

Research article

Community Empowerment Through Home Industry in Improving Community Welfare in East Java, Indonesia

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Abstract.

The goal of this study was to examine community efforts in running home industries to improve welfare, the government's role in supporting community home industry activities, and the obstacles to improving community welfare through home industries and how to overcome these. This research was conducted on a home industry in East Java, Indonesia, namely one engaged in the food industry, including providing processed fish, tempeh, emping mlinjo, and banana chips. Data were gathered through observations, interviews, and documentation analysis, and these were then analyzed using Miles and Huberman's data analysis techniques. The results indicated that efforts to empower a community depend on the community's degree of autonomy. The community studied was effectively empowered through the home industry, which improved the welfare of the community. The home industry needs to pay attention to business capital, raw materials, production, marketing, and a business spirit to achieve success. The role of the government in the home industry is very important, especially in terms of the policies and assistance that are needed. Barriers to community empowerment through home industries include lack of capital, market opportunities, management, cooperation, and marketing.

Keywords: empowerment, home industry, community welfare

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1. Introduction

Community welfare is an inseparable part of the paradigm of economic development, economic development is said to be successful if the level of community welfare is getting better. Inequalities and inequalities in people's lives are caused by the success of economic development that is not accompanied by an increase in people's welfare. According to [1], Community welfare is a condition that shows the state of people's lives which can be seen from the standard of living of the community. Based on data from the Central Statistics Agency (BPS) in March 2021 it was 10.14%, that is, 27.54 million people were categorized as poor. Specifically, the number of poor people in Indonesia by the province as of March 2021, namely East Java, is 4.6 million people. After that,

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the provinces of West Java and East Java were followed by 4.2 million and 4.1 million inhabitants, respectively.

According to Law No. 11 of 2009 concerning Social Welfare, it is explained that social welfare is a condition that shows the fulfillment of the material, spiritual and social needs of citizens to live properly and be able to develop themselves. To see the level of welfare of a community or household welfare of a region, several indicators can be used as measurements, namely the level of family income, the composition of household expenditures by comparing expenditures for food and non-food consumption, the level of family education, and the level of family health.

One of the efforts in alleviating poverty is by empowering the community, including through the home industry. The home industry is the activity of processing raw materials or semi-finished goods into finished goods that have added value for profit. According to Hamdi[2], the home industry is a business unit/company on a small scale that is engaged in certain industrial fields. Usually, this business only uses one or two houses as production, administration, and marketing centers at the same time. The home industry is also a forum for most people who are able to grow and develop independently by contributing greatly and occupying a strategic role in improving people's welfare. In the development process, industry in rural areas is indispensable in an effort to increase the added value which in turn can improve welfare. The growth of the home industry has an important role in supporting the pace of regional economic growth, and the development of the home industry continues to grow in line with development developments. The development of the industrial sector in development in Indonesia cannot be separated from the role and existence of home industries and folk crafts, which historically existed much earlier than the manufacturing industry and modern industry.

The existence of home industries in rural areas is a part of driving rural economic growth through the diversification of alternative sources of income for the population. According to welsh[3], the benefits of the home industry are as an alternative income for the family. This household economic activity helps increase family income because it is a side business that does not take up much time. Home Industry also has the opportunity to reduce poverty. Home industry economic activities indirectly create jobs for family members or neighbors who are in the vicinity of the residence, therefore home industry can help reduce unemployment and poverty.

Home Industry in rural areas simply utilizes local natural resources, uses local labor, and uses existing social and economic institutions so that it will strengthen the people's economy in general. According to white[4] the civic engagement tended to be more

reliable and stronger for rural community welfare. In addition, small-scale rural industries, apart from being an effort to overcome unemployment in the countryside, also prevent urbanization, namely the large number of rural workers moving to cities looking for work in urban industries.

In East Java, there are several home industry centers in rural areas that can be said to be quite successful and have good prospects, such as processed fish in Watulimo sub-district, Trenggalek district, Tempe craftsmen in Sepande Village, Candi District, Sidoarjo Regency. melinjo chips craftsmen in Purwosari Village, Magetan Regency and banana chips industry in Sentul Village, Sumbersuko District, Lumajang Regency. This phenomenon is very interesting to study, on the one hand, there are government policies in poverty alleviation efforts, while on the other hand there are village community efforts that have succeeded not only in poverty alleviation but also in improving welfare. This phenomenon can be used as a reference to overcome problems in realizing community welfare. In this study, it will be discussed how community empowerment through the home industry can improve economic and social welfare, the role of the government in empowering society through the home industry as well as supporting and inhibiting factors related to the home industry.

2. Method

This study uses a qualitative descriptive approach. The research subjects are people who are involved in the home industry including business owners, employees, and local governments. The research location is processed fish in Watulimo sub-district, Trenggalek district, Tempe craftsmen in Sepande Village, Candi District, Sidoarjo Regency. melinjo chips craftsmen in Purwosari Village, Magetan Regency and banana chips industry in Sentul Village, Sumbersuko District, Lumajang Regency.

The focus of this research includes the process of community empowerment of craftsmen in the home industry; the role of the government in empowering the community through the home industry, obstacles in managing the home industry, and efforts to overcome these obstacles. Data collection was carried out using observation, interviews, and documentation. Data analysis was performed using the interactive model of Milles and Huberman. In this model, data analysis is carried out through three stages, namely data reduction, data presentation, and conclusion drawing.

3. Result and Discussion

3.1. Home industry Efforts in Increasing Business Capital, Raw Materials, Production, Marketing and Business Spirit

Based on research findings both in the fish processing industry, emping mlinjo, tempeh, and banana chips, that the business capital of the craftsmen is mostly obtained from cooperatives and collectors. This is because the flexible payment system does not require complicated procedures and the loan repayment period is relatively negotiable, even when the craftsmen need business capital, the procedure is easy. The government has facilitated various banking loans in Trenggalek Regency, Magetan Regency, Lumajang Regency, and Sidoarjo Regency by socializing it through the Industry and Trade Office in each district of East Java through counseling guidance but the craftsmen prefer to use the services of collectors this is because the way The craftsmen think that it is very simple, namely how to get capital for business improvement with low-interest costs and procedures that are not difficult. However, the acquisition of capital through credit offered by the bank also received a good response, but this has not been realized this is because the amount of credit approved is not by the amount of credit requested, the credit repayment process is also burdensome for the craftsmen, in addition to the relatively high-interest rates and there are the provisions of the craftsmen must comply with applicable procedures, namely they must provide guarantees to the bank.

The availability of raw materials in several home industries in the East Java region is easy to obtain even though some bring in from outside the region but without the need for imported raw materials so this is what makes home industry development easier. The development of the home industry in the community will provide access to move in the business dimension which is supported by other sources of raw materials so that it can provide added value for the village community. This is by the opinion of Prijono[5] that with the existence of this home industry, it is hoped that the community's economy will increase from before and this home industry can also open job vacancies for the surrounding community.

The production process in the home industry in East Java still uses the old and simple ways by using human power. This is by the opinion of Tambunan[6] which states that the home industry in rural areas is often carried out manually and its daily activities take place in the house and encourage the rural economy and increase labor productivity to reduce poverty. Home industries sustainably utilize local natural resources, using local labor by using existing social and economic institutions to strengthen the people's economy in rural areas.

Although the production process at home industries in rural areas in East Java still uses the old methods and is done manually, it does not dampen the enthusiasm of the craftsmen to keep producing, as evidenced by the research findings even though it is done manually with high work ethic. Meet market demand in the East Java region Indonesia.

Based on the findings of research on the marketing system of production in home industries in rural areas in East Java, it is necessary to improve the marketing pattern, because when referring to the conventional marketing system, the impact on the welfare level of the craftsmen is difficult to improve. According to Mastuti[7], in planning the development of a business, it is necessary to analyze the marketing conditions, both in the past and in the prospects for a product to be marketed. The main point in analyzing market conditions in market segmentation is the demand conditions, supply conditions, and the policies of competitors. When linked to the program from the Department of Industry and Trade at the district level about the central government program through motivational training with the achievement motivation training method on production techniques, business administration, promotion, marketing, and how to cooperate [6], that these programs have the aim of increasing new economic actors, strengthening the competitiveness of weak economic actors, encouraging innovation and modernizing small businesses to be more productive and efficient as well as developing foster fathers and facilitating marketing. Therefore, although the Department of Industry has provided counseling and guidance in terms of marketing to the home industry in rural areas, it is only for information. Promotion of production results is also felt to be less carried out by the craftsmen due to limited capital so that marketing looks for ways and ways of their own. The craftsmen also really hope that there will be a pattern for smooth marketing and overcoming working capital. Whereas according to Kartasasmita[8] Communication in terms of marketing is very important to do to increase brand awareness, so that consumers become interested in choosing their products.

In connection with the spirit of the home industry in the production process, based on research findings that the enthusiasm for business owned by the community in the home industry in East Java, whether it is the processed fish, tempeh, emping mlinjo, and banana chips industry is very high, but the enthusiasm of the craftsmen in the process towards empowerment is in The craftsman himself depends on each individual personally being moved by his heart, mind, willingness to try to improve the empowerment of the craftsmen through their business activities, how the craftsmen are personally moved to learn to improve their skills and knowledge to produce them and how the craftsmen are Personal trying to establish access with various social forces

that exist in their environment. Work enthusiasm affects production results. This is also by the opinion of [7] that morale has a great influence on every employee at work, if employee morale is high then they tend to be able to complete work well and quickly and produce quality products, on the contrary, if employee morale is low then the work is not done well and slowly.

Existing data, the craftsman community shows that the degree of empowerment they have is very diverse and does not depend on the period of the craftsmen in doing business, meaning that the capability, hard work, courage, calculation, and foresight of the craftsmen personally in doing business greatly affect the size of the business carried out. and the income it earns. As for the factors that influence the ongoing process of empowering the craftsman community, both fish, tempeh, *emping mlinjo*, and banana chips, based on the research findings described above, the craftsman community itself has various characteristics, meaning capability, hard work, courage, the spirit of business, calculation, and foresight possessed by the craftsmen personally are the main factors in the ongoing empowerment process, while as a supporter are the many roles of local governments, especially the Department of Industry and Trade, the village government, namely the village head, the role of cooperatives in the village and the market. The government in East Java Province often assists in the form of coaching and training for home industry players. This assistance is expected to maximize the management of existing home industries in each region. This is by the opinion of [9]. Community empowerment efforts can be carried out in various ways and strategies. Community empowerment from the SME sector is an effort that can be made to improve the economy and community welfare. One of the efforts to create strong SMEs is through the empowerment of existing SMEs by providing guidance and training

The same opinion is also emphasized by [3] that rural community empowerment must be directed, meaning that it is directed directly to those in need, directly involving and even implemented by the target community so that assistance is effective by the wishes and recognizes abilities and needs while increasing empowerment community with experience and implement, manage, account for efforts to improve themselves and their economy.

Based on some of these opinions, it can be explained that the empowerment of small businesses in this case craftsmen in the home industry, should be more directed at increasing the ability of small entrepreneurs to become successful middle-level entrepreneurs. Weak managerial capabilities and human resources have resulted in home industry businesses not being able to run their business properly. Therefore, in the development of home industries in rural areas, it is necessary to prioritize equal

distribution of employment opportunities and need to be further improved through empowerment and improvement of arrangements and business development.

3.2. The Government's Role in Community Empowerment Through Home Industries

Based on the results of research findings, both in the home industry of processed fish, tempeh, emping mlinjo, and banana chips in East Java, it shows the involvement of the government's role in the form of policy. Policies taken by the government require support from the public. This is in accordance with the opinion[4] Government policies must be developed with the consideration of public support. Policies that are implemented without adequate public support will be difficult to succeed. The concrete form of government policies related to community empowerment through home industries in East Java through the Department of Industry and Trade, from cooperatives, from the Village Government, they synergistically carry out their roles and work together in increasing the empowerment of the craftsman community, especially in the economic field, in terms of marketing. While the craftsmen themselves have a very big role in increasing their self-empowerment, namely they want to learn or there is a learning process, the craftsmen already have a mature calculation in trying, the craftsmen have personal capabilities and foresight in trying.

Based on the findings of the research, it can be explained that the role of local governments, especially the Department of Industry and Trade in the district in the home industry area, is not only in its role in developing a coaching program for home industries in the village but can also take advantage of the existence of craftsmen in the rural area as a form of the success of an industry. development carried out in the region. The emergence of policies from the Regional Government in the construction of various public facilities and infrastructure in the village area in the Watulimo sub-district, Trenggalek district, Sepande Village, Candi District, Sidoarjo Regency. Purwosari Village, Magetan Regency, and Sentul Village, Sumberuko Subdistrict, Lumajang Regency are quite good including repairing public facilities and infrastructure such as village entrances, communication facilities, electricity, and public transportation, and so on. The development of various kinds of public facilities and infrastructure is very important in business activities in home industries in rural areas, this is to expand the access of craftsmen to the outside world. This is by the opinion of[5] which states that the government's policy so far has been the emphasis on how to ensure that rural communities are given the widest possible opportunity to develop their potential and open access

to external opportunities to improve their economy, and efforts to foster and develop small businesses carried out by institutions. -Institutions that are concerned with the development of the home industry.

3.3. Barriers to Community Empowerment Through Home Industry

In the implementation of community empowerment through the home industry in East Java, of course, there are several obstacles, including those related to the capital system, market opportunities, management, cooperation and community development, and product marketing. This is by what is explained by [10] as follows: “specifically the basic problems faced by small entrepreneurs in the home industry are: (1) weaknesses in obtaining market opportunities, increasing market share; (2) weaknesses in the capital structure and limitations in obtaining access to sources of capital, (3) weaknesses in the field of organization and human resource management, (4) limited business network cooperation among small entrepreneurs in the home industry (marketing information system), (5) a less conducive business climate due to deadly competition, (6) the development carried out is still less integrated and lacks public trust and concern for small businesses ”.

The problem of capital is certainly the main obstacle in the home industry in East Java. The capital is used by the home industry players, especially in the village area in the Watulimo sub-district, Trenggalek district, Sepande Village, Candi District, Sidoarjo Regency. Purwosari Village, Magetan Regency and Sentul Village, Sumberuko Subdistrict, Lumajang Regency rely on loans from cooperatives and collectors. Although there are offers from several banks, home industry players rely more on loans to cooperatives and collectors for reasons that are more flexible, especially about guarantees and installments. The second obstacle is related to market opportunities where home industry products are only marketed in the local area of the area, even though some buyers from outside the city come to the area. The third obstacle is related to management, especially related to the expertise of workers who sometimes need extra assistance so that the resulting product is better. The fourth obstacle is related to cooperation and marketing. The home industry in East Java has limitations in terms of cooperation and marketing so that the market share reached, especially in terms of sales, is limited.

The efforts to foster and develop home industries carried out by institutions that are concerned with the development of small businesses, there are still many obstacles because efforts to foster small businesses still often overlap and are carried out separately. In that context, it is necessary to develop an inter-organizational process in

fostering small businesses that develop in small industries in rural areas. For this reason, community empowerment must meet the following requirements: (1) the activities carried out must be directed and benefit the weak, poor, (2) the implementation must be carried out by the community itself starting from what is done, (3) because the weak community is difficult to work alone. Because of their lack of power, community empowerment efforts also involve developing joint business activities in groups that can be formed based on the area of residence, (4) mobilizing broad participation from the community to participate in helping in the context of social solidarity, here including the participation of people -local people who are more advanced, and members of the community as well as others, community organizations, including NGOs, universities and so on[11].

3.4. Efforts made in Overcoming Barriers to Community Empowerment through Home Industry

Various efforts have been made by the community of home industry craftsmen to achieve success. The success of business continuity so that the production process continues and does not experience stagnant conditions (stops) thus the market share remains and is not saturated, so that the income source of the craftsman community is not lost, the way the craftsman community does to maintain their empowerment is by learning, maintaining the fabric of cooperation (access) to production supporting parties such as traders or collectors, middlemen, moneylenders, consumers, banks and the government in this case the regional government and village government. Thus the role of cooperatives as a forum for craftsmen who contribute a lot to help cultivate raw materials, business capital, marketing including also conducting training for its members (craftsmen) especially in the fields of management, production, is a form of learning activity for cooperative members. The process of empowering the community for processed fish in Watulimo sub-district, Trenggalek district, Tempe craftsmen in Sepande Village, Candi District, Sidoarjo Regency. melinjo chips craftsmen in Purwosari Village, Magetan Regency and the banana chip industry in Sentul Village, Sumberuko District, Lumajang Regency in increasing their empowerment are carried out using dialogue through counseling among craftsmen, while the focus is on providing information and dialogue through counseling and training activities to product quality improvement and market expansion. In this effort, there needs to be and continue to develop an attitude of not being satisfied quickly, must continue to take initiative, work hard, have perseverance, change the original work culture, and need to increase creativity both in production and in marketing products.

A market is an important tool in the process of empowering the craftsman community, therefore, various efforts have been made to increase its empowerment in the expansion of the market. Besides that, craftsmen must always learn to be able to foster healthy competition, can try to maintain cooperation with various parties related to the production and marketing process. Likewise, access that has been running well with various parties, be it local governments, village governments, cooperatives, and so on related to the production and marketing process, must be maintained as well as possible. However, their role has a big role in the business development process in the home industry of processed fish, tempeh, emping mlinjo, and banana chips, so that it can develop as it is today. The availability of various public facilities such as roads, the presence of signposts, permits, and so on is a manifestation of the government's attention both in the region and in the village. The Jain efforts made by the craftsman community are to maintain and improve their empowerment by always trying to maintain and uphold the trust that has been given by other parties, especially banks and consumers. The craftsmen are aware that the current condition is also because many banks are assisted by the provision of credit which is used as business capital, raw materials for craftsmen, including middlemen, traders who play a major role in seeking business capital, in marketing, in supplying materials. raw and so on. Likewise, craftsmen's efforts to overcome competition, to maintain their business can be done by improving product quality, packaging, and brands are already known but the packaging must be attractive and accompanied by a business license that needs to be included in the packaging practice including when it is produced and when it has a clear expiration date.

Based on the research findings that have been explained that the efforts made by the craftsman community in overcoming problems towards success are highly dependent on the craftsman community itself, meaning that it has various characteristics, such as capability, hard work, courage, determination, calculation and foresight possessed by the craftsmen. craftsmen personally and their willingness to learn is a determining factor in leading to business success and other factors as supporting factors are the role of local governments, banks, and markets including cooperatives.

A process of community empowerment of craftsmen as found in the community in Watulimo sub-district, Trenggalek district, Sepande village, Candi district, Sidoarjo district, purwosari village, Magetan district and Sentul village, Summersuko district, Lumajang district is a natural thing that has an autonomous nature. This is as stated by [5] that essentially the essence of empowerment lies in human beings. While factors outside of humans only function as a stimulus, a stimulant for the emergence of a

spirit, feeling, or urge in humans to empower themselves, to control themselves, and to develop themselves based on their potential.

The phenomenon found in the craftsman community is how the initiative and creativity of the craftsman community personally play an important role in the empowerment process carried out through learning. This can be seen in the case when the craftsmen started making processed fish, tempeh, emping mlinjo, and banana chips. This phenomenon shows that the initiative and creativity, as well as the learning process carried out by the community autonomously, are the main factors that influence the development of the empowerment of the craftsman community in the village.

The initiative and creativity that exists in the craftsman community by their motivation and stimulation in the form of a tangible display of increasing the economic welfare of craftsmen, stimulating other community members to carry out the same business activities, following the steps that have been taken by successful craftsmen, even though they have to learn first by being another worker. Furthermore, it is through the learning process of the craftsman community that results in the emergence of an increase in individual capabilities and capacities in obtaining and developing empowerment in the economic field.

Likewise, through a process of dialogue and discussion in the organization of craftsmen groups or joint business groups of craftsmen, whether it is processed fish, tempeh, emping mlinjo, and banana chips, they discuss how to maintain business continuity, meaning how to keep the production process going and not experience stagnant conditions by Thus the market share remains and is not saturated. How to increase product quantity and market expansion. [2] states that empowerment efforts are carried out in three directions, namely: (1) creating an atmosphere/climate that allows the potential of the community to develop (enabling), (2) strengthening the potential or power possessed by the community (empowering) and (3) protect the weak so as not to get weaker, prevent unequal competition and exploitation of the strong against the weak.

4. Conclusion

Increasing business capital, raw materials, production, marketing, and business spirit need to be considered in the home industry. This is a major requirement in the successful development of the home industry. The business capital obtained from home industry players in East Java mostly relies on loans from cooperatives and collectors, but some make loans to banks. Capital loans to collectors are mostly done because they are considered more flexible without having to meet complicated requirements. About raw

materials, home industries in East Java rely on local raw materials available in the local area and outside the area. The production process in the home industry is done manually using human labor and the marketing is also done conventionally without using social media which is the current trend.

The government is always present, especially in community empowerment assistance activities through the home industry. In addition, it also provides repair assistance, especially about public facilities and infrastructure in the home industry area in East Java to provide convenience and comfort for tourists to be able to attend the village.

Barriers to community empowerment through home industries are related to the market opportunity capital system, management, cooperation, and marketing. Efforts made to overcome these obstacles are a collaboration between the government, the community, and the private sector to overcome these obstacles so that home industry activities are expected to run smoothly without any obstacles. Concretely mentoring activities, training is carried out on all problems experienced by home industry players both in terms of capital, management to product marketing.

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