

Improving Village Economy By Developing Home Industry

Hersa Farida Qoriani^{1*}, Indra Hidayatullah²

¹Departement of Islamic Economics, Faculty of Islamic Business Economics, Universitas Islam Negeri KH Ahmad Shiddiq Jember, Jl. Mataram No. 1 Karang Miuwo Mangli Kec. Kaliwates Kabupaten Jember 68136, Indonesia

²Departement of Islamic Economics, Faculty of Islamic Economics and Business, Institut Agama Islam Syarifuddin, Jl. Pondok Pesantren Kiai Syarifuddin Lumajang 67358, Indonesia

Abstract: This rice cracker business has actually improved the economy of rice crackers residents of Sidokerto Village, Buduran, Sidoarjo. Further it has opened up jobs for the residents of Sidokerto, especially for the mothers.

The purpose of this study was to determine the benefits of puli cracker home industry in increasing the income of the residents of Sidokerto, Buduran, Sidoarjo and its inhibiting factors in improving the economy of Sidokerto, Buduran, Sidoarjo.

This research was a qualitative descriptive study aimed to present an analysis of a phenomenon based on scientific exploration or clarification. The research results was presented and analyzed naturally, without any manipulation or other treatment processes.

The results of this research showed that: 1) The role of the small puli cracker industry in improving the economy of Sidokerto, Buduran, Sidoarjo was to provide and increase work motivation, work resilience by providing training and skills to the community. It was very significant to open up job opportunities for them as the laborers. It has increased people's income leading to the village economy improvement. Further, it has stimulated the economic growth of the local community. 2) Its inhibiting factors included: limited capital, limited technical ability, limited marketing ability.

Keywords: home industry, puli crackers, economy, village

Article History:

Received: December 4, 2020; Accepted: March 7, 2021; Published: April 1, 2021

*Corresponding author: e-mail hersaqa@gmail.com

Paper type: Research paper

Cite this document: Qoriani, Hersa Farida, AND Hidayatullah, Indra. "Improvement of Village Economy Through The Role of The Home Industry" *IQTISHODUNA: Jurnal Ekonomi Islam* [Online], Volume 10 Number 1 (April 1, 2021)

Abstrak: Usaha kerupuk beras ini ternyata bisa meningkatkan perekonomian warga desa Sidokerto, Buduran, Sidoarjo, kerupuk beras. Usaha inipun membuka lapangan pekerjaan bagi warga Sidokerto khususnya para ibu-ibu. Penelitian ini merupakan penelitian deskriptif kualitatif, yaitu menyajikan gambaran lengkap suatu fenomena untuk eksplorasi atau klarifikasi. Hasil data atau hasil penelitian sebagaimana adanya, tanpa adanya manipulasi atau proses pengolahan lainnya. Hasil penelitian yang dilakukan dapat disimpulkan bahwa: 1) Peran usaha kecil kerupuk puli dalam meningkatkan perekonomian Sidokerto, Buduran, Sidoarjo adalah memberikan dan meningkatkan motivasi kerja, ketahanan kerja dengan memberikan pelatihan dan ketrampilan kepada masyarakat sekitar. Keberadaan industri kecil kerupuk puli sangat penting dan dapat membantu masyarakat yang memiliki peluang kerja menjadi buruh dalam membantu pembuatan kerupuk puli. Dengan adanya industri ini pendapatan

masyarakat akan meningkat dan dapat meningkatkan perekonomian desa. Industri kecil kerupuk puli memiliki pengaruh yang baik terhadap pertumbuhan ekonomi masyarakat setempat. 2) Faktor penghambat industri kerupuk puli kecil antara lain: modal terbatas, kemampuan teknis terbatas, kemampuan pemasaran terbatas.

Kata kunci: Home Industry, kerupuk puli, ekonomi, perkampungan

INTRODUCTION

The development of *home industry* in Indonesia has significantly increased. It has actually provided many benefits to the community.

In maintaining economic development and improving the nation's economy in the current era of global competition, we must have a creative economic concept in implementing it.¹

In Indonesia, there are currently many small industries scattered in remote villages. Small industries are starting to spread to remote areas and promising business potential.

The puli cracker small industry is the business of the Sidokerto villagers by utilizing existing resources in their village which has grown rapidly in Sidoarjo, so that it has increased the income of the people of Sidokerto village. *Home Industry* in the Sidoarjo area has developed rapidly and it has provided wide job opportunities for local and surrounding villagers, thereby increasing the income of the people of Sidokerto village.

It has been common that people tends to run a business to

fulfill their economic needs varying from a small to a large business, from a big company to a *home industry business*. However, not all of these business could stand out. Furthermore, the existence of small industries that have sprung up could greatly affect the income of the involved people.

It could increase the income of the people in the household by working as workers in the small industries in their area. In this case, puli cracker *home industry* in Sidoarjo, which is located in Sidokerto, Buduran, Sidoarjo has its own charm for the people around the industry. Even though this industry is small, it seems that many people in this village are involved as the pulley cracker makers. Their job was easy work and it could also be done at their homes. It has been considered as a side business for those who already have other businesses. This *home industry* is a familiar household industry. This business was expected to empower the community and increase the income of the community and the economy of the village of Sidokerto.

Therefore, the problems of this research were: How was the Role of the *Puli Crackers Home Industry* in Sidokerto, Buduran, Sidoarjo in increasing the income of the community and improving the

¹Moelyono Mauled. 2010. *Moving the Creative Economy Between Demands and Needs*. Jakarta: Rajawali Press. 2010. pp. 226-227.

village economy. and What were the inhibiting factors for this *home industry* in improving the village economy.

Theoretical Review

Home Industry

Home industry is an industry run at home processing raw materials into finished or semi-finished materials.²

Home industry is an association of companies that produce the same goods. Industry is an economic sector whose activities are to process raw materials, process them into finished or semi-finished materials. The processing activity itself is maximal, electrical or even manual.³

Industry is a collection of firms that process raw materials into finished materials, where the goods are the same and are marketed in one market.⁴

a. Role of Small Industry Enterprises

1) industry strengthens the national economy.

2) Small industries can increase economic efficiency, with the existence of small industries, opening up large jobs for local residents.

²Suratiah, *Small and Household Industry, Definition, Definition, and Examples*, (Yogyakarta: UGM, 1991)

³Dumairy, *Indonesian Economy* (Jakarta: Erlangga, 1999), 227.

⁴Sadono Sukirno, *Microeconomic Theory Introduction Third Edition* (Jakarta: Rajawali Pers, 2011), 194.

3) As a means of distributing national income.

The importance of the existence of small industries, especially in the country of Indonesia, which will be able to create broad business opportunities for the surrounding community, increase the economy or income of the surrounding community and be able to produce goods needed by local residents at prices that are cheaper and affordable to the community.⁵

The benefits of having a small industry are: entrepreneurship increases, because there is competition between fellow entrepreneurs so that they have to develop their business either with good strategic strategies or with modern tools or technology to help develop the products they make. The existence of small industries also opens up a wide range of job opportunities, especially for people around small industries. So that with the existence of a small rural industry, the financial condition of the surrounding community will be better and the village economy has increased.

The small pulley cracker industry was expected to increase new entrepreneurs in Sidokerto village, especially in developing small businesses or *home industries*. Further, it was expected to create new jobs and empower the surrounding community.

⁵M. Tohar. (2000). Opening a small business. Yogyakarta: Kanisius, 3-27

Income

a. Income Theory

It is the salary or material received by a person during a period.⁶

Income is material obtained, either in the form of money, goods or services provided from a person / agency to another person or institution

Revenue is a material source that a person gets for his performance used to meet his daily life needs

Income is money or material received by a person or a company⁷

The level of income is one of the key variables in determining whether an area is progressing or not. If it is said that an area has a relatively low income level, it means that the progress and welfare of the area is low and vice versa.⁸ Therefore, to increase income, a family member needs to find income or other sources.⁹

b. Community Income

It is the income received by the community for their work performance.

It is the result received by the community to meet their needs.

In fulfilling their daily needs, the community needs money or salary. The sources of income are:

- a. Salary or wages for work
- b. Retired pension
- c. Results of economic activity
- d. Interest on capital
- e. Corporate profits.

In Islam, it is explained that to get a fortune, a person should work. Work is an activity to get wages according to the level of the work performance. Islam values people who work with their own hands.¹⁰

Constraints Experienced by Small Industries

There are 8 (eight) obstacles faced by small industries that are often faced by business actors.¹¹

1. Business capital

The main difficulty experienced by business actors is in terms of sources of capital. On average, they use their own funds or

⁶Sadono Sukirno, *Micro Economic Theory Introduction to the 3rd Edition*, (Jakarta: Rajawali Pers, 2006)

⁷BN. Marbun, *Management Dictionary*, (Jakarta: Pustaka Sinar Harapan, 2003), p. 230.

⁸Mahyu Danil, *The Influence of Income, Consumption Levels on Civil Servants in the Office of the Regent of Bireuen Regency*, *Journal of Economics at the University of Almuslim Bireuen Aceh Vol. IV No.7*: 9

⁹Sudarman Towel, *Indonesian Economy*, (Jakarta: Raja Grafindo, 2001), p. S3

¹⁰Abdul Aziz, *Business Ethics Perspective on the Implementation of Islamic Ethics for the Business World* (Bandung: Alfabeta, 2013)

¹¹Fahmi, *Analysis of Production and Income of the Furniture Industry in Makassar City*, (Hasanuddin University, Makassar, 2014), 23

seek loans from their family and closest relatives to start their small businesses. This makes the small pulley cracker industry in Sidoarjo could not grow rapidly.

2. Availability of raw materials

The second difficulty after capital for business is in terms of the availability of raw materials. The raw material, namely rice, is currently experiencing a continuous increase so that buying capability has become the main obstacle.

3. Production Capacity

Small industrial entrepreneurs produce goods or food based on orders. They do not dare to produce goods or food in large quantities and in bulk, because they are afraid to lose.

4. Weather Conditions

The fourth problem with the small pulley cracker industry is the weather. They desperately need scorching sun light to dry their crackers. However, recently the weather is not supportive because it rains a lot in the Sidoarjo area.

5. Promotion and marketing

Small industry players are dominantly housewives. They are technologically illiterate to do marketing their products in social media. They tend to be passive, and prefer to do conventional door to door marketing.

6. Support of modern technology.

The small pulley cracker business actors are very technologically illiterate. Their last education is only elementary school or junior high school (SMP). It made them incapable to access and utilize social media for their business.

This is their biggest obstacle, it cannot be denied that the role of technology in business enterprises is currently very influential to develop their businesses.

7. Administration and financial management Their

administration and financial management is manual. They record in the book for production needs and expenses as well as management of their production. Their manual certainly hinders the growth of small industries.

8. The unavailability of partnership network.

This seventh obstacle also makes small industry entrepreneurs sometimes just surrender. They entrust their pulley crackers to the small shops around them. They do not have a marketing network in urban areas.

9. Lack of Respect for cooperatives

The puli cracker business actors have less respect for cooperatives. Even though they can borrow capital and sell their product in cooperatives. However,

they still fear on the large interest determined by the cooperative.¹²

The Inhibiting factors.

The small industry entrepreneurs commonly should deal with many problems. Some of them concerned with working capital and their product marketing strategy due to the technological illiteracy.

a. Limited capital

The main constraints of these small business owners are usually limited capital and the difficulty of finding a loan for their business. It made them failed to make their small business roll up first exchange.

b. Limited technical capabilities

Small business actors were extraordinarily housewives, who only graduated from Elementary Schools (SD) and Junior High Schools (SMP) and technologically illiterate. It made their businesses difficult to get raw materials, capital, neat packaging design and sell their products. It has avoided their business competitiveness.

c. Limited marketability

Their technological illiterate made them difficult for to develop their their products market. Their marketing was only limited to small shops around them. It has limited the amount of their production. Even though their processed food or

goods are delicious, and qualified, but their products could not be known outside their area.

Therefore, they needed the government support and assistance through the *Assistance Government* for small business actors program.

d. Steps to Overcome the Small Business Problems

Those previous problems and obstacles of small industry entrepreneurs should be overcome by applying the following strategic strategies:

1) Creating a conducive business climate

The role of the Government is very important for small industry business actors. It should able to create a conducive, comfortable and supportive policy for the small-scale business actors. The government should facilitate the licensing process and simplify the procedures.

2) Capital Assistance

The government was urgently needed by small industry entrepreneurs to give capital assistance. so that they could maintain their business. In addition, the government assistance also included the availability of production materials, marketing assistances, and deploying several cadres to organize and provide training for small industry entrepreneurs.

¹²Fahmi, Analysis of Production and Income of the Furniture Industry in Makassar City, 25.

3) Partnership development.

The government needs to build networks between small-scale business actors. They are the perpetrators working together to form partnership. It does not only involve small industry business actors, but also business actors in medium and large industries. This could really helps small business entrepreneurs in expanding their market share.

4) Training

The government is expected to send their best cadres to provide skills to small industry entrepreneurs to develop their small businesses.

5) Developing Promotions

The function of establishing cooperation and networks with other small business actors or with medium and large business entrepreneurs is developing their products and promotions. The development of promotion could also be provided by the government assistance through the cadres deployed by the government in providing skills, including how to develop products and market them.

6) Developing equal cooperation

It is very important to establish cooperation between business actors, both small-scale business players and medium-sized and large industrial business actors as well as business players and the government. This partnership could develop their products and businesses.

7) Developing facilities and infrastructure

The development of facilities and infrastructure could potentially develop the small businesses

Research Methods

Approach

This research used a qualitative approach that produced descriptive data in the form of written words from people and observable behavior.¹³ It described the role of the home *industry* of the puli cracker in improving the economy of the residents of Sidokerto, Buduran, Sidoarjo.

Research Location

The location of this research was the *home industry* in Sidokerto, Buduran, Sidoarjo.

It was chosen because:

1. It provided jobs for the surrounding community.
2. It increased the income of the surrounding community which in turn can improve the economy of the village of Sidokerto.
3. It has been survive up to this day even though it used traditional methods.

Research Subjects

In this study, the researcher used two data sources:

¹³Sugiyono, *Qualitative and Quantitative Research Methods* (Bandung: Alfabeta, 2011), 137

1. Primary Data Sources

There were two sources of data used in this study :

1. Primary data source. It was derived from the informants or people considered to know the information that the researcher needed, The informants were:

- a. The home industry owner,
- b. The employees of the *Puli cracker Home Industry*

2. Secondary data sources.

They covered documentation, photographs, literature, internet .

Data collection techniques The data collection techniques used in this study were: observation, interviews, and documentation.

Result

A. The Role of Puli Crackers Home Industry In Improving the economy of the people of Sidokerto, Buduran, Sidoarjo.

The existence of this home industry was very helpful for the surrounding community, because it provided jobs for them to increase their income by bringing the work home.

I feel helped by the existence of this puli cracker home industry because it can help my husband, because the husband is only a casual worker, if someone calls to clean grass, I get money, so I work in this puli cracker home industry, the money can be fulfill our daily need and pay our children school.¹⁴

¹⁴Interview with Ibu Tumini, an employee of a small pulley cracker industry

It could be concluded that the puli cracker home industry in Sidokerto village was very helpful for the economy of the surrounding residents, because it gave jobs for some of the residents whom had less living costs. It helped them to pay for their children's school needs and paid their debts. Since it was not full day work, most of the workers were allowed by their husbands to get additional income.

Furthermore it provided wide opportunities for the surrounding community to collaborate, especially the middle to lower class. This led to their increasing income and improved the economy of Sidokerto, Buduran, Sidoarjo. So, the village community became more advanced and economically prosperous.

It made the community's efforts to find jobs bigger. They could work at home to get the wage / salary which gradually could improve their financial condition and increase the village economy.

In general, the positive impacts of this home industry included:¹⁵

- a. Absorbing labor

This small puli cracker industry has succeeded in expanding employment for the communities

in Sidokerto Village, Buduran District, Sidoarjo Regency.

¹⁵Sumitro Djojo Kusumo, *Development of Basic Economic Thought Theory of Economic Growth and Development Economics*,(Jakarta: LP3ES, 1994), 2

around the industry and gradually improved their economy. At the same time, it reduced the unemployment. Therefore, it has played an important role in overcoming the state unemployment.

b. Increasing community income

The community was absorbed to work producing puli crackers and it helped them to meet their daily needs. In addition, this additional income could be made to pay for their children's school fees. So that it could improve their economy and welfare.

B. Inhibiting Factors of Puli Crackers Home Industry in Increasing Community Income in Sidokerto, Buduran, Sidoarjo

There were several factors that hindered industrial development. Based on an interview with Mrs. Kasiman, she said that:

"There are many factors that hinder our business, miss. One of them is competitors, low capital, people's buying interest tends to be low because people buy more plastic goods, etc. now but that can all be overcome but if there is a shortage of capital, it is troublesome, looking for loans without collateral is difficult now. "

There were so many obstacles faced by the puli cracker industry entrepreneurs due to several reasons including the following:

1. Lack of capital

2. HR did not match the required qualifications.

3. poor output or results

4. Poor marketing

5. Low purchasing power of the people.

1. Lack of capital

Small business operator dealt with the same difficulty, in terms of capital, including those in the small puli cracker industry in Sidokerto, Buduran, Sidoarjo. They commonly used personal funds or borrowed it from their parents and relatives. So that their business was limited due to lack of capital. It made the small industries in Sidoarjo unable to develop optimally.

2. Difficult and expensive raw materials

In addition to capital as an inhibiting factor in the development of small industries, it turned out that the raw material for making pulley crackers was the second obstacle. The price of rice as the raw material was currently increasing in price, so that puli cracker entrepreneurs found it difficult to make delicious, crunchy, but at an affordable price puli crackers. It was one important element that greatly affected its production activities.

3. Marketing / Marketing of Production Results

Another factor that has become an obstacle in the development of the small pulley cracker industry in Sidokerto, Buduran, Sidoarjo was the lack of technology or lack of

knowledge of entrepreneurs in playing social media or other technologies. They preferred to market their products by door to door marketing. Most of their products were entrusted to small stalls around them.

CONCLUSION

Based on the results of research and discussion, it could be concluded that:

1. Increasing the Village Economy through the role *Home industry*, of the puli cracker could be done by increasing the work motivation of the people of Sidokerto, Buduran, Sidoarjo, giving *government assistance*, supporting business information to the entrepreneurs. The government should dispatched their cadres to the community, helping them by providing training and skills for their business development. So that they could develop their business and improve their financial condition which led the improvement of the economy of Sidokerto, Buduran, Sidoarjo.

The existence of small industries in rural areas has provided the widest possible job opportunities for people around small industries. They could work and increase their income. Further, it could improve the economy of Sidokerto, Buduran, Sidoarjo.

The existence of this home industry has helped people to overcome their worries about business opportunities. As an agent of improving the community's

economy, the puli cracker industry had significantly influenced the economic growth of the local community.

2. The Inhibiting Factors for Home Industry in achieving prosperity.

The problem faced by the puli cracker entrepreneurs in Sidokerto, Buduran, Sidoarjo was in making precise strategies to expand their industry and overcome their limited natural and human resources, limited capital, technical capabilities, marketing capabilities.

REFERENCES

- Abdul Aziz. 2013. Business Ethics Perspective of Islamic Ethics Implementation for the Business World. Bandung: Alfabeta.
- Andriyani Pamungkas. 2014. Community Empowerment through Small Batik Industry Semarang¹⁶ In Bukit Kencana Jaya Tembalang Semarang. Department of Out-of-School Education, Faculty of Education, UNS
- BN. Marbun, Management Dictionary. 2003. Jakarta: Pustaka Sinar Harapan.
- Dumairy. 2009. Indonesian Economy Jakarta: Erlangga.
- Dwi Narwoko J. Suyanto Bagong. 2007. Sociology of Introductory and Applied Texts. Jakarta: Golden.
- Edwin Nasution Mustofa. 2007. Exclusive Introduction: Islamic Economics. Jakarta: Golden.
- Fahmi. 2014. Analysis of Production and Income of Furniture Industry in Makassar City, Hasanuddin University.
- J. Lexy. Moleong. 2016. Qualitative Research Methods. Revised Edition. Bandung: Youth.
- Kashiram Moh. 2008. Quantitative-Qualitative Research. Malang-UIN Maliki Press.
- Manulang M. 2013. Introduction to Business. Jakarta: PT Index.
- Mahyu Danil, The Influence of Income, Consumption Levels on Civil Servants at the Bireuen Regent's Office, Journal of University Economics. Almuslim University Bireuen Aceh Vol. IV No.7: 9
- M. Tohar. 2000. Opening a small business. Yogyakarta: Kanisius
- Moelyono Mauled. 2010. Moving the Creative Economy between Demands and Needs. Jakarta: Rajawali Press.
- Mujahidin Akhmad. 2014. Islamic Economics: History. Concept. Instrument. Country. and Markets. Jakarta: Rajawali Press.
- Sadono Sukirno. 2011. Introductory Microeconomics Theory Third Edition. Jakarta: Rajawali Pers, 2011
- Sudarman Towel. 2001. Indonesian economy. Jakarta: Raja Grafindo.
- Sugiyono. 2011. Qualitative and Quantitative Research

- Methods. Bandung: Definition, and Examples,
Alfabeta. Yogyakarta: UGM.
- Sumitro Djojo Kusumo. 1994. Development of Basic Economic Thought Theory of Economic Growth and Development Economics. Jakarta: LP3ES
- Vina FN. 2019. The Role of the Rattan Home Industry in Increasing Community Income in Seputih Village, Mayang District, Jember Regency. IAIN Jember.
- Suratiah. 1991. Small and Home Industry, Definition,