

THE IMPLEMENTATION OF ECONOMIC EMPOWERMENT OF MICRO, SMALL AND MIDDLE ENTERPRISES FOR FOOD AND BEVERAGE BUSINESS IN THE REGENCY OF SITUBONDO

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ABSTRACT

Based on the data of BPS (Statistic Central Bureau of Situbondo Regency), the number of Micro, Small and Middle Enterprises (hereafter called UMKM) in 2015 was 57,235 UMKM. It increased to 57.385 UMKM in the next year of 2016 and 70 % of them, more than 40.170 UMKM, were managing food and beverage businesses which become the locus of this study. The figure shows that Situbondo has great potential for economic empowerment to support the increase of economic growth in this region.

This study aims to give guidance, especially to the writer to always be on the track when undergoing his activity. In line with the problem formulation, the purpose of this study is to analyze the implementation of economic empowerment of UMKM for food and beverage businesses in Situbondo. The results of study conclude that : Firstly, the economic empowerment of UMKM which manage food and beverage businesses has not optimally done yet, especially those which are related to accompaniment, capital injection and coaching [rpgram. Secondly, There are still a lot of both external and internal barriers in the implementation of economic empowerment of UMKM which manage food and beverage businesses, such as : invalid data, sectoral ego among government offices, the reluctance of businessmen to take part in empowerment program and the low attention of Head Local Government for better development of UMKM.

Key Words : Implementation, Economic empowerment, UMKM (Micro, Small and Middle Enterprise

INTRODUCTION

The entrepreneurship has a strategic and important role from the dimension of economic turbulence which has recently occurred in Indonesia, especially UMKM that has been proven to have strong endurance to face economic crisis.

The occurring of 1997 economic crisis gave real example. When most of large enterprises were collapsing, UMKM could still stood up and sustained their existences and this condition pushed the government to produce Law Number 20 of 2008 on UMKM and the issuance of Government Regulation Number 17 of 2013 on the implementation of Law Number 20 of 2008 on UMKM.

The general description of Regulation Number 20 of 2008 says that UMKM is an activity which is able to expand job opportunity, provide wider economic services to community and increase people's income as well as push economic growth which is expected to materialize national stability.

UMKM, according to Law Number 20 of 2008 on UMKM is :

1. Law No. 20 of 2008 on UMKM, Article 1, Verse 2 : *Small Enterprise is an activity of independent productive economy organized by individual or business entity which doesn't belong to the branch of company or subsidiary owned, dominated or become part both directly and indirectly of Middle and large Enterprise, which fulfil the criteria of small enterprise as mentioned in this regulation.*
2. Law Number 20 of 2008 on UMKM, Article 1, Verse 3 : *Middle Enterprise is an activity of independent productive economy organized by individual or business entity which doesn't belong to the branch of company or subsidiary owned, dominated or become part both directly and indirectly of Small and large Enterprise, which has net-worth and annual sale results as mentioned in this regulation.*

It is of course a good moment if related to the implementation of Regional Autonomy because Regional Government has respective role to freely manage, develop and push forward the region in line with the availability of its resources. In its strategic planning and general policy Situbondo Local Government has not yet so far given priority to the development and the progress as well as the growth of UMKM and cooperative. The absence of partnership with large enterprises which have orientation to employment has become certain problem.

Based on the data of BPS (Statistic Central Bureau of Situbondo Regency), the number of Micro, Small and Middle Enterprises in 2015 was 57,235 UMKM. It increased to 57.385 in the next year of 2016 and 70 % of them, more than 40.170 UMKM, have managed food and beverage businesses

The large number of UMKM which especially focus on food and beverage business indicate that Situbondo has great potential for economic empowerment to support the increasing economic growth in this regency. According to Data from the office of Cooperative and UMKM of Situbondo Regency, the contribution of UMKM to Original Regional Income is very significant, although there is no exact publication so far.

Referring to the condition, This study focuses on the optimalization of UMKM empowerment which manages food and beverage businesses in Situbondo.

Problem Formulation

Based on the background and definition, the formulation of problem of this study is the implementation of economic empowerment of UMKM which manage food and beverage businesses in Situbondo.

Purpose and Benefit of study

This study aims to give guidance, especially to the writer to always go on the track when undergoing his activity. In line with the above problem formulation, the purpose of this study is to analyze the implementation of economic empowerment of UMKM which manage food and beverage businesses in Situbondo Regency

DISCUSSION

According to Sumodiningrat, 1999 (in Hutomo, 2000), Community's economic empowerment is an effort of building strong, competitive, large and modern economy in the right mechanism of market. Because of barrier of structural factor in the process of people's economic development, the solution must be formulated through structural changes.

Kartasasmita, 1996 explained that Community Economic Empowerment is an effort of resource deployment to develop community economic potential to increase their productivity, so that the productivity of both human and natural resources can be improved at the same time. Considering those above ideas on empowerment it can be said that economic empowerment of community is the strengthening of ownership of production factors, the increasing domination of distribution and marketing, the increasing salary/wage of people, the wider access of people to get adequate information, knowledge and skill which can be realized through the implementation of many aspects, either the aspect of people themselves or the aspect of government policy.

Another opinion from Sumodiningrat, 2001 said that people empowerment is an effort of creating independency of the people by optimizing their own potential to choose the most appropriate activity for their respective self-progress. Moreover, Kartasasmita, 1996 said that the act of empowering is an effort of improving the prestige and dignity of poor people to escape from the trap of poverty and backwardness. In other word, people empowerment is the way how to make people capable and independent.

The effort of community economic empowerment can not be separated from employment / job opportunity and the increasing income of people. Relating to people empowerment to widen employment opportunity is very much influenced by the policy of UMKM development, which has not so far become the priority of local government. Many UMKM, especially those which manage beverage and food businesses have never gotten capital injection, accompaniment program and coaching activities from the related government office, namely Office of Cooperative and UMKM.

Based on the writer's observation UMKM development has strategic role to spur the economy of local government because the growth and activity of real sector undergone by UMKM can provide added-value for the people, namely the availability of job opportunity and the increasing income of people..

Capital injection, accompaniment and coaching program are very important to eridacate UMKM weaknesses, like the low productivity and the low quality of products. With the capital injection, accompaniment and coaching program provided by Office of Cooperative and UMKM Situbondo Regency, UMKM which are managing food and beverage businesses are expected to still survive and develop in the competition with stronger domestic and foreign economic businessmen. Unfortunately, Office of Cooperative and UMKM are reluctant to do it seriously.

In writer's opinion that the coaching program organized by office of cooperative and UMKM towards UMKM does not consider the specific characteristic of UMKM as the comparative values which can be utilized to increase UMKM competitiveness with another stronger economic businessmen.

We need to know that UMKM have unique characteristic that are only able to manage certain activity of business. But again the uniqueness of UMKM can be made as competitive value if UMKM take certain position in business and industry.

The results of study conclude that UMKM which manage food and beverage businesses constitute one of important part of economic development in Situbondo. This kind of UMKM help the local government in the process of opening new job opportunity because their existences can create new working units by giving chance to new workforce to support family's income. This kind of UMKM is also having higher flexibility if compared to Large enterprises.

Barriers of UMKM empowerment which manage food and beverage business in Situbondo.

In my opinion, the important points that become the barriers of UMKM development in

Situbondo, are among others :

1. The usual factor that become barrier for government to monitor and identify the increasing number of UMKM because most of them, on the other side, are reluctant to report their existence and business to the office of cooperative and UMKM.
2. Sectoral ego among working units of local government office which are responsible to handle education and training especially Office of trade and industry as well as Office of cooperative and UMKM.
3. Nepotism in the process of UMKM selection as the participants of Training program.
4. The reluctance of many UMKM to participate in training programs which are, according to them, considered unuseful and waste the time.
5. *The low attention of local government* for the development of UMKM which can be measured from the lack of UMKM development infrastructures.

CONCLUSION

The results of study on the implementation of economic empowerment of micro, small and middle enterprises which undergo food and beverage business in Situbondo regency conclude that :

1. Economic empowerment of UMKM which undergo food and beverage business has not been optimally done, especially those related to capital, accompaniment and coaching activity.

There are still many obstacles in the implementation of UMKM empowerment which undergo food and beverage business, both internally and externally, such as : invalid data, sectoral egoism among government offices, , the reluctance of businessmen to take part in empowerment program and the low attention of Head Local Government for the development of UMKM.

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