

October 19 – 21, 2018 Munich, Germany

Small Business Industries Mapping in Improving Society Empowerment in Sub-Urban Area

(Study: in Kepuh Kulon, Bantul, Yogyakarta, Indonesia).

SRI KUSSUJANIATUN¹, AYN WARSIKI², DWI HARILAKSANA³

¹ Faculty of Economic, Pembangunan Nasional “Veteran” University, Yogyakarta Indonesia

² Faculty of Economic, Pembangunan Nasional “Veteran” University, Yogyakarta Indonesia ³

Faculty of Economic, Pembangunan Nasional “Veteran” University, Yogyakarta Indonesia

Abstract: Industry mapping and need assessment are the initial steps in developing industry sector. This research aims at illustrating the industry performance, mapping the potentials of industry development and identifying need assessment of industry in Kepuh Kulon, Bantul, Yogyakarta. The data are obtained from survey method using questionnaires and Focus Group Discussion. The analysis conducted is descriptive statistics analysis. The research results show that there are 30 entrepreneurs of belinjo crackers/emping business and 44 entrepreneurs of the other industries such as bricks, sewing, silver, embroidery, bakery, flour milling, and rice milling. Even though the small businesses have established for years, most of the industries still do not have proper business operation management, from administration and finance aspects to production and marketing aspects. The results of the need assessment show that trainings for administration documentation, financial statement reporting, product innovation, packaging technique, marketing technique, and waste management are needed to improve the capacity of the businesses

Keywords: Mapping, Industry Performance, Need Assessment

1. Background

Based on the data from the Central Bureau of Statistics, the economic growth result in Indonesia for the first quarter in 2018 is 5,06%. This number is higher than the economic growth in quarter 1 in 2017 (year on year), which is 5,01%. Similarly, the small businesses growth rate in 2012-2013 is 24.803 with the increase of 3,94% (Central Bureau of Statistics, 2018). In Indonesia, besides playing role in developing the infrastructure and economics, small businesses units also contribute in solving the problem of unemployment. It is easy for small businesses to provide vacancies for job seekers. Therefore, the government pays more attention to the small and medium businesses to

October 19 – 21, 2018 Munich, Germany

maintain the economic condition in Indonesia. Thus, small businesses mapping is necessary to be conducted. Furthermore economic empowerment for the sub-urban society is expected to be done based on the capacity. This is because small industries play important roles in development and economic growth (Warsiki, 2012).

Kepuh Kulon is well known as the center of *emping* industries in Bantul, Yogyakarta. Therefore, Kepuh Kulon has been appointed as the representative of the regions with the productive society both in regional and national scale. It is found out that in Kepuh Kulon, the industries are not just *emping* industries. There are other small home industries, such as bricks, rice milling, flour milling, embroidery, sewing, and many others. Thus, Kepuh Kulon is a potential region for small industries. As stated by Kussujaniatun dan Kismantoroaji (2017) in their research, it is expected that the society find out and realize that in their region there are many potentials that can be utilized. Therefore, there is a need to study the aspects of social improvement and economic growth in influencing the entrepreneurial behavior. The research shows that there is an influence of social improvement and economic growth on the entrepreneurial behavior (Kussujaniatun, 2017). Industry mapping and need assessment are the proper ways as initial steps to develop industry sector in increasing the economic growth of the society. Business capacity improvement can be conducted by identifying the need assessment of each existing industry so that the appropriate policy can be made for the development of the industries. The interest of the research is to find out the performance, mapping, and need assessment of the entrepreneurs of the small industries. It is expected that by having the understanding about the mapping of the small industry potential in Kepuh Kulon, the results of need assessment can be implemented to increase the capacity of the businesses.

1.1 Small Industry

Small industries play role in creating job opportunities, expanding employment for urbanization and providing needs flexibility and innovation in economics in general. In crisis moments in Indonesia, both economic crisis and monetary crisis, small industries are able to show their existence to survive and even tend to expand (Fafurida and Dyah Maya Nihayah, 2011). According to Tri Wahyu Rejekiningsih (2004) small industries include all companies or businesses that turn raw materials into semi-finished materials or turn goods with less value into good with higher values. In addition, Mudrajat Kuncoro (1997) also states that small industry still use traditional technology and simple financial system. This is in line with what has been done by the people in Kepuh Kulon, in which there are still some entrepreneurs of *belinjo* crackers/*emping* who still maintain the production process using traditional or manual tools. Kepuh Kulon has been known as one of industry center for *emping* or *belinjo* crackers in Bantul regency. According to the research conducted by Kussujaniatun dan Kismantoroaji (2017), it is expected that the society identify and realize that in their region there are many potentials that should be developed. Therefore, there is a need to study about the social development aspect and economic

October 19 – 21, 2018 Munich, Germany

improvement. Another research done by Kussujaniatun (2016), it shows that Bojonegoro regency is one of the cities with the potential to develop creative industries and tourism village. In facing business competition, creativity and innovation are necessary.

1.2 The Role of Small Industries in Economics

Small and medium business industries play important role in economic development and growth. Generally, small business industries open more job vacancies, and contribute more to earn better income. Small business industries tend to take more employees. This can be seen from the fact that around 99% of the business units in Indonesia are of small and medium business industries. It is noted that they are able to create job vacancies for 99, 4 million employees. Meanwhile, big industries only take 2, 8 million employees (Ministry of Cooperative and Small and Medium Enterprises, 2010).

2. Methods

The method used in this research is survey method by using questionnaires via interviews, focus group discussions and observations for the respondents. The type of data in this research is primary and secondary data. The secondary data obtained are related to the small business industries in Kepuh Kulon, while the primary data are obtained directly from the respondents. In line with Sesotyaningsih, Mega & Manaf (2015) which is conduct the observation and interviews with the local community using literature and institution survey. The respondents in this research are all of the entrepreneurs in Kepuh Kulon, Bantul, Yogyakarta. The analysis used is descriptive statistics analysis. The description of the performance of each industry will give illustration on how the industries run for all this time. Thus, it can be identified what has been done and what has not been done by the industries. The industry mapping is useful to see the grouping of each type of the industry. Along with Vitasurya (2015) this research emphasizes the involvement of the target as an active subject, making their experience as an integral of research, finding problems, and solving problems by targeting the empowerment context of the research subject. Meanwhile, need assessment is used to identify things needed by the industries to improve their business capacity. There are three aspects evaluated in need assessment stage. The three aspects include administration, production, and marketing. The framework of this research is described in Figure 1, and it is expected that it can explain the performance of the small business industries. The small business industry mapping and need assessment are the initial steps in identifying what things needed to improve the business capacity.

October 19 – 21, 2018 Munich, Germany

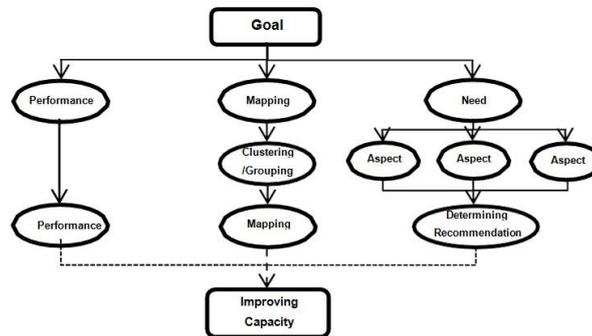


Fig. 1 Research Framework

3. Results

3.1 Result

Research results show that there are 8 types of small industries. There are 74 entrepreneurs of the small business industries in Kepuh Kulon, Bantul that become the respondents of this research. Most of them are the entrepreneurs of *emping* industry as many as 30 persons. Most of them are women (71%) and 75% of them are in the range of 40-65 years old with the education level of elementary school (60%) and junior high school (25%).

3.1.1 Industry Performance in Kepuh Kulon

From the 74 entrepreneurs of the small business industries, there are some of them who have established the industries for 25-40 years, and most of them deal with *emping/ belinjo* crackers industries as many as 30 entrepreneurs. It shows that the business climate in Kepuh Kulon is remarkable. The industries that have been running for years are expected to give positive effects to the development of the region. Even though some industries have run for years, most of them are still not well managed. This can be seen from the administration documentation. Most of the industries still do not have administration documentation of their businesses. The poor documentation both for administration and for financial report may occur due to the low education level of the owners of the industries. From the research result, 60% owners are the graduates of elementary school, 5% did not even graduate from elementary school, 25% are the graduates of junior high school, and 10% are the graduates of senior high school. These facts cause the lack of knowledge about documentation of a business.

Most of the business capitals in the industries are taken from private capital. Only a few owners get more business capital by having loans from the banks to expand the businesses. This is caused by several reasons. First, they are afraid of being unable to pay the credits since they worry they cannot pay the installment each month. Their low level of education makes them never think of expanding their business to be more advanced. The second reason why the entrepreneurs do not want to borrow some loans from the banks is that because of the difficulty to get loans from the banks or other financial institutions. This is because they cannot fulfill the administrative and

October 19 – 21, 2018 Munich, Germany

technical requirements asked by the banks. The most difficult requirement that they need to fulfill is about collaterals. Not all of the owners have sufficient property or assets to serve as collaterals to secure the loans. The monthly profit for each business industry in Kepuh Kulon ranges from five to fifteen million rupiah. There are also some industries with more than fifteen million rupiahs, but they are only less than 6% of the total industries in Kepuh Kulon. Seen from the types of the production tools that they use, most of the small business industries still use simple tools. This is because of the limited knowledge of the owners about the effective and efficient technology that can be applied nowadays. Therefore, there is a need to supervise and to direct them about the use of effective and efficient technology so that the productivity of the industries in Kepuh Kulon can increase.

Most of the small business industries in Kepuh Kulon are *emping* business. The 30 *emping* entrepreneurs also still employ simple packaging technique. The simple product packaging technique is still done manually. As a result, the appearance of the packages is still not in its optimum look. The product quality still cannot fulfill the market demand especially on the taste variations and shape variations of the *emping*/belinjo crackers. After identifying the performance of the industries in several aspects, there is a need to conduct guidance, training, and knowledge transfer as well as business supervision for the entrepreneurs of the industries. It can also be stated that the performance of most small business industries in Kepuh Kulon is still low. The performance of the industries must be improved by conducting on differentiation for *emping* or belinjo crackers in terms of creativity and innovation of the taste and shape of the *emping*. This indicates that the trainings for the entrepreneurs is important so that the business industries can compete in increasing the price of the creative products and in making innovation in product designs (Kussujaniatun, 2009a). With those efforts, it is expected that the industry performance can increase and eventually will improve the welfare of the people.

3.1.2 Potential Industry Mapping for Industry Development in Kepuh Kulon

The small businesses industries are mapped based on the type of the industries. Each industry in Kepuh Kulon has different condition and distribution. Most of the industries are *emping* industries, and they form a cluster in Kepuh Kulon. There are also industries of cassava crackers/*emping* and cassava and tubers flour milling with the neighboring locations. Besides, there are industries of bricks, silver, and embroidery with a bit distant locations from the *emping* industries. Meanwhile, rice milling industries are spread out in the center of Kepuh Kulon. The following is the discussion of each industry profile based on the industry type in Kepuh Kulon. *a. Belinjo Crackers/ Emping*

Most of the industries in Kepuh Kulon are *emping* industries. There are 30 *emping* industries in this village, and it is expected that the products can have higher market value. There are no documentations for administration and finance. For all this time, the entrepreneurs never record the

October 19 – 21, 2018 Munich, Germany

production cost that they spend, income they get, and their productivity in producing the *emping*. This is due to the poor knowledge about bookkeeping. In terms of production, the raw materials used in production process are taken from around Kepuh Kulon. However, most of them admit that they have trouble in obtaining raw materials, both from the availability and from the fluctuate price. The tools that they use for production process are just simple tools. In producing the crackers/*emping*, they just utilize simple manual tools so that the production is less optimal. The average employees for the production process are less than five persons, and all of them are from Kepuh Kulon. Most of the problems that they face deal with capital and technology in the production process especially technology in sautéing process of the crackers. In addition, they also have problems in their simple management.

b. Rice Milling

In Kepuh Kulon there are two businesses of rice milling. The large farming area in this region leads to the rice production. Therefore, the rice milling industries are established. Seen from the distribution, the locations of the rice milling industries spread out in the center of Kepuh Kulon. The two rice milling industries enable the local farmers to process their production results. Seen from the administration aspect, of the five rice milling industries, there are only two that conduct the documentation both for the administration and for the finance. However, the documentation or the bookkeeping itself still cannot fulfill the good standard of bookkeeping. This occurs due to the poor knowledge about the importance of proper bookkeeping. Seen from production aspect, the business profit of these industries are relatively big. The average profit of the two rice milling industries may reach five up to fifteen million rupiahs per month. This shows that the businesses are potential and need to be maintained.

c. Bricks

There are 15 industries of bricks in Kepuh Kulon. The existence of clay in this region enables the establishment of these industries. Based on the research result, it is found out that most of the bricks industries still do not have documentation or bookkeeping both for the administration and for the finance. The average profit is around one up to five million rupiahs per month. The tools used for the production process are simple. For the drying process, they still depend on the sun shine. Therefore, in the raining season, the production results of the bricks tend to decrease. It is unfortunate that these industries still have many limitations.

d. Silver

There are 8 industries producing silver accessories in Kepuh Kulon. Kepuh Kulon is well known for its *emban akik* (*akik* ring) made of silver. The products are neat and have great quality with cheaper price compared to the products in other regions. The production cost is around fifty up to ninety five thousand rupiahs, depending on the complexity of the design and the materials used. The production process of the *akik* takes 1-2 weeks. Besides producing *emban akik*, the industries also produce wedding rings. The profit ranges from five to fifteen million rupiahs per month. The tools

October 19 – 21, 2018 Munich, Germany

used in the production process are still simple. It is necessary for the expert of product design to give training for the employees so that the designs of the silver accessories can be more varied. The marketing technique that they use is still simple as well. e. Embroidery

There are four industries of embroidery in Kepuh Kulon. Most of the products of the embroidery industries are clothes and prayer dresses with certain threads and motives. The price is determined by considering the size, motives, types of threads, and soldering. The tools are still minimum, such as rulers, scissors, soldering tools, and simple embroidery machine. The profit ranges from five to ten million rupiah per month. The employees for the production process are less than five persons and all of them are from Kepuh Kulon. They haven't done any documentation both for administration and for finance. Until now the marketing technique is still simple, only by word of mouth.

f. Bakery

There are four locations of bakery industries in Kepuh Kulon. The types of the kue that they produce are kue *basah*/wet cake (moist and soft cakes) and kue *kering*/dried kue (cookies). Wet kue include *lemper*, appam, kue rissoles, kue *mangkok* (cake bowl), kue *beras*/rice kue, and kue *cucur*. Dried kue include kue *kuping gajah*, *untir-untir*, kue *kacang telur* (egg and peanut), kue *nastar*, *astar*, and *ampyang*. The profit of the bakery is around two hundred thousand rupiahs per day or five until ten million rupiahs per month. The employees for the production process are less than five persons and all of them are from Kepuh Kulon. Until now, they haven't done any documentation both for administration and for finance. The product packaging technique is still simple. Similarly, the marketing technique is still simple, only by word of mouth without any promotions to sell the products. g. Tubers and Cassava Flour

There is one industry producing tubers and cassava flour in Kepuh Kulon. The tubers and cassava flour include taro flour, sweet potato flour, cassava flour, carrot flour, pumpkin flour, arrowroot flour, suweg flour, jicama flour, banana stem flour, and others. They produce flour from any possible and available raw materials. The tools used in the production process are also simple. In production process, the raw materials used are taken in Kepuh Kulon and outside Kepuh Kulon. In the process, they just use simple manual tools, and therefore the results are not optimized. The profit ranges from five to ten million rupiahs per month. For product packaging, they simply package the products in simple way. They don't know yet about labeling and proper packaging technique. The marketing technique is still simple, only by word of mouth. h. Sewing Business

There are 10 sewing business industries in Kepuh Kulon. The productions really pay attention to the neat sewing and the clothing designs. Those become the leading advantage of the sewing industries in Kepuh Kulon. The entrepreneurs really maintain the quality of their products. However, the sewing machines that they use are still simple. The employees for the production process are less than five persons and all of them are from Kepuh Kulon. The profit ranges from five to ten

October 19 – 21, 2018 Munich, Germany

million rupiahs per month. Until now, they haven't done any documentation both for administration and for finance. The marketing technique is still simple, only by word of mouth

3.2 Need Assessment for Industries in Kepuh Kulon

Table 1. Need Assessment Industries in Kepuh Kulon

Type of Industry	Number of Business Unit	Need Assessment
<i>Emping/belinjo</i> crackers	30	<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
		<input type="checkbox"/> Training for Human Resource management
		<input type="checkbox"/> Training for product differentiation
		<input type="checkbox"/> Training for marketing technique
		<input type="checkbox"/> Business Capital
Bricks	15	<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
		<input type="checkbox"/> Easy access to obtain raw material
		<input type="checkbox"/> Training for marketing technique
Sewing	10	<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
Silver	8	<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
		<input type="checkbox"/> Business Capital
Embroidery		<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
		<input type="checkbox"/> Training for product innovation

October 19 – 21, 2018 Munich, Germany

	4	<input type="checkbox"/> Training for marketing technique
		<input type="checkbox"/> Business capital
Bakery	4	<input type="checkbox"/> Training for administration documentation and financial statement reporting
		<input type="checkbox"/> Training for financial statement reporting
Rice Milling	2	<input type="checkbox"/> Training for administration documentation
		<input type="checkbox"/> Training for financial statement reporting
		<input type="checkbox"/> Business capital
Tubers and Cassava Flour	1	<input type="checkbox"/> Easy access for marketing technique
		<input type="checkbox"/> Training for administration and finance

The result of Focus Group Discussion with the owners of the businesses and the data analysis in Kephuh Kulon show that there is some information about things needed by each industry group in Kephuh Kulon to improve their business capacity. The information of the need assessment is presented in the table 1.

After identifying the need assessment of each industry, follow up is needed in the form of further research about the empowerment of the society. The expectation is that if the need assessment is fulfilled, then the business capacity will be improved and eventually will increase the contribution of small business sector in Kephuh Kulon.

3.3 Conclusion

Based on the result and discussion conducted, it can be concluded that:

1. There are some potential for the development of 8 small business industries in Kephuh Kulon, including: belinjo crackers/*emping*, bricks, sewing, silver, embroidery, bakery, rice milling, and tubers and cassava flour milling. Most of the people in the community conduct the business of belinjo cracker production. There are 74 entrepreneurs of the small business industries and most of them (30 people) are the entrepreneurs of *emping* industry. It shows that the businesses done in Kephuh Kulon run well. It is expected that the eight small business industries, especially *emping* business, which has established for long, can give positive effect to improve the business capacity.

October 19 – 21, 2018 Munich, Germany

2. Based on their performance, most of the business industries still run without proper business management. This can be seen from several aspects that show that most of the industries in Kepuh Kulon aren't able to manage their business well and still do not have proper administration and financial documentation. The low education level of the owners of the industries is the cause of the poor financial and administration documentation.
3. Based on the performance of the industries in those aspects, it can be stated that the performance of most industries in Kepuh Kulon is still low.
4. Based on the result of need assessment in each industry, there is a need to follow up the results both in the form of conducting research and in the form of giving service to the society. It is expected that if the need assessment is fulfilled, it can improve the business capacity in each industry, and eventually will increase the income of the society, and surely it will improve the contribution to the industry sector acceptance in Kepuh Kulon.

3.4 Acknowledgments and Legal Responsibility

Our gratitude goes to Ministry of Education and Research of Indonesia for giving support and fund, and University of National Development “Veteran” Yogyakarta for supporting this research.

4. References

- Arsyad, Lincolin. (2010). *Ekonomi Pembangunan*. Edisi 5. Yogyakarta : UPP STIM YKPN.
- Badan Pusat Statistik. (2010). *Gunungpati Dalam Angka*. Jawa Tengah.
- Depkeu.go.id. “UMKM berpotensi meningkatkan pendapatannegara”.2 Juli2018.
<http://bppk.kemenkeu.go.id/id/berita-pajak/12515-umkm-berpotensi-meningkatkan-pendapatan-negara>
- Development of Rural Tourism, Case on Kalibiru and Lopati Village, Province of Daerah Istimewa Yogyakarta*. Procedia – Social and Behavioral Sciences, 216, 97-108.
- Fafurida, F., & Nihayah, D. M. (2012). Pengembangan Unit Usaha Industri Kecil Melalui Metode Pemetaan dan “Need Assessment”. Jejak: Jurnal Ekonomi dan Kebijakan 5(1)
- Geoff Simmons, Gillian A. Armstrong & Mark G. Durkin. (2008). A conceptualization of the determinants of small business website adoption setting the research agenda. *International Small Business Journal*, 26;351
- Jhingan. M.L. (1994). *Ekonomi Pembangunan dan Perencanaan*. Jakarta : Rajawali Pers.
- Kelompok Kerja Indonesia Design Power. (2008). *Rencana Pengembangan Ekonomi Kreatif Indonesia 2009-2015*. Departemen Perdagangan- an RI
- Kompas.com. 7 Mei 2018. BPS: Kuartal I 2018, Pertumbuhan Ekonomi Indonesia 5,06 Persen. 21 Juli 2018. <https://ekonomi.kompas.com/read/2018/05/07/113925626/bps-kuartal-i-2018-pertumbuhan-ekonomi-indonesia-506-persen>
- Kuncoro, Mudrajad. (2010). *Ekonomika Pembangunan: Masalah, Kebijakan, dan Politik* (Edisi.5). Jakarta : Penerbit Erlangga.

October 19 – 21, 2018 Munich, Germany

- Kussujaniatun, S. 2016. Tourism Potential Mapping Using Ethnographic Approach: A Case Study of Local Tourism Industry. *International Conference Social Science And Technology Engineering, JEAS n0 5372, Medwelljournals, 2017*
- Kussujaniatun, Sri., Kismantoroadji, Pengaruh Peningkatan Sosial dan Ekonomi terhadap Perilaku Kewirausahaan, International Conference on Technology Engineering and Social Science, HASE, Nabu Research Academy, 2017
- Kerajinan Daerah: Studi Kasus Kerajinan Gerabah di Kecamatan Plered, Kabupaten Purwakarta. *ITB J. Vis. Art & Des*, Vol. 6 No. 1, 2012:28-41.
- Laksana, Dwi Har. 2013. Penelitian mandiri judul Kepercayaan Merek Memediasi Pengaruh Keterlibatan Mahasiswa terhadap keputusan Memilih Perguruan Tinggi di Yogyakarta.
- Mudrajad Kuncoro, 1997, Ekonomi Pembangunan (Teori, Masalah dan Kebijakan), Akademi Manajemen YKPN, Yogyakarta
- Saputro, J.W., Putu Wuri Handayani, Achmad Nizar Hidayanto, & Indra Budi. (2010). Peta Rencana (Roadmap) Riset Enterprise Resource Planning (ERP) dengan Fokus Riset Pada Usaha Kecil Dan Menengah (UKM) di Indonesia. *Journal of Information Systems* Vol. 6, No. 2:140-145.
- Sesotyanyingtyas, Mega & Manaf, Asnawi. (2015). *Analysis of Sustainable Tourism Village Development at Kutoharjo Village, Kendal Regency of Central Java*. *Procedia - Social and Behavioral Sciences*, 184, 273-280.
- Simanjuntak, Oliver S. 2014. Studi Awal Industri Pariwisata di Kecamatan Entikong
- Susilo, S.Y., Krisnadewara, P.D., & Soeroso, A. (2008). Masalah dan Kinerja Industri kecil Pascagempa: Kasus di Kabupaten Klaten (Jateng) dan Kabupaten Bantul (DIY). *Jurnal Akuntansi Bisnis dan Manajemen*, Vol. 15 No. 2 Agustus 2008, hal. 271 – 280.
- Tarigan, Y.P., & Sri Susilo, Y. (2008). Masalah dan Kinerja Industri Kecil Pascagempa: Kasus Pada Industri Kerajinan Perak Kotagede Yogyakarta. *Jurnal Riset Ekonomi dan Manajemen*, Vol. 8 No. 2 Mei 2008, hal. 188 – 199.
- Triharini, Meirina, Dwinita Larasati, & R. Susanto. (2012). Pendekatan One Village One Product (OVOP) untuk Mengembangkan Potensi
- Tri wahyu Rejekiingsih (2004). *Dinamik Pembangunan*. Universitas Diponegoro Vol 11 No. 2 Desember 2004, hal. 125-136.
- Warsiki, AYN. 2012. Model Pengembangan Pemberdayaan Dalam Peningkatan Kualitas Hidup Pada Masyarakat Miskin Kota Yogyakarta