

The Role of Stakeholder Intervention on Regional Leading Products: A Study in Lumajang, Indonesia



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ABSTRACT: The problem of this study is the gap between the management of banana superior commodities in Lumajang district at the upstream level and the main and downstream industry levels. The certification and standardization that have been obtained at the upstream level are not accompanied by significant efforts and results at the main and downstream industry levels so that the economic impact obtained by farmers, cultivators, and small and medium enterprises/industries (SMEs) has not increased significantly. The research was conducted through a qualitative method with a case study approach in Lumajang district. The results showed that the factors that are symptomatic of the suboptimal development of superior products in Lumajang district are insufficient post-harvest technology and production capacity as a prerequisite for market readiness, suboptimal market access capability and management, and regulatory support that has not been fully implemented. The recommendations include synergizing the roles of the East Java Provincial Government through the East Java Agricultural BPTP, the East Java Provincial Agriculture and Food Security Office, and the East Java Provincial Industry and Trade Office in facilitation activities that are oriented towards 3 things: first, increasing the growth and development of superior commodity productivity; second, increasing market access, management, and management of superior commodities; and third, strengthening the role and protection of farmers, cultivators, and small and medium industries/enterprises (MSMEs).

KEYWORDS: Indonesia, Lumajang, policy intervention, potential product, stakeholder role.

I. INTRODUCTION

The horticultural commodity banana has been widely recognized as the flagship product of Lumajang district. As studies conducted by Rakhmawati and Lestari (2021), Kurniawan et al (2019), Zahrosa et al (2020), and Kiswanto (2021) stated that banana commodity is the main pillar of economic growth of the Lumajang Regency community considering that the majority depends on the sector and almost every sub-district area has banana farming areas. Some of the banana commodities developed include Ambon Banana, Mas Kirana Banana, Horn Banana, Agung Semeru Banana, and several other types of bananas (Isriyah, 2015). Data from BPS Lumajang District in 2019 states that the banana commodity in Lumajang District is the commodity with the highest harvest area, reaching 5,482.06 ha (1,040,966 quintals in 2018) and 5,504.32 (1,192,627 quintals in 2017), which is an accumulation of all banana planting areas (BPS East Java, 2019). This far exceeds the productivity of other horticultural crops in Lumajang district, meaning that banana commodity has become a base sector in Lumajang district. The highest production figures are located in Pasrujambe sub-district (2100 ha) and Senduro sub-district (1241.88 ha) (Lumajang District in Figures 2019, 2020). The advantage of superior products in Lumajang district also lies in the existence of international level certification and standardization in the form of Global Agricultural Practices (GAP) for Pisang Mas Kirana agricultural products. GAP itself is an agricultural commodity certification based on modern technology, environmentally friendly, and sustainable to produce commodity products that are safe for consumption and provide added economic value to farmers. This certification and standardization is the first for horticultural commodities in Indonesia as well as the main capital to compete in the world free market. The consequence of the superiority of certified horticultural commodities is a much higher demand given the wider distribution network. In addition to the GAP certification obtained, bananas in Lumajang district have also obtained the prime product predicate, which means that the certified commodity products are safe for consumption.

Horticultural banana products in Lumajang district have basically met the standards of feasibility both in the planting and harvesting process as well as safe consumption with the GAP certification that has been audited internationally. The GAP standard is not only the key to enter the Asian market, but also the European market. Data from the Ministry of Agriculture's Pusdatin (2016) shows that 99.8% of banana export destinations from Indonesia are still spread across Asian (China, Japan, Malaysia) and Middle Eastern (Saudi Arabia, United Arab Emirates, Kuwait) markets, while the remaining 0.2% goes to markets outside Asia and the Middle East. Of this figure, the contribution from Lumajang district so far has only entered the Malaysian market.

The Role of Stakeholder Intervention on Regional Leading Products: A Study in Lumajang, Indonesia

From these conditions, the main problem of superior horticultural products in Lumajang District is that the potential that has been tested through international certification and has the opportunity to enter the European Market network and more widely has not been able to be optimized. In other words, the upstream sector is ready, but the main industry and downstream sector still need special encouragement from various stakeholders, especially the local government. In other words, the high potential and productivity of bananas in Lumajang district is not directly proportional to the development efforts in the main industry and downstream phases, so the economic added value has not increased significantly. This limitation makes the superior products that have received international certification seem useless and only become a predicate without any increase in welfare. This research seeks to analyze and develop recommendations on the aspects needed to enter the international market and how stakeholders decide at the provincial level. The main objective is to follow up on the feasibility in the upstream sector while being able to boost the quality of superior products in the main industrial phase and downstream sector.

II. RESEARCH METHODOLOGY

This research uses a qualitative method with a case study approach using the case study protocol from Creswell & Poth (2016) and Yin (2014). Informants in this study included the East Java Provincial Government and Lumajang District Government. The data documents studied were documents from the Department of Agriculture and Food Security of East Java Province, the Department of Industry and Trade of East Java Province. The analysis technique used is interactive analysis and uses triangulation between the results of interviews and documentation of research data to validate research data.

III. RESULT AND DISCUSSION

A. Product Management Excellence of Potential Product in Lumajang

The banana from Lumajang district is one of the leading commodities of the region. Bananas have both competitive and comparative advantages. The competitive advantage of bananas is the ability to grow well in almost all regions, especially in Lumajang District, which is located at an altitude of 600 meters above sea level and has volcanic soil. The impact is that the banana plants produced can grow well. In Indonesia itself, banana has been designated as the flagship product of Lumajang District based on the decision of the Minister of Agriculture of the Government of the Republic of Indonesia No. 516/Kpts/SR/120/12/2005.

Another competitive advantage is the nutritional content of bananas which is quite high, so there are many enthusiasts, especially for those who are on a diet program or babies to meet their nutritional needs. Where the nutritional content in mas kirana bananas consists of: 99 calories, protein 1.2 grams, fat 0.2 grams, carbohydrates 25.8 mg, fiber 0.7 grams, calcium 8 mg, phosphorus 28 mg, iron 0.5 mg, vitamin A 44 RE, vitamin B 0.08 mg, vitamin C as much as 3 mg and water 72 grams. Bananas can also be utilized not only for consumption as fresh fruit, but also can be utilized as processed products that have high economic value in Indonesia such as banana chips, banana jam, and various other processed banana products. This competitive advantage is important in relation to creating social entrepreneurship and business sustainability by adjusting the conditions and resources in the internal region (Walkenhorst, 2021).

The comparative advantages of bananas in Lumajang district compared to bananas in other regions are considerable. These advantages including banana growing areas that are able to spread across all regions in Lumajang district, diversification of banana types that are quite diverse in Lumajang district and able to be a choice for consumers, easy to cultivate plants, and a wide distribution area. In addition, the main and special strengths of the superior products in Lumajang District are the Global Agricultural Practices (GAP) certification that has been owned, the organic cultivation model, the soil media in almost all areas of Lumajang that are able to produce superior quality bananas, and the uniqueness in the form of banana products with certain varieties from the many diversified banana products in Lumajang District. The existence of uniqueness certainly has a positive impact on the region such as encouraging resources that manage these products to be consistent and produce superior new product performance to be recognized in the wider community (Fakhreddin & Foroudi, 2022).

The various advantages of potential products owned by Lumajang district are a strong reason that there must be a development scheme that must be carried out by stakeholders in Lumajang district. The aim is to encourage socio-economic impacts on people's lives and the sustainability of business circles oriented towards the governance and development of banana superior products in Lumajang district, thus strengthening the branding of regional potential. This scheme is in the form of collaboration with each role based on the development needs from upstream to downstream. Collaboration in the development of regional potential is important especially to strengthen the local economy. In the framework of local government policies and roles, as studies conducted by Cepiku et al (2020) and Kamara (2020) state that collaboration plays a role in capturing problems while providing alternative solutions based on a local government framework based on economic development without ignoring the social and environmental aspects of the region.

The Role of Stakeholder Intervention on Regional Leading Products: A Study in Lumajang, Indonesia

B. Stakeholder Intervention Strategy in Leading Commodity Development

The development model of superior horticultural commodities in Lumajang District in the form of bananas is divided into 2 namely: first, the upstream sector in the form of the scope of activities of providing raw materials (seeds) and supporting and technology in order to produce superior competitive commodities, and; second, post-harvest which consists of maturation at the main industrial stage (which includes the main production methods, packaging, and quality management) and downstream products (in the form of advanced handling methods, storage in the form of logistics, and distribution and marketing).

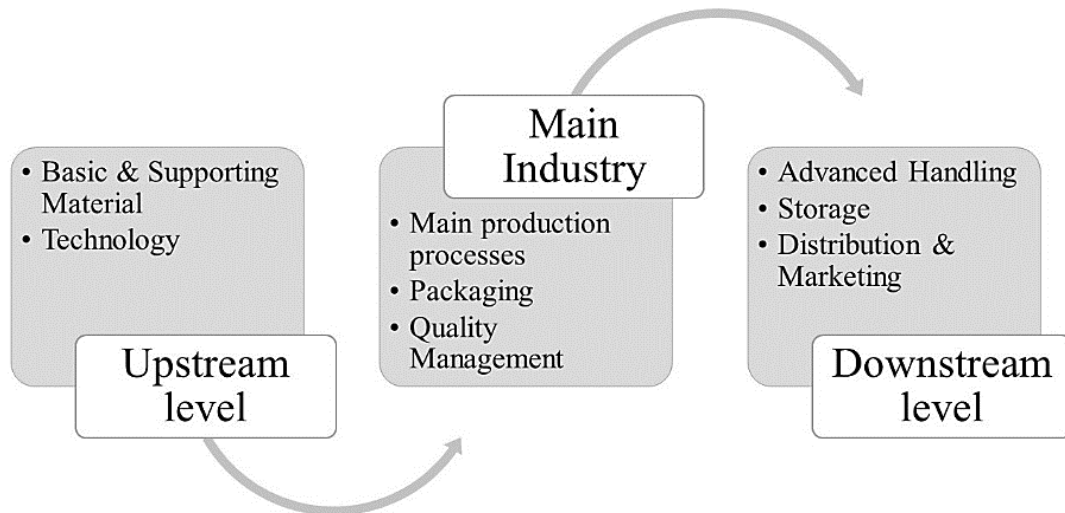


Figure 1. Scheme of Leading Product Development in Lumajang District
Source. Analysis (2023)

The GAP certification obtained by the banana horticulture commodity in Lumajang District has basically met the market standard considering that there are components that have been covered, among others: production certification system (quality assurance along with tracing the origin of seeds), application of modern technology, green cultivation (environmentally friendly), safe for consumption products, sustainable production, preservation of biodiversity, attention to farmers' welfare, economic improvement, product quality assurance, and benefits for the surrounding community (Litbang Kementan, 2019). This certification is also an entry point in the next stage which still needs to be improved for the sake of market expansion both domestically and internationally.

Post-harvest technology and production capacity are the main criteria in measuring product readiness and strength in penetrating the market. In addition, the competitiveness of horticulture commodities is also determined by the scale, quality, and sustainability of the production process, all of which can be obtained through the use of post-harvest technology and increased production capacity.

Improvement and management of market access are both advanced and systematic efforts to increase the certainty of production sustainability. So far, the problem of banana distribution in Lumajang district is in the form of limited distribution area and imbalance between supply and demand, which affects production activities. Problems occur when product readiness and supply are available, but demand is unclear. Conversely, when demand is high, farmers do not have stocks of products with certain specifications needed. For the marketing area, it is still limited to the domestic region. Based on this, the next efforts needed related to internationally certified superior products are promotional encouragement, development of marketing networks both in the domestic region and abroad, and management of market access. The goal is to stabilize demand so that the sustainability of production by banana farmers in Lumajang district runs simultaneously.

Policy protection is carried out in the form of provincial government support in the form of facilitation of support and protection of superior horticultural agriculture, namely bananas and their varieties in Lumajang District in accordance with East Java Provincial Regulation No. 5/2015 on Farmer Protection and Empowerment. The protection applied includes support in the form of facilitation of production facilities and infrastructure, protection of strategic superior commodities, facilitation of the determination of the cost of production of government purchases, production buffer mechanisms, insurance of agricultural activities, early warning systems against agricultural threats, and protection of intellectual property rights related to the development of superior banana commodities in Lumajang District.

IV. CONCLUSION

To increase the growth and development of productivity of superior commodities, especially bananas, the support of the East Java Provincial Government through the East Java Agricultural BPTP and the East Java Provincial Agriculture and Food Security

The Role of Stakeholder Intervention on Regional Leading Products: A Study in Lumajang, Indonesia

Office is needed in the form of: first, increasing the technological capabilities of the downstream industry of superior commodities for farmers and businesses, especially in terms of large-scale packaging and storage; second, training and application of product quality and safety standards in the main and downstream industry phases in global level competition. In addition, to improve market access, governance, and network expansion, support from the East Java Government through the East Java Provincial Industry and Trade Office was implemented in the form of: first, Export Coaching for farmers, cultivators, and small and medium enterprises (SMEs) of banana commodities in Lumajang District; Structuring the supply chain structure at the downstream level; supporting access to capital, human resource competencies, and a conducive investment climate in encouraging the growth of downstream industries; the focus on economic improvement is accompanied by efforts to increase productivity in the form of industrial upgrading and improve the structure of capital and labor; Facilitation of farmers, cultivators, and small and medium enterprises/industries (SMEs) in the form of downstream development based on Comparative Advantage Following (CAF) oriented towards learning and innovation activities; Facilitation of investment support in the downstream sector, especially in the context of the need for intensive capital and advanced technology in order to enter the global market, human resource development, and knowledge transfer, and; Facilitation of farmers, cultivators, and small and medium enterprises/industries (SMEs) in the implementation of joint ventures with investors and export implementation. To strengthen the role and protect the farmers, cultivators, and small and medium enterprises/industries (SMEs) of banana commodities, it is necessary to harmonize regulations and SOPs in the framework of trade promotion and preferential treatment as an effort to increase the interest of FDI (foreign direct investment) in investing.

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The Role of Stakeholder Intervention on Regional Leading Products: A Study in Lumajang, Indonesia

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