

Building Authenticity of Agricultural Results through SMEs in Era of CAFTA and MEA

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Abstract: *Indonesia is one of the countries that has high biodiversity. Biodiversity especially agricultural products can be utilized to improve the economic level of the community. In line with that, the government seeks to improve the welfare of the community, one of the empowerment strategies is to empower the Small and Medium Enterprises (SMEs). The purpose of this study was to analyze natural resources in the form of biodiversity and non-biodiversity as well as the potential of SMEs, analyze the role of SME guidance on community economic empowerment and develop SME strategy development. This study was conducted using quantitative methods, data was obtained through interviews, primary data, Focused Group Discussions and was formulated to make the credible data. Data analysis using descriptive qualitative with the stages of data reduction, data presentation and drawing conclusions. The study found that the potential of natural resources as raw material for SMEs was very much available (> 300%), the role of guidance carried out by the government was maximized with the discovery of 5 coaching strategies, namely facilitation of training, equipment, capital, product legality, promotion / marketing and coaching strategies Environmental-based SMEs towards community economic empowerment is to build from 5 strategies into 7 strategies, namely facilitation of business legality and facilitation of providing raw materials.*

Keywords: biodiversity, agriculture, typical, SME

1. Introduction

Indonesia is one of the countries that has high biodiversity. This makes Indonesia a Mega biodiversity country with Brazil and Zaire [1, 2, 3]. Indonesia which has an area of about 5, 193, 250 km² or 1.3% of the land area on earth. Nevertheless species diversity in Indonesia is very high [4]

In Indonesia there are 8, 500 species of fish, 1, 533 species of birds, 35 species of primates, 600 species of reptiles and 270 species of amphibians, 38, 000 species of plants. In addition, Indonesia has the greatest diversity of species of butterflies, parrots, palms and endemic plants and animals [5, 6, 7].

Biodiversity and its ecosystem have an important position and role for life. Especially the diversity of agricultural crops [8]. Indonesian agricultural plants are very diverse and have distinctiveness in each region. An example of this plant diversity is the diversity of food crops, where the main food crop source of carbohydrates in Indonesia is rice. The diversity of white rice varieties in Indonesia has around 91 rice varieties [9].

Besides rice, other carbohydrate sources are corn and tubers. Tubers such as wild yams in Indonesia are estimated around 59 species that have known distribution, ecology and economic potential. Of these, 18 of them have been cultivated. The 300 cultivated taro varieties that are distinguished by size, shape, color of leaves, stems, tubers, and flowers. Besides that in Indonesia there are also sweet potatoes which consist of several clones including Southern

Quen (27 clones), unguur ungu (West Java clones), putih kali baru (East Java clones), Daya, Jongga, Karya, Kendalpayak putih (East Java clones), edang (West Java clones), Surabaya (4 clones), serdang, and tanjung kait. The diversity of fruit trees in Indonesia has around 592 types of fruit plants [10].

The diversity of agricultural crops will produce a unique product according to the place of growth. Even though Indonesia has a high crop diversity, it has not been able to improve the welfare of the community [11]. This is partly due to previous programs such as the green revolution which led to higher dependence on external products. In addition, it also reduces the independence of farmers in managing local seeds so that over time it will cause erosion of biodiversity [12].

On the other hand in the era leading up to this Asian free market, imported agricultural products continued to flood the Indonesian market. These imported products such as fruits from Thailand, America, beefs from Australia, rice from Thailand and various other types of agricultural products that can actually be cultivated in Indonesia.

In view of this, efforts need to be made to protect local biodiversity, create food security while at the same time increasing the welfare of the community. These three efforts can be achieved; one of the strategies is to synergize various potential biodiversity that has specific characteristics to rural community-based business units, such as Small and Medium Enterprises (SMEs). In addition, there is a need for a network between these various business units in a wider scope such as the sub-district, district / city, provincial and national levels.

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Medium-sized businesses have proven to be able to survive and continue to develop when the economic crisis hit Indonesia around 1998. In terms of employment, economic activities based on small and medium enterprises absorbed 99.45% of the workforce in Indonesia. In the range of 2000-2003, small businesses were able to absorb a workforce of 7.4 million. While medium-sized businesses can absorb 1.2 million people. While large-scale businesses are only able to absorb a workforce of 55, 760 people [13].

Pacitan Regency is one of the regencies in the southern part of East Java. The geographical conditions are mostly in the form of hills. This condition makes Pacitan Regency has a variety of unique hill biodiversity that has the potential to be a superior product while becoming a characteristic of this region. At present, the well-known biodiversity products in this region are sweet Pacitan oranges. These products are actually one of the potentials in empowering populist-based businesses such as SME. The purpose of this study was to analyze natural resources in the form of biodiversity and non-biodiversity as well as the potential of SMEs, analyze the role of SME guidance on community economic empowerment and develop SME strategy development.

2. Method

The method of writing in this journal is by direct observation, study of literature on the biological richness that exists in Indonesia, especially food crops in Pacitan Regency and the implementation of the SME program as a place for rural economy in Pacitan Regency. Then analyzed the potential of SMIs as an economic strategy introducing the superiority and distinctiveness of local agricultural products, especially in Pacitan Regency [14].

3. Results and Discussion

3.1 Agricultural Crop Diversity in Pacitan Regency as a Capital of Sovereignty, Independence, Resilience and Food Safety.

Indonesia is one of the countries that has high biodiversity, who have an important position and role for life, especially food crops. Send feedback History Saved Community. Own food based on the Food Law. Chapter I General Provisions No. 1 is everything that comes from biological resources of agricultural, plantation, forestry, fisheries, livestock, water and water products, both processed and unprocessed which are intended as food or beverages for human consumption, including food additives, food raw materials, and other materials used in the process of preparing, processing and / or making food or drinks.

The diversity of food crops is the basic capital in building sovereignty, independence, resilience and food security.

- Food Sovereignty is the right of the state and nation that independently determines food policies that guarantee the right to food for the people and which gives the community the right to determine a food system that is in accordance

with the potential of local resources (Law on Food. Chapter I General Provisions No 2).

- Food Independence is the ability of the state and nation to produce a wide variety of food from within the country that can guarantee the fulfillment of sufficient food needs at the individual level by utilizing the potential of natural, human, social, economic and local wisdom in a dignified manner (Invite About Food Chapter I General Provisions No. 3)
- Food Security is a condition for the fulfillment of food for the state to individuals, which is reflected in the availability of sufficient food, both in quantity and quality, safe, diverse, nutritious, equitable and affordable and does not conflict with the religion, beliefs, and culture of society. Healthy, active, and productive life in a sustainable manner (Law on Food. Chapter I General Provisions No. 4)
- Food Safety is the condition and effort needed to prevent food from the possibility of biological, chemical and other objects that can disturb, harm and endanger human health and do not conflict with the religion, beliefs and culture of the community so that it is safe for consumption (Invite About Food Chapter I General Provisions No. 1).

Sovereignty, independence, security and food security in general are equated with rice self-sufficiency. In terms of food, the agricultural sector plays a very important role. Various results of agricultural activities for food, also related to biodiversity and culture in Indonesia. In the history of every ethnic group in Indonesia has knowledge in managing food crops. The diversity of food crops includes the main food crops producing carbohydrates, fruits, vegetables, industrial plants, plantation crops, livestock products and fisheries [10].

The diversity of major carbohydrate-producing food plants, especially rice, Indonesia has various types of superior local rice varieties that are spread across various regions in Indonesia. The diversity of local grains includes black rice, black rice and white rice. Black Rice is black pigmented rice. This black rice contains anthocyanin which functions as an antioxidant [15]. For the diversity of Indonesian red rice, it is also diverse, red rice itself is red pigmented rice which has the advantage of having important minerals [16]. While the diversity of white rice varieties from the collection of the Agricultural Research and Development Agency, Ministry of Agriculture, there are about 91 rice varieties [9].

In addition to rice, the main food sources that can be used for rice substitution are tubers, corn and others. There are less than 59 species of wild yam types of tuber. In addition there are 300 taro varieties, some sweet potato varieties [10].

The diversity of fruit trees in Indonesia has around 592 types of fruit plants [10]. Fruit is a source of vitamins and fiber. Indonesian fruits are types of tropical fruit gain much demand by the world community; however Indonesia still imports a lot of fruits that actually exist in Indonesia such as imports of durian, longans, oranges, dragon fruit and others. Indonesian vegetables also vary. Vegetable centers in Indonesia are highlands such as Mount Tengger in East Java, Dieng in Wonosobo and Karo in North Sumatra.

Pacitan Regency with geographical conditions in the form of hills has distinctive agricultural products. Some of these agricultural products have been known in various regions and some are not yet known. The product from Pacitan which is famous and carries the name of the Regency of Pacitan is Pacitan Sweet Orange (*Citrus sinensis*) is one of the most popular types of sweet oranges in Indonesia. Pacitan has the sweetest taste before ripe so it is called "baby orange". Pacitan sweet oranges ideally grow in cool temperate regions with a height of 500 meters on cool air region with an altitude of 500 meters above sea level up to 1, 000 asl.

Whereas the other agricultural products of the Regency of Pacitan are rice, corn, cassava soybeans, bananas, mango, jackfruit, large chili, coconut, cloves, cocoa, tobacco, vanilla and pepper coffee. In addition to agricultural products, Pacitan Regency is also a producer of processed agricultural

goods that contributes greatly to the original income of the Pacitan Regency. In 2014 the sales of the superior commodity of Pacitan Regency amounted to 688 billion with details of agricultural products as follows [17].

- Wood processing industry with sales turnover of 347.8 billion
- Coconut sugar industry with a sales turnover of 50.88 billion
- Batik industry with sales turnover of 12.66 billion
- Processed cassava with turnover of superior commodity sales of 2.14 billion
- Other processed industries such as processed land, processed food, other woven food, creative industries in 2014, and turnover of sales of this commodity amounted to 250.74 billion.

Table 1: Agricultural products in Pacitan Regency in 2013

Commodity	Production (ton)	Area (acre)	Productivity (100 kg/acre)	Varieties	Location
Rice	170, 257	36, 584	50.13	IR 64 and Pepe	Pacitan, Tegalombo, Kebonagung, Arjosari, Nawangan, Ngadirojo, Tulakan, Bandar and Sudimoro District
Corn	107, 449	21, 339	50.35	Hybrid	Sub-regency Tegalombo, Punung, Ngadirojo, Nawangan, dan Bandar
Soybean	4, 155	3, 849	10.80	Black Soybean	Sub-regency Pacitan, Ngadirojo, Arjosari, Tegalombo, Punung, Donorojo and Punung District
Cassava	564, 430	29, 852	189.08	-	Sub-regency Tegalombo, Bandar, Nawangan, - Punung, Sudimoro and Pringkuku District
Banana	37, 185	1, 085, 603 tree	0.34 Kw/tree		Sub-regency Ngadirojo, Pringkuku, Nawangan, Pacitan and Donorojo
Mango	6, 081	135, 148 tree	0.45 Kw/tree		Sub-regency Ngadirojo, Pringkuku, Arjosari, Tegalombo, Punung and Donorojo District
Jack Fruit	3, 938	86, 595 tree	0.45 Kw/tree		Sub-regency Bandar, Arjosari, Pringkuku, Nawangan and Kebonagung District
Cabe besar	3, 437	945	36.37		Bandar, Tegalombo, Nawangan, Pacitan, and Ngadirojo District
Coconut	20, 830.74	24, 671	n.a		n.a
Clove	599.76	8, 060	n.a		n.a
Cacao	162.64	24, 671	n.a		n.a
Coffee	400, 624	2, 110	n.a		n.a
Tobacco	9, 356	250	n.a		n.a
Vanilla	20, 105	98	n.a		n.a
pepper	5.445	203	n.a		n.a

Source: Regional Development Planning Board of East Java Province, 2013).

3.2 The Role of SME in Improving Community Welfare and Conservation of Agricultural Plants

Based on the Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises, it is stated "Micro-enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria. Small-scale businesses are productive economic activities that stand alone, by an individual or business entity that is not a subsidiary or not a branch of a company that is owned, controlled, or becomes part of either directly or indirectly from a Medium or Large Business that meets the criteria of a Small Business. Medium Enterprises are productive economic businesses that are independent,

carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Small or Large Businesses with a total net worth or annual sales proceeds ".

In the national economy the role of micro, small and medium enterprises is undoubted. This was evident when the monetary crisis hit Indonesia which caused the sluggishness of large businesses but micro, small and medium enterprises persisted. According to Partomo (2004) in the era of free markets and increasingly fierce global competition is one of the threats for SMEs with the increasing number of goods and services entering from outside. Therefore, it is necessary to develop

and develop SME as part of a very strategic people's economy.

Considering the importance for the economic community so that Pacitan District government issued the Pacitan District Regulation No. 8 of 2013 About Empowerment and Protection of Micro, Small and Medium Enterprises. In the Regional Regulations it states that Empowerment and protection of Micro, Small and Medium Enterprises can be done in the form of:

1. Capital facilities;
2. Support for ease of obtaining raw materials and supporting facilities in the production process;
3. Education and training to improve managerial skills and production as well as other types of education and training that can support the empowerment and protection of Micro, Small and Medium Enterprises;
4. Involvement in trade fairs to expand market access;
5. Involvement in the process of procurement of goods and services carried out by government agencies;
6. Growing business climate that supports the development of Micro, Small and Medium Enterprises;
7. Development and development of Micro, Small and Medium Enterprises; and
8. Facilitation of IPR.

SME in the wheel of the rural economy has an important position to protect village resources and the economy of rural communities from the owners of capital. Although in business capital the SME will be unable to compete with the business managed by the owners of capital [18]. At present, the number of SMIs in Pacitan Regency continues to increase, because of the role of the Regional Government through the **Taspenindag** District Office to always support the growth of SMEs in Pacitan Regency, training coaching, including SME to participate in various events and giving Working capital against SME through revolving funds. The development of micro-scale businesses is directed at increasing business capacity and business management skills, so that it becomes a more independent, sustainable business unit that is ready to grow and compete. In addition, a business culture and entrepreneurship were developed, especially among the young workforce, through training, consulting and counseling, and business partnerships. In 2016, the number of SMEs in Pacitan Regency was 22, 198 units [17].

3.3 Strategy Scheme in Building Regional Authenticity based on Biodiversity

Although in Pacitan Regency the number of SME continues to increase, however, the existing SMEs are still constrained by several problems. One of the problems is the Lack of SME product innovation and the lack of optimal cooperation network between business actors and other business actors in order to increase the competitiveness of SMEs. Constraints of not yet optimal SME products can be overcome by the development of local products where the SME is located. This is because agricultural products in each region in Indonesia have high diversity and each place has its own specifications [19]. The specifications and peculiarities of this product can be developed and managed by each SME as a

form of product innovation while raising the potential of the region [20].

In Indonesia, each region produces products that are diverse; each product is different from one region to another according to the Eco-region characteristics of each region, thus agricultural products based on diversity play an important role in characterizing / landmark of an area.

With the existence of SME products of biodiversity, agriculture, livestock and fisheries can be accommodated in these SMIs. The biological wealth after being accommodated in SMIs can be a typical product of an SME. Each SME can build a network with other SMIs so that the excess of the product of an SME can be channeled to other SMIs and the shortcomings of one staple village own enterprises can be overcome by other SMEs.

The peculiarity of these SME products can increase the love of local products so that efforts to maintain or conserve these biodiversity products. This is because without the love of local products it will cause other products to enter which ultimately makes genetic erosion of a local product. An example of a dislike of local products that has an impact on reduced products is the case of snake fruit. Where in Malang, precisely in Swaru Village, Pagelaran Sub-district, there is a type of snake fruit that has a sweet and sour taste with a large size, but because there is no love for this product, many people cut down this snake fruit plant with *pondoh* bark which has a sweet taste with smaller fruit. In addition, this authority can increase tourist visits which want to know the types of local products.

In the implementation of its operations, SMEs can form coordinated networks so that people also feel they have this business unit and their needs can be met as well as defense efforts against the entry of imported products.

4. Conclusion

1. Indonesia's biodiversity was an asset in increasing food self-sufficiency. Besides being an effort to improve community welfare.
2. The SMEs played a role in the conservation of the diversity of local agricultural crops.
3. The SMEs can be managed into a market network that can protect Indonesian products from the free market.
4. In order for SMEs to be more productive to be able to utilize and manage natural resources in the form of biodiversity, government intervention was needed in coaching by building a coaching strategy that includes training, equipment, capital, product legality, business legality, promotion or marketing and facilitation of raw materials that can involving the community.

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