

STRATEGY OF RURAL ENTREPRENEURSHIP POTENTIAL DEVELOPMENT IN PAMARICAN VILLAGE CIAMIS DISTRICT INDONESIA

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Abstract

Purpose of the study: The village people of Pamarican Ciamis West Java Indonesia have great potency to be entrepreneurs. This study aims to implement the strategy to develop rural entrepreneurship potency in Pamarican.

Methodology: This is an action research. We are working with several business groups. Triangulation done by conducting sources triangulation, triangulation amongst researchers and theory triangulation.

Main Findings: The results shows that a business group can become a forum for the community in developing their business potential, their knowledge and skills increases by the reading material, training and guidance, the increasing knowledge and skills can make them running their business better, the small business activities have been able to increase their income.

Applications of this study: This research is expected to contribute to the government in floating the entrepreneurship of rural communities.

Novelty/Originality of this study: In this research, we emphasize in improving knowledge and skills to develop the rural communities become entrepreneurs. From 2015-2017, we have provided 300 books of entrepreneurship and other resources to fill their spare time. We hold regular meetings to guide the community to understand the reading material especially in Sukamukti Pamarican. To improve their skills, we also provide entrepreneurship training, mentoring and equipment that necessary to implement reading materials, such as equipment for making salted eggs, cookies and other equipment to several business groups under our guidance.

Keywords: rural entrepreneurship, rural economic development, community development, village empowerment.

INTRODUCTION

A village is identical with farming, simplicity, and difficult access from town, from the city. There are 14 villages in Pamarican-Ciamis. Our survey data shows that 14 villages in Pamarican-Ciamis district have good natural resource potential, but still have limitations in infrastructure, capital, and quality of human resources. On one hand, limited employment makes many villagers have no permanent jobs, many are unemployed, and some others choose to work in the city. On the other hand, limited employment makes some people have a desire to run a business. Many villagers later became impromptu entrepreneurs. They try to follow a business that has been successfully done by others in the hope of getting the same success. They have not been able to open up innovative new business opportunities, so their average business does not last long (Kurniasih, Yusup, & Kuswarno, 2018).

This study aims to find a strategy for developing the entrepreneurial potential of rural communities in Pamarican sub-district. The research questions include (1) the potential resources and business potential in Pamarican-Ciamis district; (2) the pattern of business dispersion in villages in Pamarican-Ciamis district; (3) the sources of information to start a business (4) the inhibiting factors and supporters in entrepreneurship (5) the role of government in fostering the entrepreneurship of rural communities. This research is expected to contribute to the government in floating the entrepreneurship of rural communities.

LITERATURE REVIEW

According to Deavers and Brown, the definition of the village can be seen from several categories of the information which is based on social, demographic and economic data (Rios, 1988). As time changes, the village society has transformed. The transformations in the countryside include the changes in demographics, activities and the impact of technological developments and connectedness in rural areas (Merlan & Raftery, 2009). One of the critical events in village transformation is entrepreneurship.

In Europe, the enterprise and entrepreneurship play an essential role in fostering the economic growth where the future success of the rural economy is closely linked to the innovative village entrepreneurs which able to identify business opportunities, create jobs and income in rural areas (DG AGRI Services (Ed), 2011). The entrepreneurship itself according to the National Association for Community College Entrepreneurship (NACCE) includes the consistent of thoughts and actions designed to open new opportunities, then apply and value (Yocum, 2010).

In America, the rural entrepreneurship development system is guided by several principles: an entrepreneur must focus on taking into account the assets owned, the system must be comprehensive and integrated in supporting the entrepreneurs and

building an environment that promotes the investment climate, taking into account policies at the regional, national and international levels, based on the local community, and the long-term sustainability of entrepreneurship systems (Markle, 2006).

In Indonesia, the village development is guided by Law (Act) of the Republic Indonesia Number 6 the Year 2014 on Village. Law No. 6 (2014) brings the village as a region that is expected to be advanced, robust, independent and democratic (Presiden Republik Indonesia, 2014). The rural empowerment is key to achieving village self-reliance. The rural empowerment can be implemented through the community development. With the Community development, it is expected to be a positive change, and there is social participation so that social welfare and emotional (happiness) of society can increase (O'Doherty, 2012; Robinson & Green, 2011). The implementation of community development programs varied, depending on the characteristics and problems of the village.

METHODOLOGY

This research is a continuous study which has been going since 2015 till 2017, using an action research. Action research is a research that aimed at finding solutions of a problem and having the ability to empower practitioners (Meyer, 2000). Action research is conducted through a collaboration among researchers with the community (Rose, Spinks, & Canhoto, 2014). In this research, the team leader initiated to build several business groups. With the participation of the community, some of the business groups can be established in Pamarican District. These business groups become partners for the research team to develop the potential of rural entrepreneurs.

In the first year, the study focused on identifying the problem and problem-solving solutions in several villages in Pamarican Sub-district. From the results of identification is known that people in the region of Pamarican have the potential to develop the entrepreneurship. The solution offered to develop the entrepreneurial potential of the community is to improve the knowledge and skills of the community, with the provision of village libraries, entrepreneurship training and the provision of containers for entrepreneurship in the form of business groups in cooperation with village and sub-district governments. In the second year, research focused on sustaining the activities of business groups by continuing to improve knowledge, skills, and cooperation between the local communities, apparatus and target markets. In the third year of 2017, the study focused on monitoring the activities of business groups, conducting observations, focus group discussions and entrepreneurial training on a regular basis. In this 3rd year, we also try to formulate the development strategy of entrepreneurship potential of a rural community (Rural Entrepreneurship), especially for Pamarican District of Ciamis Regency West Java Province Indonesia

This action research steps adopted the research steps undertaken by Wittmayer et al. (Wittmayer, et al., 2013) below:

Table 1: Action Research Steps, Adoption from Wittmayer et.al (Wittmayer, et al., 2013, p. 11)

	Key Activities	Key Output
Preparation	- Identify the problem.	- List/description of problem.
Preparation & Exploration	- Mendesain penelitian.	- Research design.
Problem Structuring & Envisioning	- Designing problem solving	- Program for Program Solving.
Backcasting, Path-Way & Agenda	- Approach to the society.	- Program accepted by the community.
Building	- Formulate the implementation of the program	- Design of the implementation of research program.
Experimenting & Implementing	- Socializing research program to the community.	- Research program implemented in the society.
	- Implementing the research program.	
Monitoring & Evaluating	- Focus Group Discussion	- Strategy of Rural Entrepreneurship
	- Guidance	Potential Development implemented.

The peculiarity of entrepreneurial potential in this research is that the people in the villages in the Pamarican sub-district want to try every effort that has been successfully done by others (Kurniasih, Yusup, & Kuswarno, 2018). Data collection incorporates participative observation, focus group discussion, interview, and study literature. The informants chosen by purposive sampling technique based on the criteria as follows: people who still run a business, people who once run a business but has stopped, and people who do not run a business but willing to. There are 18 informants in total. Triangulation done by conducting sources triangulation, by interviewing 4 village officers related to villages' people business activities, triangulation amongst researchers where the researchers discussed the findings of our respective research findings, and theory triangulation through literature study.

DISCUSSION / ANALYSIS

The Potential Resources and Business Potential in Pamarican Sub-District Ciamis Regency

An entrepreneur must have a competitive advantage to maintain the sustainability of his business. The competitive advantages for village entrepreneurs can be obtained if they can identify and build the unique local assets and strategize for the success of their business in the future (Markle, 2006).

The primary resources in Pamarican Sub-district are agriculture, livestock, plantation and fishery. Some villagers in Pamarican are the producers of fruits and vegetables widely known to the public, such as Papaya California, sapodilla (sawo) and various crops, such as cucumbers, pariahs, long beans, purple eggplants, green eggplants, tomatoes, etc. The main dominance of natural resources in Pamarican Sub-district is sugar and wood (Kecamatan Pamarican, 2017). Thus the highly developed business in Pamarican Sub-district is in the agribusiness sector. Besides farmers and ranchers, people in the villages of Pamarican sub-district also work as traders, craftsmen, sewing, convection, cafe owners, online businesses, sugar producers, catering owners, workshops, restaurants, rice mills, etc. Meanwhile, youth who do not get jobs in the village, usually they look for jobs in the city. The youth organization in the villages such as Karang Taruna does not run well either.

The Pattern of Business Spreading in Villages of Pamarican Sub-district

Some informants who have the business in the village tell how they started a business. On average they start looking for the business opportunities because there is a necessity of life, then feel bored and want to develop their knowledge. On that basis they are looking for the potential villages, capturing the market needs and implementing them. When their efforts are successful, it is usually followed by others. According to informants of this research, people usually try all kinds of businesses. For example, in Sukamukti Village there has been a success with the effort of making nata de coco (coconut with water) candied and dried banana (sale pisang), many other people follow to make nata de coco and dried banana because the raw material is easy to obtain and this business requires little capital. Unfortunately, this business does not run long, because of the marketing problem, many of which produce nata de coco and dried banana, while the consumers are fewer. This shows that people in the villages of Pamarican sub-district have a desire to do a business, but do not have enough knowledge to make a business can survive. That there are several categories for the growth of a new business, namely (1) creating, building and running the wave ventures; (2) creating the new products with attention to the innovative designs, new business models, new distribution channels, trimming distribution channels and executing the best games; (3) redesigning the business value chain to make the products faster, cheaper and better; (4) discovery and research knowledge; (5) existing roll-up (aggregation) ventures; (6) government and political policies; (7) transfer of ideas to acquire new sectors (World Economic Forum , 2011). In the case of entrepreneurship in the villages of Pamarican Sub-district, the process is to imitate a successful business in the hope that it will succeed as well. For the pioneers themselves, they want the others to follow their success, so they are not reluctant to share knowledge and experience, even offer cooperation and invite others to follow his business. This process is usually done informally when they meet by chance at the store, in the recitation activity, etc. However, an entrepreneur should be able to create a new product or service and be able to bear the financial risk to bring it to a growing market (Yocum, 2010).

Information Resources for Starting a Business

The Communities of the villages in Pamarican sub-district usually get information to start a business from their relatives, then learn from experienced and learn from internet resources. According to one of the village heads in this area, although not yet have the adequate space, the village library has begun to be pioneered, there are already books that can be read by the community. Unfortunately, the books are underutilized. People more often use the wi-fi facility to access the internet provided in the village office, rather than reading a book. People are also more likely to read fast information such as reading information on a poster rather than a book. However, a reading informant mentioned that reading could inspire the entrepreneurship, but then that desire is not workable because of constrained capital. The informants also mentioned the books that are very useful for them are the books on how to grow crops, farms, tips, and tricks in doing business, etc . The new growth theory emphasizes the importance of economic growth resulting from increased use of knowledge rather than labor and capital, but markets fail to produce knowledge because individuals cannot capture the benefits of creating new knowledge through their investments (Dang & Pheng, 2015).

The Inhibiting and Supporting Factors in Entrepreneurship

From the observation, interview and focus group discussion with the research informants, there are some obstacles felt by the people in some villages in Pamarican region in connection with their activities in entrepreneurship. These obstacles are (1) lack of quality of human resources, especially still lack of knowledge about product and market distribution; (2) lack of business capital. Many of the farmers who start the farming by using the loan capital from middlemen so that when the harvest, they sell the crop to the middleman with a very cheap price; (3) in some villages there is no cooperative; (4) agribusiness is very dependent on the weather, weather uncertainty can result in crop failure; (5) inadequate infrastructure, many roads are damaged in rural areas, resulting in expensive transportation costs, etc. In addition to inhibiting factors, the community also mentioned several supporting factors in entrepreneurship, namely (1) there is a desire from the community to try various types of business; (2) number of population at productive age is quite high; (3) community support each other in entrepreneurship; (4) it has been formed the Village Owned Enterprises (BUM Des), etc .

The Role of Government in Raising the Entrepreneurship of Villagers

The village-oriented development of entrepreneurial concept accepts the entrepreneurship as a central force in economic growth and development. This concept will work well if supported by the environment and policies that support the entrepreneurship (Petrin, 1997). In the Law of the Republic of Indonesia, Number 6 the Year 2014 on the Village mentioned that to manage the assets, services and other businesses in the village then formed a Village Owned Enterprises (BUM Des). BUM Des is expected to improve the welfare of the community (Presiden Republik Indonesia, 2014). In some villages in Pamarican Sub-district, BUM Des has cooperated with various businesses in their village. BUM Des provides the business capital and then shares the results of the business. BUM Des also provides the various training to support the community entrepreneurship. Another institution is the Income Generating Effort of Family Welfare (UPPKS). This institution acts as a savings and loan cooperative. Both institutions are expected to play a role in providing solutions to problems and improve entrepreneurship of rural communities.

The Strategy for Developing Potential of Villagers in Pamarican Sub-district

Economics is a social system where there is an inseparable relationship between economic factors and non-economic factors, including how attitudes to life, work and authority, bureaucratic systems, legal aspects and administrative structures, kinship and religion patterns, cultural traditions, agency integrity government, community participation and social class flexibility (Todaro & Smith, 2012). People in the villages of Pamarican region are a very religious society. Therefore, in every government policy, there is always a role of religious leaders. The role of religious leaders is very central. People will hear more what the religious leaders say than by government officials. The good cooperation between government and religious leaders is needed to achieve the government programs for community welfare. According to Hembd & Silberstein sustainable development requires at least three capital: natural capital, physical capital and human capital (Hembd & Silberstein, 2011).

By considering the potential, obstacles and support felt by the community in entrepreneurship, several strategies that can be done are (1) improvement of community knowledge and skills with emphasis on creativity and product innovation, packaging, distribution channels, markets, product / service life cycles, resilience against buyer declines and new business opportunity creation; (2) the role of BUM Des, UPPKS and other government economic institutions in assisting the capital of village entrepreneurs; (3) improvement of infrastructure that can support the business (business) community; (4) empowerment of productive age society in order to work or entrepreneurship in the village; (5) cooperate with outsiders to market products / services of village entrepreneurs; (6) forwarding weather forecasts in one season to reduce crop failure; (7) a business alternative for those having an argo-business sector when the weather does not allow for cultivation; (8) new technologies, especially internet-based ones, have been accepted by villagers, so the village government and other community components need to provide briefing on the use of the new media to support entrepreneurship in the village. With a strategy to develop the right entrepreneurial potential, economic development can take place continuously. Economic development supports sustainable development in general which aims to improve the overall quality of life in various aspects of life, including economic, social, environmental and cultural aspects (World Bank, 2003, p. 1). Lack of infrastructure to support the commercialization of innovation in rural areas should receive special attention. If a village is faced with a lack of infrastructure to support innovation, then the strategy that can be done is not to strategize in the commercialization of innovation or to seek partners with other areas that can support rural entrepreneurial activity (Lyons & Lichtenstein, 2006).

In this research, we emphasize in improving knowledge and skills to develop the rural communities become entrepreneurs. From 2015-2017, we have provided 300 books of entrepreneurship and other resources to fill their spare time. We gave these books to a reading group so the books can still be managed and used well by the community even if our research is done. We hold regular meetings to guide the community to understand the reading material especially in Sukamukti Pamarican. Some members of business groups stated that they got the inspiration for entrepreneurship after they are reading the book. To improve their skills, we also provide entrepreneurship training, mentoring and equipment that necessary to implement reading materials, such as equipment for making salted eggs, cookies and other equipment to several business groups under our guidance.

The results of the research shows that a business group can become a forum for the community in developing their business potential, their knowledge and skills increases by the reading material, training and guidance, the increasing knowledge and skills can make them running their business better than before, the small business activities have been able to increase their income.

Limitedness on the of level of education, business capital and facilities in Pamarican is directing a business group developed in Pamarican is not based on business type but based on skills and interest of each member. Meanwhile, anything relating to government policy is done by giving input to the village government during the discussion. We suggest to the village government that village-owned enterprises (BUMDes and UPPKS) are more empowered in assisting entrepreneurial capital, improving community knowledge and skills in business, building business networks for marketing the products/ services of business groups and involving religious leaders in every decision-making and disseminating village policy.

CONCLUSION

The Villages in Pamarican sub-district Ciamis have good natural resource potential, but still have limitations in infrastructure, capital, and quality of human resources. Although the quality of human resources is lacking, they have the potential to become entrepreneurs. They always want to try all kinds of successful businesses run by others. The potential of human resources is a good capital to develop entrepreneurship in the village. The potential of human resources will be optimally utilized if the government has an appropriate community entrepreneurship development strategy. In running the government program, the village government must involve religious leaders as the most heard figures by the community.

LIMITATION AND STUDY FORWARD

This research focuses on aspects of community empowerment through the use of reading material in fostering an entrepreneurial spirit. There are still many other aspects that need to be investigated to find out the drivers of entrepreneurship in rural communities.

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