

Tobacco Farmers and Local Economic Development

Saraswati Saraswati, Fakhri Muhammad

Department of Regional and Urban Planning, Faculty of Technology
Universitas Islam Bandung
Bandung, Indonesia
sarashasta@gmail.com

Abstract—Rural development should not be longer following the old approach model, because the era of disruption provides an opportunity for spatial and trade arrangements that can provide direct access to a wider market. Padarek Village is one of tobacco producer that is well accepted by leading cigarette companies in Indonesia. The quality of tobacco produced not provided yet to increase the welfare of rural communities, because the marketing is still traditionally. Tobacco products have the opportunity to grow into a wider market, especially by utilizing technologies and communications. This study will examine Padarek Village's (as a case study in Indonesia) agricultural product development opportunities, especially tobacco in utilizing business opportunities in this disruption era. This study used LQ, shift-share, projection, surplus deficit, land suitability, and Analytical Hierarchy Process. To get information about the perceptions and aspirations of farmers, this study used the questionnaires and interviews. The result is a model of rural development in Padarek Village to improve the welfare of tobacco farmers and their rural communities.

Keywords—*tobacco farmers; local economic development; Padarek Village*

I. INTRODUCTION

At present there are still many rural development concepts that still use old patterns such as progressive rural structures [1], Land rent theory, and others. The concept of Von Thunen has become an important reference in the development of the region, especially in zones of the rural area including agricultural areas. The ideas of Von Thunen's theory are: 1) Farmers who are in locations far from the center of the market or city, must travel a considerable distance to sell their crops. This shows how expensive the distance to the city is as a market center. 2) The rental price of agricultural land will vary in value depending on land use. Land near the center of the market or city will be more expensive than land far from the center of the market because the distance from the center of the market will increase transportation costs. So is the concept of progressive agricultural structure [1]. The main agenda of progressive agricultural structures are: research to develop agricultural technology, agricultural production facilities, technology for new agricultural use, creating progressive rural structures or rural organizations to facilitate the dissemination of information communication flows to rural communities, creation and maintenance, agriculture incentives to increase agricultural production, increase agricultural land resources, education, training and expansion of agricultural technicians.

AT Mosher still considers urban markets (districts, cities, and commodity exchanges) as places for agricultural production facilities, marketing products, and infrastructure (transportation, terminals, institutions), pilot plots - verification trials (security testing), and Agricultural Extension Service Officers, and provision of capital for agriculture (agricultural banking credit). Perhaps the market concept and spatial planning in rural areas need to improve, because they still rely on the city as the closest market.

In the digital era, the concept of agricultural development has shifted almost without distance. However, the prerequisites for arriving at the village and the community must be prepared from now on and must be included in the concept of boundless spatial planning. The disruption era characterized by several things, including:

- Civilization technology from time series to real time,
- The resources themselves as working capital, turn into sharing
- Big data technology allows acceleration of products and services
- Single curve supply-demand which is replaced by network work
- An invisible competitor and goes straight to the consumer

So that inevitably the concept of smart village in the era of disruption is the choice. Moving on from potential and problems, this research will develop a strategy for developing the local economy by utilizing the digital era into rural areas, especially Padarek Village.

A. Scope

The case study of this research was in Padarek Village, West Java, Indonesia. Padarek Village has an area of ± 12.5 km² with population of 4.889 people. The economy in Padarek Village is domination by agriculture. Leading sector in Padarek Village is super quality tobacco, where tobacco farming can be plant with one time every dry season with tobacco leaf yield of around 9.67 tons per season. Padarek Village farmers usually process tobacco wet leaves into dry tobacco with dried leaf products an average of 19.342 kg per season.

II. METHOD

This study uses mix method, and participatory rural appraisal (PRA) approach.

A. Mix Method

Mixed Method is research that uses qualitative and quantitative fit the needs of the cases studied [2]. Mix-method is a method that combines qualitative and quantitative approaches. The research process used AHP (Analytical Hierarchy Process) [3], data collection and analysis [4]. Mix-Methods is also an approach that combines qualitative and quantitative and a philosophical foundation, and use of approaches and combining both approaches in research [5].

B. PRA (Participatory Rural Appraisal)

PRA is an approach method to rural conditions and life study, with, and by rural communities. In the other words, it is called a group approach method that allows rural communities to share, improve, and analyze their knowledge of conditions and village life, make plans and act according to the results of the agreement [6].

Participatory rural appraisal method used by researchers to develop an area by using data derived from community aspirations and information. The PRA methods are based on: (a) ability local village communities, (b) use of facilitative and participatory techniques, and (c) empowerment of local village

communities in the process [7]. PRA is a theory that empowers the community to solve a problem related to planning through internal discussions.

III. RESULTS AND DISCUSSION

A. Tobacco Plantation Strategy

Based on the field observations result, resource analysis, and the discussions result with village stakeholders and the tobacco farming community, several matters related to local economic development and regional potential, obtained the following observations:

- Padarek Village, has the potential of leading tobacco sector with good quality and production development (positive in location quotient and shift-share analysis);
- The farmers' income is not optimal yet, because the farmers only do the selling of shreds.
- The lack of knowledge of farmers to be able to process into products that have a high selling value such as cigarettes, cigars, and others (see the picture of the following tobacco industry trees); and
- The social activities of local residents are still very thick with Sundanese culture, and still applying the nature of mutual cooperative, can used as social capital.

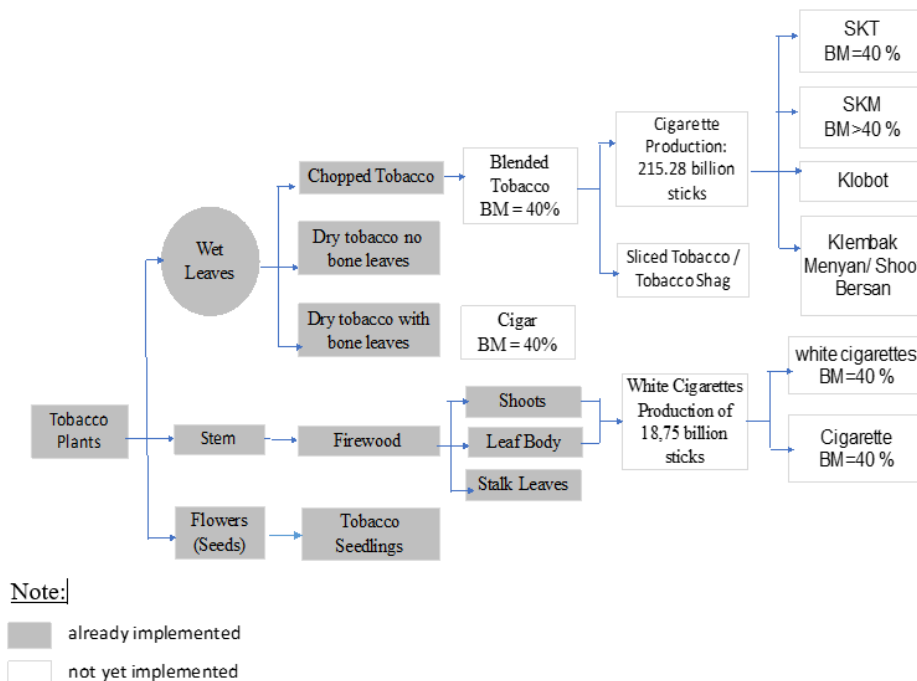


Fig. 1. Tobacco product industry tree.

In one side, three (3) of The Richest Conglomerates in Indonesia are the Owner of cigarette industry company [8], and in the other side, average of tobacco farmer income is below regional minimum wage. To improve the ability of regions in the development of tobacco products towards more value-added products, it is necessary to create a center

and diversification of agricultural products and through the development of home industry centers as follows:

1) Center for processing diversification of processed tobacco farming

- Center for drying wet leaves, with a special dryer machine
- Tobacco grinding center becomes clove cigarettes
- Center for grinding dry tobacco into a cigar
- The center of grinding the leaves and the body of the leaves become white cigarettes

2) Center for home industry development

- The provision of capital for micro-credit, through savings and loan cooperatives held by village UPK or BUMDES (Village-Owned Enterprises) another section of your paper
- Improving the quality of production, through courses and training organized by government and private institutions
- Collaboration with large-scale cigarette producers or factories

3) Marketing center of production

- Sales through outlets in the Padarek Area
- Optimizing agro-tourism activities and others in the Padarek area by showing farmers' activities while farming on tobacco land, when processing agricultural products, and historical performances in Padarek Village
- Local scale sales; marketed directly to the sub-district area, and city markets
- Regional and International scale sales: marketing of regional tobacco packaging products through pamphlets and social media
- Participate in the regional product promo event held by the government

- Improve technology and communication facilities in the aim of international markets online based
- Increase broadband capabilities
- Increase the community ability to access online markets (training and education program)

4) Center for meeting agricultural superior seeds

- Procurement of superior organic tobacco seeds: through channeling with the agricultural service and local agencies; in addition to local needs can also be marketed outside the region
- Changes in the management of tobacco land into organic farming: through counseling on organic farming, supervision and coaching.

B. Tobacco Growers Initiate to Digital Era

In the economic development of local communities in the Padarek, tobacco farmers are accustomed to selling tobacco harvests directly to distributors. So that the income of tobacco farmers becomes relatively small compared to the profits obtained by distributors. With abundant potential, but farmers are still not prosperous, then to improve the yield of superior tobacco products and the economic welfare of farmers there needs to be a new scheme in the management and marketing of its products. Local community economic development schemes must decide on a chain of schemes that sell directly to distributors or buyers. It is time for farmers to market and sell the produce from tobacco, individually, in accordance with the disruption era, which utilizes the business concept of the model. The system carried out by farmers for generations, while the current scheme carried out by tobacco farmers can be present in Figure 5. This is the system that has been carry out by farmers for generations, while the scheme carried out by tobacco farmers will present in Figure 5.

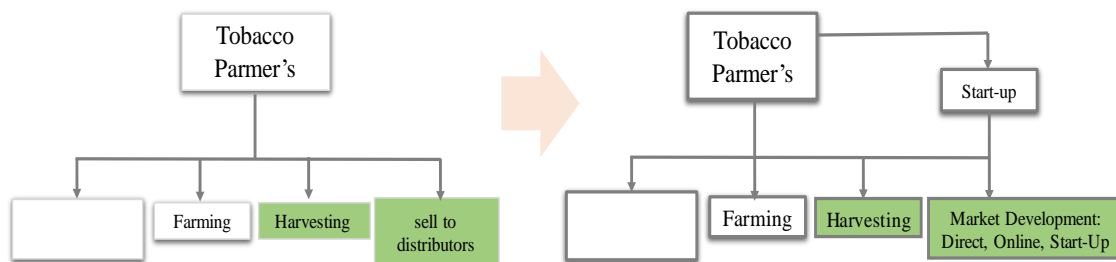


Fig. 2. Scheme for digital farmer-based.

In this scheme, the government must intervene in the provision of supporting infrastructure, including education, training, supervision, guidance and provision of other advanced communication technology facilities or known as smart village development.

The concepts of smart villages in the core disruption era are:

- The era that places the role of the internet (ICT of things) in building and developing business models through innovation.
- Business processes that emphasize value creation for customers.
- This business model has to develop in rural economic planning.

- This idea is behind the concept or slogan: smart - local values - advanced.

Benefits of disruption era in Padarek Village are:

- Reduction of times.
- Reduction of distances.
- Improving ICT, infrastructure, and quality of human resources.
- Cut the supply and market chain of trade.
- Increase the income and welfare of tobacco farmers.

IV. CONCLUSION

The conclusion of this study: tobacco farmers in Padarek Village have not felt the benefits of the results of their farm, and are still buyer determined. They need to increase their income through a new market system. For this reason, government intervention is needed in several respects, including: skills training in information and communication technology; building the center of the tobacco industry through educational assistance and the assistance of cigarette processing machines and other end products, expanding the

scale of sales by relying on ICT in tobacco products marketing to the international level.

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