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Cycle System of Product Industrial Activities as Local Wisdom Strategy to Achieve Village Self-Sufficiency

Heny Kusdiyanti[1,*] Ita Prihatining Wilujeng[2,] Indra Febrianto[3,] Robby Wijaya[4,] Nur Indah Agustina[5]

[1,2,3,4,5] *Department of Management, Universitas Negeri Malang*
[*]*Corresponding author. Email: heny.kusdiyanti.fe@um.ac.id*

ABSTRACT

This study focusses to analyse the current condition at Kemiri Village which will further develop cycle system of product industrial activity model as a strategy to achieve village self-sufficiency in Kemiri Village. The method used in this study is qualitative approach by using three phases of research. Based on the analysis of the data obtained shows that Kemiri Village has huge potentials in the Human Resource and Natural Resource such as coffee bean and coffee skin, but thus cannot be optimized yet. Cycle System of Product Industrial Activities become one of the social entrepreneurship concepts which can be used to optimize the potential of Kemiri Village and make Housewife Group being more active than before. This strategy focusing on three activities such as rebranding, repackaging, and repositioning which need to achieve village self-sufficiency in Kemiri Village. To optimize the strategy, should be developed the structure team to organize whole industrial activities as a pilot project to be MSMEs. The implementation of Cycle System of Product Industrial Activities success to increase the Housewife Group which has multi-player effect on village self-ruffianly achievement. This study suggests that various parties to participate and take initiative to increase the implementation success of Cycle System of Product Industrial Activities in their environment by examined more government policy which cannot be reach by this study.

Keywords: *cycle system of product industrial activities, kemiri village, MSMEs, social entrepreneurship, self-sufficiency*

1. INTRODUCTION

Local economic development become interesting topic that can be used to achieve village self-sufficiency especially in the border area. Thus, can be done by implementing entrepreneurship activity. It can be proven by the entrepreneurship is one of the important subjects that give significant contribution to Indonesia's economic growth. In 2019, the contribution of MSME's to Indonesia's Gross Domestic Product reached 60.34% [1]. The Chair of the Indonesian Micro, Small and Medium Enterprises Association predicts that the contribution of MSME's will grow by 5% to 65% or around Rp. 2,394.5 trillion in 2020. It can be seen that MSME's contribution have huge impact for improvement of Indonesia's Gross Domestic Product. This is the main reason the success of entrepreneurship will create qualified young businessman who establish MSME's in the future. The role of entrepreneurship also become a vile of economic and societal transformation, is not new in the economic literature.

There are research that have been done in this scope such as [2]–[4] that found entrepreneurship west important thing to be up against intellectually challenging's matters. It also support by the discovery scholarship's treatment of opportunity for entrepreneur as a physically observable objects [5]–[8]. On the one hand, academic research and corporate practice are increasingly addressing the business model as a unit of analysis to understand how to improve the ability to improve financial values [9], [10]. In addition, Three core evolutionary processes (variation, selection, and retention) and four pathways (growth, replication, M&A, and mimicry) with three combination pathways (growth through joint replication, replication with collaborations and M&A, diffusion through acquisition and mimicry) for the diffusion of sustainable business models in the

mass market are identified [11]. But, in other hand the entrepreneurship in the border area is less paid attention [7]. The policies made cannot be felt by entrepreneur in the border area to increase their business. This problem is the beginning of the community in the border area not interested in entrepreneurship. They did not get access to get knowledge about establishing a new enterprise.

If we look more deeply, the enterprises in the border area have a major contribution in the development of community welfare. Enterprises in the border area must be massively developed in order to spread their contribution of community welfare [7]. Based on current condition, social entrepreneurship activity is very important to reduce that social problem in border area. Social entrepreneurship has been describe by a several intellectuals with different domains or themes of interests (Short, Moss, & Lumpkin, 2009). Social entrepreneurship has become a new phenomenon in a country in order to reduce social problems, eradicate poverty communities and to build up the good relationship between entrepreneurs and society [13]. Social entrepreneurs are entrepreneurs who have entrepreneurial activity in a business and have managed not to get a profit as a result of the activities [14]. That is why many social entrepreneurs are needed to build a community in the border area. One of the important elements in social entrepreneurship is cycle system of product industrial activity that can be use to empower community Therefore, this study focusses to analyze the current condition at Kemiri Village which will further develop cycle system of product industrial activity model as a strategy to achieve village self-sufficiency in Kemiri Village.

2. METHOD

This study uses a qualitative approach modified from [15] which is located in Kemiri Village, Malang Regency, East Java. The type of data used is primary data sourced from interviews and observations, as well as secondary data obtained from Kemiri Village Hall. The data collection technique used purposive sampling in order to obtain 8 respondents from the Kemiri Village community as well as the Village Head and Head of the Housewife Group.

The first phase is to analyze the previous strategy and reveal the current condition in the Kemiri Village. The second phase is to develop the matching strategy by using cycle system industrial activity as a solution of current problem in Kemiri Village. The last phase done by implementing the strategy as a role model and pilot project of this model. In this phases researcher also make evaluation from the implementation by interviewing the participants. A semi structured interview involving 8 respondents. The reason why researchers using a semi structured interview is that the interviewer can seek clarification and elaboration of the interviewees' responses and thus encourage further discussion on a particular topic.

3. RESULT AND DISCUSSION

Based on the interview and observation that done in the Kemiri Village shows that it has huge untapped potential, this because there are several problems that can be solved by local community. The identification of its potential and current condition shows below:

Identification of Kemiri Village Potentials and Current Condition

Based on interviews conducted with Mr. Wiyono as the head of Kemiri Village, the yield of coffee beans from community plantations in Kemiri Village for one month reached approximately 300 tons (30,000kg). According to [16] for 100 kg of coffee that is carried out by the depumping process, 56.8 kg of coffee beans and 43.2 kg of coffee skin will be produced or the equivalent of 43.2%. From 30,000 kg of coffee, the amount of coffee husk is 129.6 tons (12,960 kg) of the total weight.

The coffee cherries produced on the Kemiri Village plantation so far have only been used for seeds, so that the coffee skin that has been separated from the seeds becomes waste [17]. Coffee skin or often called cascara is a waste of coffee skin that has been dried. So far, coffee husk waste in Kemiri Village is used as animal feed, even coffee waste is usually thrown away immediately. The fact is that coffee waste has the potential if it is reprocessed into a product because it has a fairly high economic value, has a unique taste and many benefits, including being able to ward off free radicals, protect the stomach, and is good for the skin to make it look firm [18]. One product that is suitable to be made from cascara is teabags because the process is easy and simple.

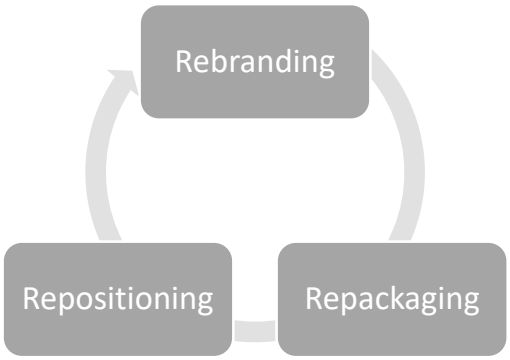
In addition to the coffee husk not being used optimally so that it has high selling power, another problem experienced by the people of Kemiri Village is in the human resources of Kemiri Village, especially the Kemiri Village Housewife Group who are not active in village empowerment activities. Based on interviews conducted with Mrs. Tumiasih as the head of the Housewife Group in Kemiri Village during the initial survey, she said that the Housewife Group in Kemiri Village was inactive and unproductive because there was no routine agenda that was carried out. This problem is reinforced by the lack of synergy between the community to take advantage of the local potential of their village in the form of coffee skin waste. It is necessary to develop an economic system and good entrepreneurial competency training to overcome the existing problems. The Cycle System of Industrial Products based on science and technology by optimizing local resources with the potential of coffee husks is the right solution in

building the economic system of the Kemiri Village community. The Cycle System of Industrial Product is carried out by synergizing the coffee skin business stakeholders such as coffee farmers, production parties, packaging parties, and marketing in maximizing business processes[19].

It is this system and competence that needs to be optimized to be able to support coffee skin SMEs in Kemiri Village by empowering stakeholders in the village, especially the Kemiri Village Housewife Group. The development of the Cycle System of Industrial Products based on science and technology in terms of village business independence is important because first they do not know the business system that maximizes the potential of the village both in terms of Natural and Human Resources, secondly without having this knowledge and competence will make it difficult for MSMEs for tea products made from coffee. Kemiri Village to be consistent and compete on a wide scale with other businesses. The extension techniques used are targeted counselling techniques according to needs, while the materials include: educating the Housewife Group about the Cycle System of Industrial Products based on science and technology and training entrepreneurial competencies such as 3R (Rebranding, Repackaging, Repositioning) based on science and technology on coffee skin tea products that will be run by Housewife Group and stakeholders in Kemiri Village.

Overview of Cycle System of Industrial Product Activity

The Cycle System of Product Industrial initiated by the team is a cycle of production stages by optimizing the potential of Kemiri Village's local resources both in terms of Human Resources and Natural Resources, namely in the form of coffee skins, starting from the process of harvesting coffee skins, producing coffee skins into brewed processed drinks, packaging, marketing, to financial bookkeeping. The system used in realizing the Science and Technology-based Cycle System program in Kemiri Village is by implementing the 3R system (Rebranding, Repackaging, and Repositioning).



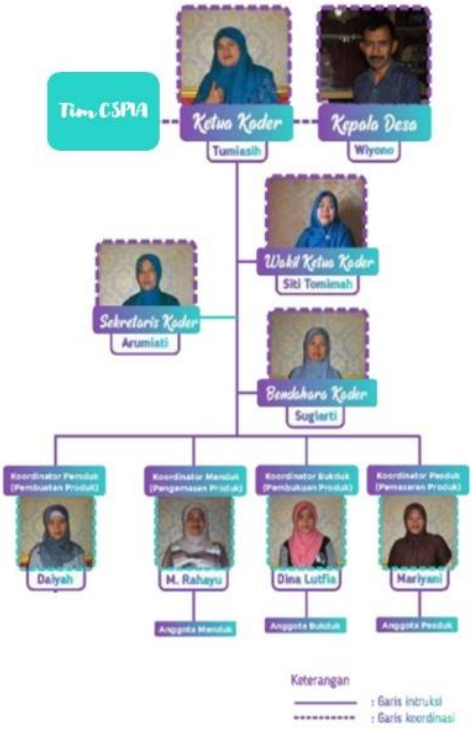
Picture 1. Cycle System Process

The ***rebranding*** process is carried out by making the brand name 'TEKOKO' as a new brand with the aim of being easy to remember, simple, and in the future being able to register trademark rights compared to the previous brand called cascara or the scientific name of the coffee skin itself. The ***Repackaging*** stage is carried out by redesigning the appearance of the packaging to add more complete content (presentation method, composition, production code, PIRT space, product properties, and tagline), adding image and colour icons that better represent the product, and making the product look more visible. more attractive with the selection of a better type of packaging material. The example of this repackaging can be shown below;

Picture 2. Example of repackaging

The last stage is ***Repositioning*** was carried out as a form of strategy to create the image of TEKOKO products in the minds of consumers through information on product advantages, values, and product benefits whose hopes are remembered and attached to the minds of consumers Figure 3 below is the product packaging before and after the 3R system is implemented through the Cycle System of Product Industrial. The process of optimizing local resources in the field of Human Resources (HR) of Kemiri Village as an effort to sustain the program, a core structure of the Cycle System of Product Industrial Activity (CSPIA) of Housewife Group Kemiri Village was compiled which is equipped with core management

(chairman, vice chairman, secretary, and treasurer)., as well as the coordinator of each field.



Picture 3. Structure Team of Cycle System of Product Industrial Activities

This structure is a small part of stakeholder representatives in Kemiri Village which will later be developed again by involving other stakeholders in Kemiri Village so that all potential local Human Resources in Kemiri Village are empowered to increase the sense of program ownership, village potential, so that economic independence is formed. through the establishment of a systematized MSMEs in Kemiri Village.

4. CONCLUSION

Based on analysis above, we can conclude that Kemiri Village has huge potentials in the Human Resource and Natural Resource such as coffee bean and coffee skin. This potential can be optimized by local community to achieve village self-sufficiency in Kemiri. Cycle System of Product Industrial Activities become one of the social entrepreneurship concepts which can be used to optimize the potential of Kemiri Village and make Housewife Group being more active than before. This strategy focusing on three activities such as rebranding, repackaging, and repositioning which need to achieve village self-sufficiency in Kemiri Village. To optimize the strategy, should be developed the structure team to organize whole industrial activities as a pilot project to be MSMEs. The implementation of Cycle System of Product Industrial Activities success to increase the Housewife Group which has multi-player effect on village self-sufficiency achievement.

In addition, this study can be additional reading of material in the implementation of Social Entrepreneur concept by using Cycle System of Product Industrial Activities to overcome social problem in the community. Furthermore, this study can be pioneer of micro small and medium enterprises existence in Indonesia to support growth domestic product improvement. This study suggests that various parties to participate and take initiative to increase the implementation success of Cycle System of Product Industrial Activities in their environment by examined more government policy which cannot be reach by this study.

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