



A Supply Chain Management Model to Develop Entrepreneurial Village: A Case Study in Bedengan, Selorejo Village, Indonesia

Slamet Fauzan¹, Rizky Firmansyah¹(✉), Maskartika Rahmatul Laily¹, and Mohd Rizal Palil²

¹ Universitas Negeri Malang, Malang, Indonesia
rizky.firmansyah.fe@um.ac.id

² Universiti Kebangsaan Malaysia, Bangi, Malaysia

Abstract. This study aims to explore the potential of the tourism village of Bedengan Selorejo, Indonesia to form a sustainable rural economy with entrepreneurship. The research began with investigating the potential and constraints that occurred in the field. Furthermore, the data and information obtained were used as the basis for making a suitable Supply Chain Management scheme to be implemented as a means of achieving effective and efficient entrepreneurship. This research employs a case study approach, data collection used in-depth interviews and documents. The case study approach is used in order to obtain a complete picture of the supply chain management model in building entrepreneurial villages. The finding of this study is that Bedengan, Selorejo Village has a lot of potential in its natural resources, but this potential is not accompanied by entrepreneurial interest and competence. Therefore, the researchers propose a Supply Chain Management scheme which contains four aspects, namely Youths, Land, Competency, and Interest. The proposed scheme will later become a tool to help create an entrepreneurial village. This research was only conducted in one village, so there may be differences in potential, problems, and solutions found in other villages.

Keywords: Supply Chain Management · Entrepreneurship · Village Economy · Entrepreneurial Interest · Sustainable Economy

1 Introduction

In the economic sector, the role of entrepreneurship is intensively explored and studied globally [1, 2], because entrepreneurship is seen as having a major role in economic change and growth in a country [3–6]. Entrepreneurship can also contribute to creating economic efficiency, reducing unemployment, increasing productivity, increasing people's income, and encouraging sustainable economic change [7–11]. Besides entrepreneurship, the current rapid development of information technology also provides benefits in the economic field as an arena to continue to innovate while fully utilized [12, 13]. Therefore, when the use of information technology is combined with

entrepreneurship, it will be a big breakthrough for the economy. This is deemed necessary to achieve prosperity, wellbeing, and a better standard of living. To be able to make this happen, it is necessary to have competence, genuine intentions of the actors accompanied by an entrepreneurial mindset.

Entrepreneurial interest and mindset have become more important in recent times due to the COVID-19 outbreak. Many parties, such as academics, practitioners, and policymakers, encourage to foster an entrepreneurial mindset among the people [14]. The social distancing policy enforced by the government not only closes office and factory operations but also results in employee layoffs. In Indonesia, there are 2.8 million workers who have been directly affected by COVID-19, the data disclosed by the Ministry of Manpower and BPJS Ketenagakerjaan. This causes the number of unemployed to increase significantly in a short time. It is, therefore, included in the list of problems due to the impact of COVID-19 that must be addressed immediately. Many of the employees who lose their jobs eventually choose to return to their respective regions because they have lost their source of income in other cities. This is a serious problem because it has impacted the economy throughout the nation, [15] but it should also be used as a momentum to build a sustainable economy, especially for rural areas that have potential

In Indonesia, the rural economy is often left quite far behind compared to cities even though rural areas have good natural resource potential. This can be proven by the data from the Central Statistics Agency that in March 2019 the number of poor people in rural areas was 15.15 million, while in urban areas it reached 9.99 million. Also, based on the Village Potential Statistics (PODES) there are 83,931 administrative areas at the village level with the category of 14,461 underdeveloped villages (19.17 percent), 55,369 developing villages (73.40%), and 5,606 independent villages (7.43%). This proves that the potential of natural resources itself is not sufficient to build a sustainable village economy. What is more important than that is how the potential of Human Resources, whether or not they have the required interests and competencies. So, in order to get maximum results, there must be a collaboration for good management between Natural Resources (SDA) together with Human Resources (SDM) to be able to manage potential well. Human Resources here refer to all levels of community elements that work together for the same goal.

All elements of society are an important unit, but the role of village youths is considered to be the most important source and aspect of development [11, 16]. Youths are considered to have better potential because they are at an active and productive age [16], technologically literate, easy to learn and adapt, and have a desire to achieve something. One of the effects of COVID-19 is that many youths who previously moved to cities have been forced to return to their respective villages because of the lockdown policy. Both job loss and distance learning factors make them have more time to focus on starting a business or even continuing to run the one they previously left. They are the ones who have great potential to be able to build a sustainable economy. With the long-term integrated management, they can drive the economy faster by entrepreneurship.

One of the tools that can be used for supervision and management is Supply Chain Management (SCM). In the end, SCM is useful for achieving the main goal of entrepreneurship, which is maximizing profits. Supply Chain Management is an activity

that creates relationships between various interested parties such as consumers, managers, sellers, producers, financial entities in accordance with the potential and the business field being carried out. Thus, it is necessary to identify the potential of each rural area which is followed up by planning a Supply Chain Management scheme to develop a sustainable economy for rural areas as a solution to Indonesia's current economic problems.

2 Literature Review

Entrepreneurship is seen as the main power and driver for the economy in a country. Entrepreneurship has a contribution in solving several problems at once, ranging from reducing unemployment to improving welfare for both oneself and the surrounding social environment. In recent times, the unemployment rate has increased significantly due to Covid19. It has also exacerbated the problem of economic disparities between villages and cities which so far have not been completely resolved. Thus, the current situation and conditions allow academics to propose the application of SCM in developing rural economies considering that SCM has been successfully implemented by large companies in cities. SCM is considered as a tool that can be used to achieve successful entrepreneurial competitiveness [17]. The implementation of SCM allows management and supervision to be in a complete whole entrepreneurial cycle, beginning from materials to products, and lastly to consumers. When this can be realized, it will therefore be able to create products according to market demand, which are products with affordable prices, good quality, timely delivery, and a wide variety.

Business actors who can meet market demand tend to be able to survive amid the high competition. Rural areas in Indonesia have good potential to become a unitary SCM, it can be both their natural and human resources. However, they are often underutilized and underdeveloped. If all potential can be maximized, business people from the village will be able to become competitive and superior business actors. Creating an independent and sustainable rural economy is a solution to reducing the gap between rural and urban areas. In general, rural areas always have certain potentials and characteristics resulting from their natural resources. Meanwhile, in the current COVID-19 situation, youths in productive age have a lot of free time due to the lockdown. Therefore, the current implementation of SCM in rural areas is considered appropriate because it can easily access natural and human resources. The natural resources provide the raw materials, while human resources, in this case are village youths, become the business actors.

The process of utilising natural resources and human resources maximally requires a strong intention within business actors and adequate competence, especially youths who are seen as the main figures in agents of change. In rural areas, the potential for natural resources is abundant, but it is often insufficiently accompanied by supporting human resources [18]. Whereas, when entrepreneurship is not supported by competence, it will result in failure [19]. Awareness and concern for the importance of entrepreneurship for the country's economic growth are still lacking. These youths still lack an entrepreneurial spirit and cannot yet be said to be competent in the entrepreneurial field. Interest is one of the important factors that must be there to start something and become the driver of the movement for change. So, it is important to make efforts to cultivate an interest in entrepreneurship as a form of awareness for economic development in a better direction.

The interest of rural youths to develop entrepreneurial SMEs (UKM) will grow if they are often involved in entrepreneurial activities [11]. Incorporating entrepreneurship in the education curriculum has been done a lot for youths to be introduced by this aspect [20]. The competencies that must be achieved during the implementation of entrepreneurship education or training include entrepreneurial knowledge, skills, and attitudes [21]. The need for achieving this competency is because the mastery of competencies is useful for strengthening interest in entrepreneurship. Knowledge competencies include administrative management, as well as reading and seeking business, management, and financial opportunities. Entrepreneurial-skill competencies include communication, networking, and so on. Meanwhile, attitude competency includes internal control, the need for achievement, kindness, risk tolerance, and so on [3].

3 Method

This study employs a case study design in Bedengan Selorejo Village, Malang, Indonesia. Bedengan has a lot of tourism potential that can be developed to support the people's economy. For this reason, a case study approach is employed in order to obtain a complete picture of the supply chain management model in building an entrepreneurial village.

This study uses primary and secondary data. Primary data refer to information obtained by the researcher first-hand, which is from in-depth interviews. Meanwhile, secondary data used are village documents regarding village potential, as well as various literature in developing supply chain management models. Interviews conducted on informants used the snowball technique. This means that A was first interviewed. Then, A recommended B, B recommended C, and so on until the data saturation was obtained.

In data analysis, researchers needed to "separate" the data. Because the data found from the field are quite a lot, it is necessary to analyse the data through data reduction. Researchers performed data reduction by summarizing and creating data patterns or coding based on themes. This study uses source triangulation and method triangulation. Source triangulation was done by comparing and checking the confidence of the information obtained through different time and tools in qualitative research. Meanwhile, method triangulation was carried out in two ways, namely: (1) examining the degree of confidence in the research findings using several data collection techniques; (2) checking the degree of confidence in several data sources using the same method. They were then analysed, performed into data presentation, and verified and drawn conclusions.

4 Discussion

After going through the observation process in the village of Bedengan Selorejo Malang, Indonesia, the result shows that there is potential that supports the development of a sustainable and independent economy for the village. Bedengan, Selorejo village has the potential for beautiful natural tourism, cool air, being surrounded by mountains, beautiful natural scenery and fertile land. It is evident that 80% of the total land area in Bedengan is dominated by citrus plants with a total land area of around 332,276 ha. As a tourism village, Bedengan offers citrus picking tours, family camping tours, culinary tours, hydroponic plant tours, and waterfall tours. As a tourism village, most of the local

people work as managers of tourist attractions and as citrus farmers. Unfortunately, this has not been supported by the infrastructure or supporting human resources. The activities as a tourism village seem as it is and are not well-integrated. Thus, the village economy is underdeveloped and cannot be called a village with a sustainable-developed economy. The people are then classified as middle to lower class.

People in Bedengan, Selorejo Village cannot be said to be competent in entrepreneurship, the management of tourist attractions is not optimal. Furthermore, the youths in Bedengan, Selorejo village have less interest in entrepreneurship. This is of course very unfortunate considering the potential that cannot be maximized. The youths preferred to find work in other areas rather than focus on developing tourism potential. However, the current conditions are different, young people are forced to return to the village after the lockdown policy has caused them to lose their jobs or carry out distance learning. In the end, this gives encouragement little by little to the youths to use their spare time as a source of income.

Someone who has an interest in something will pay more attention consistently and is always happy to do it. An entrepreneur must be able to think creatively, see the unseen potential, take risks, and be innovative [20]. The ways that can be used to foster interest in entrepreneurship are through training activities, workshops, observation, and incorporating entrepreneurship into the educational curriculum.

In order to develop entrepreneurship in rural areas, it requires hard and soft skills including knowledge, personal skills, and attitudes. The competence of a person affects how much entrepreneurial interest one has. People of Bedengan explained that managing a tourist village requires a lot of competencies that must be mastered, for example, the ability to continue to create innovation, the ability to take care of administration, good communication, and the ability to control emotions. Those who have this competence said that they have an interest in entrepreneurship, while people who feel that they lack or do not have this competence said that they have less interest in entrepreneurship. In times of pandemic like this, they begin to realize that entrepreneurship is one of the ways they can take to be able to improve the economy.

More or less, people in that village have been aware of the importance of village tourism to the sustainability of the economy. The people and village officials strive to maintain the existence of tourism by learning how to manage entrepreneurship properly. On several occasions, people in Bedengan claim to have participated in training activities to be able to develop entrepreneurial competencies. They explained that the training they attended was aimed at improving human resources by equipping the community with the necessary skills. The training they have attended include excellent service training, promotion and marketing training, training to create added value for orange picking, as well as training on making and managing water channels for citrus picking tours.

The natural resources of Bedengan, Selorejo village are potential that can be utilized to develop a sustainable village economy. However, it is necessary to have well-integrated management. This has also been realized by both village officials and the people. So, in order to integrate the management, a Supply Chain Management scheme is needed that is tailored to the potential. Supply Chain Management allows integration among various business organizations for managing and maximizing the performance of all aspects of business activities [22]. Supply Chain Management can be a strategy to realize effective

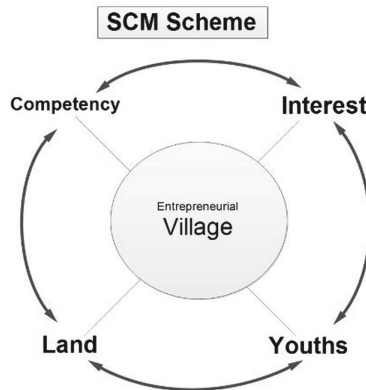


Fig. 1. Proposed Supply Chain Management Scheme

and efficient entrepreneurship which ultimately leads to an increase and maximization of profits.

The solution that the researchers offer is to apply the Supply Chain Management scheme to continue maintaining the existence of Bedengan as a tourism village and to realize a sustainable village economy. The scheme that is made must be based on needs. It is as follows:

Figure 1 presents the Supply Chain Management scheme that is proposed to form an Entrepreneurial Village. In this scheme, several aspects must be considered, namely youths, land, competency, and interests. Youths act as entrepreneurial actors who can manage land as natural resource potential. In managing entrepreneurship for the village economy, all levels of society need to work together. However, youths have important roles because they are considered to have the greatest potential for being creative, innovative, quickly learning new things, and being productive [23]. To be able to become a driving force, youths must master entrepreneurial competencies. Entrepreneurial competency is the key to the success of achieving entrepreneurship effectively and efficiently. Competency can also foster entrepreneurial interest in entrepreneurial actors. These four aspects must be fulfilled and complemented to support one another.

5 Conclusion

Bedengan, Selorejo village has the potential for beautiful natural tourism, cool air, surrounded by mountains, beautiful natural scenery and fertile land which are very suitable for building a sustainable economy. However, the natural potential owned is not accompanied with entrepreneurial interest and competence so that the utilization of the potential is deemed less than optimal. Public interest in entrepreneurship is still low. Yet, due to the implementation of the lockdown policy, people have begun to realize the need for entrepreneurship for a better economy. To further strengthen interest in entrepreneurship, education or training is needed to improve entrepreneurial competence. Entrepreneurial competencies that need to be owned by the society include knowledge, skills, and attitudes. This research also provides a suggestion to adopt Supply Chain Management

which is made according to the potential of Selorejo village. Aspects that must be met include Youths, Land, Competency, and Interests. The aspects contained in the scheme must be fulfilled to be able to form an entrepreneurial village towards a sustainable economy for the village and ultimately affect improving the wellbeing of the community.

This study has a limitation that it is only carried out in the Selorejo village, Malang, so there may be differences in potential and problems from one village to another so that the problem solving can be different. Therefore, it is suggested that future research be able to explore other villages to discuss in obtaining the right solution.

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