their operations. As a result, people continue to rely on free social media platforms such as Facebook. In some ways, digitization is centred on digital marketing in this economic society.

The lack of social determination with the government's Smart Kampung program means that people have difficulty accessing information beneficial for their own lives. This condition makes people face the next gap of digital inequality. Second, the Government must take more seriously expanding bank facilities to provide mobile financial platform services. Therefore, people who can access mobile money services can save, borrow, and exchange monetary values via cellphones to support MSMEs, as Africa has done with the M-Pesa concept (Jack & Suri, 2011;Jerop Komen, 2016).

Finally, as the theoretical novelty of this study, A Neue Gemeinschaft becomes a new type of community that fills the space of the rural-urban continuum with its characteristics.

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