

Featured Product Strategies in Indragiri Hilir Regency

Zulkarnain*, Sri Indarti, Rendra Wasnuri, Irfan Wirya Febriansyah

Faculty of Economics and Business, Universitas Riau, Pekanbaru, Indonesia

*zkarnain18@yahoo.com

Abstract

Micro, Small and Medium Enterprises (UMKM) in the national and regional economy occupy a strategic position. This is because the 10 subdistricts have a very significant contribution in providing employment opportunities and employment, expanding business opportunities and equity, and are a source of income for most people. Thus, the development of UMKM is a necessity in the framework of improving the people's economy, acceleration and growth as well as improving the regional economy. UMKM cover almost all sectors/sub-sectors of the regional economy. In each sector/sub-sector of the economy includes commodities, products or types of businesses that are very diverse. In order to further enhance the effectiveness of coaching for the development of UMKM, it is necessary to focus on the commodity, product or type of business that is featured, so that the fostering and development program becomes more focused. Thus the Government can prioritize economic policies through the development of featured products in an area as an effort to create jobs and improve community welfare in order to reduce the number/level of poverty in the area. In the end, it is expected to increase local economic growth and be able to become a commodity that has export value

Keywords : featured products, economic policy, poverty rates, commodities

Introduction

Micro, Small and Medium Enterprises (UMKM) is a form of business activity that has a very important role in the development of the Indonesian economy. Data from the Ministry of Cooperatives of Small and Medium Enterprises in 2014, there were around 57.8 million UMKM actors in Indonesia in 2017 and in the next few years it is estimated that the number of participating UMKM will continue to grow. UMKM have an important and strategic role in national economic development. In addition to assisting in economic growth and workforce development, UMKM also support the development of development outcomes. So far, UMKM have contributed 57-60% of Gross Domestic Product (PBD) and employment rates are around 97% of all national workforce (UMKM Business Profile by LPPI and BI in 2015).

The contribution of the Micro, Small and Medium Enterprises (UMKM) sector to gross domestic product (GDP) has been stretching in the last five years. The Ministry of Cooperatives and Small and Medium Enterprises (UMKM) noted that the contribution of the UMKM sector increased from 57.84 percent to 60.34 percent. Employment absorption in the UMKM sector grew from 96.99 percent to 97.22 percent in the last five years. With the large number of workers absorbed, the Indonesian Chamber of Commerce and Industry (Kadin) rate, the UMKM sector is able to increase community income. Thus, UMKM are considered to have a strategic role in fighting poverty, and unemployment, besides having a role in development and economic growth, UMKM also has an important contribution in overcoming the problem of unemployment.

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Potential export products in the Indragiri region downstream, such as coconut, are plantation crops, most of which are community plantations. Coconut has an economic, social, cultural and strategic role in increasing farmer's incomes, employment and the country's source of foreign exchange. All parts of the coconut plant can be used as a source of food, functional food and shelter, as well as various other purposes. So that the coconut is called the tree of life or The Tree of Life. Coconut products have many functions from this one product, which have many benefits, and are usually used as various kinds of processed products such as shell charcoal, fibers, copra, coconut milk and so on, high-value products that are usually used as export products when processed properly.

Literature Review

According to Sukirno, Sadono (2000) economic growth is a change in the level of activity from year to year. To find out the level of economic growth, national income must be compared various years calculated based on constant prices. So the change in the value of national income is solely due to changes in the level of economic activity. Growth will only be achieved if the amount of goods and services produced increases in the following year.

Exports are various kinds of goods and services that are produced domestically and then sold abroad (Mankiw, 2006). In terms of expenditure, exports are one of the most important factors of the Gross National Product (GNP), so that with changes in the value of exports, people's income directly will also change. On the other hand, the high exports of a country will cause the economy to be very sensitive to shocks or fluctuations that occur in the international market and in the world economy (Irham and Yogi, 2003).

An important function of the export component of foreign trade is that the country gains profits and national income rises, which in turn increases the amount of output and the rate of economic growth. With a higher level of output the vicious

cycle of poverty can be broken and economic development can be increased (Jhingan, 2000).

According to Todaro (2004), exports are international trade activities that provide stimulus to grow domestic demand which causes the growth of large manufacturing industries, along with stable political structures and flexible social institutions. In other words, exports reflect international trade activities, so that a developing country is likely to achieve economic progress on a par with more developed countries.

Methodology

Determination of the featured Products of the Village in the subdistricts is carried out by gathering information from most of the existing sub-districts by considering the representation of geographical characteristics of the region, the number of UMKM, the contribution of the formation of district GRDP and Government policies.

Regional number of sub-district samples covered in this study are UMKM engaged in agriculture, plantations, fisheries and small processing industries. Regions The total sample of subdistricts covered in this study is 10 subdistricts with 112 villages and 12 subdistricts spread in the coastal area of Indragiri Hilir regency.

Data Analysis Method

Primary and secondary data analysis is performed in order to answer the research objectives. To answer the first objective, the analysis conducted is descriptive analysis, cross tabulation, and descriptive statistics. The results of the descriptive analysis are used as material for the preparation of recommendations. Specifically in the context of analyzing and determining n products the analytical methods used are the Bayes Method, the Analytical Hierarchy Process (AHP) Method and the Cartesian Diagram with a conceptual hierarchy structure.

Research Results and Discussion

Potential of Featured Products in Indragiri Hilir Regency

Screening of featured products and featured potential in the Subdistrict area (research sample) uses Bayes technique in giving the largest to smallest ranking after which it is crossed over the assessment results from Bayes into two data interval groups using the smallest and largest value data from the ranking results. The screening results will produce two product categories namely featured products and featured potential products in each region.

Featured Product of Concong Subditrict

Based on the screening of featured products by the Bayes method, based on aspects, indicators, and parameters for determining featured products, two product categories are obtained, namely featured products and featured potential products. Screening of featured products based on the value of the weight of input, process, and output on

each product shows the difference in the level of weight in determining featured product.

From the calculation of Bayes value screening, three featured products were selected from several products found in Concong Subdistrict.

Table 1. featured Products of Concong Subdistrict

Sector	Featured product	Bayes Value
Fishery	Penampung Ikan	2.55
Processing industry	Belacan	2.49
Processing industry	Ikan Asin	2.49

Source: Processed Data, 2019

Featured Products of Gaung Anak Serka Subditrict

Products thought to be featured in the processing industry sector are processed products from the agriculture and forestry sectors such as woven Bemban. The agriculture and plantation sectors are pandanus fans, toilet brushes, pandanus sandals, pandanus bags and miniature ships (coconut shells), coastal sago, dried sago bay, shredded fish.

From the calculation of Bayes value, three featured products were selected from several products available in Gaung Anak Serka Subdistrict.

Table 2. Featured Products of Gas Subdistrict

Sector	Featured product	Bayes Value
Food Processing Industry	Sagu Kering Teluk Sungka	2.55
Craft Industry	Abon Ikan	2.52
Craft Industry	Sendal Pandan	2.52

Source: Processed Data, 2019

Featured Products of Gaung Subdistrict

Products thought to be featured in the craft industry sector include pandanus products, handicrafts, glass water handicrafts, recycled garbage bags and rota cushions. The food processing industry sector consists of belacan sago crackers, juruh sugar and fish processing.

From the results of the calculation of Bayes values, three featured products were selected from several products found in Gaung Subdistrict.

Table 3. Main Products of Gaung Subdistrict

Sector	Featured product	Bayes Value
Craft Industry	Handycraf	2,57
Craft Industry	Sendal Pandan	2,57
Industri Kerajinan	Ayaman Bemban	2,55

Source: Processed Data, 2018

Featured Products of Kateman Subdistrict

Products thought to be featured in the handicraft industry sector include coconut shell handicraft products, tissue paper crafts, jar jar crafts, baskets, lekar, pandan fans, handicrafts and Malay slopes. As for the food processing industry sector, it consists of kue bangkit and semprong penjuru and gipang bihun kateman.

From the results of the calculation of the value of Bayes, four featured products were selected from several products contained in the Kateman subdistrict.

Table 4. Featured Products of Kateman Subdistrict

Sector	Featured product	Bayes Value
Processed Food Industry	Gipang Bihun Keteman	2,57
Craft Industry	Handycraf	2,57
Craft Industry	Kipas Pandan	2,55
Craft Industry	Kerajinan dari Batok Kelapa	2,55

Source: Processed Data, 2019

Featured Products of Mandah Subdistrict

Products thought to be featured in the craft industry sector include processed coconut shell products, brooms made from coconut coir, pandanus mats, coir dolls, handicrafts and mandah sandals, ayaman Bemban. The food processing industry sector consists of home sago and stick royco balado and salted lome fish.

From the calculation of Bayes value, three featured products were selected from several products found in Mandah District.

Table 5. Featured Products of Mandah Subdistrict

Sector	Featured product	Bayes Value
Craft Industry	Olahan batok/tempurung kelapa	2,57
Craft Industry	Handycraf	2,52
Craft Industry	Ayaman Bemban	2,52

Source: Processed Data, 2019

Featured Products of Pelangiran Subdistrict

Products thought to be featured in the craft industry sector include processed coconut/shell products, woven Bemban baskets, fans and view caps. The food processing industry sector consists of tamarind beans, sago flour, three-flavor chips and balado sweet potato chips. Whereas the processing industry includes virgin oil products.

From the results of the calculation of the value of Bayes, three featured products were selected from several products found in the Pelangiran Subdistrict.

Table 6. Featured Products of Pelangiran Subdistrict

Sector	Featured product	Bayes Value
Processing industry	Minyak Oli Virgn	2,52
Craft Industry	Olahan batok/tempurung kelapa	2,49
Craft Industry	Ayaman Bemban	2,49

Source: Processed Data, 2019

Featured Products of Pulau Burung Subdistrict

Products thought to be featured in the food processing industry sector include processed cake products and twin tempeh. Whereas the service sector includes moral workshops.

From the results of the calculation of the value of Bayes, two featured products were selected from several products contained in Pulau Burung Subdistrict.

Table 7. Featured Products of Pulau Burung Subdistrict

Sector	Featured product	Bayes Value
Food Processing Industry	Kue Bangkit	2.39
Food Processing Industry	Tempe Kembar	2.29

Source: Processed Data, 2018

Featured Products of Sungai Batang Subdistrict

Products thought to be featured in the craft industry sector include handicraft products in glass containers, Bemban cushions, glass and wooden teapots and sling bags. The food processing industry sector consists of cornflakes, murgu mulyo onion crackers, sugar and coconut candy and shredded fish.

From the results of the calculation of the value of Bayes, three featured products were selected from several products contained in Sungai Batang Subdistrict.

Table 8. Featured Products of Sungai Batang Subdistrict

Sector	Featured product	Bayes Value
Craft Industry	Abon Ikan	2,52
Food Processing Industry	Bipang Jagung	2,49
Craft Industry	Anyaman Bemban	2,45

Source: Processed Data, 2019

Featured Products of Tanah Merah Subdistrict

Products thought to be featured in the craft industry sector include processed coconut shell/coconut shell products, songket woven cloth, Bemban woven, palm fronds and coconut shell decorative lamps. The food processing industry sector consists of salted fish and shrimp crackers.

From the results of the calculation of the value of Bayes, three featured products were selected from several products found in Tanah Merah Subdistrict.

Table. 9. Featured Products of Tanah Merah Subdistrict

Sector	Featured product	Bayes Value
Food Processing Industry	Kerupuk Udang	2,49
Food Processing Industry	Ikan Asin	2,49
Craft Industry	Lidi Nipah	2,42

Source: Processed Data, 2019

Featured Products of Teluk Belengkong Subdistrict

Products thought to be featured in the craft industry sector include processed Bemban products, pandanus fans, tissue holders and frames (photo frames). The food processing industry sector consists of brown sugar, tempeh, savory corn marning, confectionery and banana chips.

From the results of the calculation of the value of Bayes, three featured products were selected from several products contained in the Subdistrict of Teluk Belengkong.

Table 10. Featured Products of Teluk Belengkong Subdistrict

Sector	Featured product	Bayes Value
Food Processing Industry	Tempe	2,49
Craft Industry	Kipas Pandan	2,47
Food Processing Industry	Gula Merah	2,42

Source: Processed Data, 2019

Strategy of Handling Featured Products of Indragiri Hilir Regency in 10 Subdistricts

Strategies in Increasing Exports

To provide more targeted steps in developing featured products in the 10 existing Subdistricts, the following strategies are proposed in an effort to increase exports of featured products in the 10 existing subdistricts, including:

1. developing a mechanization and technology program that can increase production capacity and meet production quality standards (SNI).
2. increase innovation and creativity of small industries towards products that are in demand by the market
3. establish cooperation with vendors, especially the procurement of production equipment that can be used as partners both in terms of production technology and marketing networks
4. streamlining the existence of regional companies, and SOEs, especially for management and marketing guidance.
5. developing an online technology-based management information system to accelerate market access both at home and abroad.

Strategies for Improving Local Economy

To provide clearer directions for the development of local economic ventures, the following strategies are proposed, including:

1. improve the quality and quality of the workforce to produce quality products and have standardization.
2. increasing the frequency, educational programs and training to achieve, the skills that are thought for.
3. develop workforce qualifications that are able to absorb the latest technological developments
4. develop a high work culture (corporate culture) for business actors
5. increase the capacity and competence of the owners and workers in the form of various education needed.
6. restructuring community economic institutions through the cooperation of bank and non-bank financial institutions.
7. develop various types of training that can improve the capabilities and capabilities of business owners.
8. increasing the involvement of local governments in the problems faced by small industries in running their businesses.
9. increase the number of trainers / tutors in ongoing coaching

Conclusions and suggestions

Conclusions

The conclusions that can be drawn from the discussion above are:

1. Featured Products in 10 subdistricts are:
 - Olahan batok/tempurung kelapa_kec. Kateman, Kec. Pelangiran, Kec. Mandah
 - Sendal pandan kec. Gaung, Kec. Gas
 - Gipang bihun_Kec. Kateman
 - Anyaman Bemban_kec. Gaung, Kec. Sungai batang, Kec. Mandah, Kec. Pelangiran
 - Sagu kering teluk sungka_kec. Gas
 - Kipas pandan_kec. Kateman, Kec. Teluk belengkong
 - Penampung ikan_Kec. Concong
 - Abon Ikan_Kec. Gas, Kec. Sungai Batang
 - Minyak virgin oil_kec. Pelangiran
 - Handycraf_Kec. Mandah, Kec. Kateman, Kec. Gaung
 - Gula merah_Kec. Teluk belengkong
 - Tempe saka_Kec. Teluk belengkong, Kec. Pulau burung
 - Belacan_kec. Concong
 - Kerupuk udang_kec. Tanah merah
 - Ikan asin_Kec. tanah merah, Kec. Concong
 - Bipang jagung_Kec. Sungai batang
 - Lidi nipah_Kec. Tanah merah

- Kue bangkit Kec. Pulau burung
2. The focus in developing strategies for export products places more emphasis on internal variables among others increasing competence, product standardization, technology and external, involving external institutions in assisting the marketing of local products.
 3. The focus in local economic development strategies emphasizes improving the skills of the local workforce and certifying skills / expertise, as well as improving work culture. The next arrangement of economic institutions both improving the quality of human resources including financial institutions.

Suggestions

Recommendations for determining the featured product strategy;

1. It is recommended to the Subdistrict Government under study to determine the Featured and Potential products of the results of this study (as previously mentioned) as Regional Featured and Potential products.
2. It is recommended that the division of strategic roles that can be carried out between the government, UMKM entrepreneurs/actors, banks, and other stakeholders in the development of UMKM and its featured Product Strategy as follows;
 - a. The role of government The government is the role of the current and future government in the development of UMKM as regulators, facilitators, and stimulators, which emphasizes self-reliance in community empowerment, through strengthening UMKM based on featured products. As for products that have good competitiveness, the government must be able to become a monitoring and controlling for business activities in increasing the added value of products produced to the people of Riau Province in particular.
 - b. UMKM entrepreneurs/Association are;
 - i. Identify the root causes of various obstacles and obstacles faced in developing their businesses, and communicate them to those who are considered to be able to help, such as: BDS (Business Development Service) providers, UMKM associations, relevant government agencies and strategic parties other.
 - ii. Increase capacity and competence through efforts to develop an entrepreneurial spirit, work ethic development, work discipline and increase high moral commitment.
 - iii. Implement carefully, consistently and continuously empowerment programs provided by the government and other institutions for the development of their businesses.
 - iv. Increase productivity, efficiency and competitiveness of products and services produced.

v. Active in various business development forums as a vehicle for developing the delivery of aspirations and their needs for business development and expanding business networks.

c. Banking

Develop financing and capital packages to develop UMKM businesses, including the development of alternative sharia-based financing patterns and models. Sharia-based financing is highly relevant to the vision and mission of development in many areas, especially the subdistricts.

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