



The Small and Medium Enterprises Development Model Base on One Village One Product in Central Java Provinces

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Abstract

The purpose of this research is to know the main constraints faced by small and medium enterprises (SMEs) who are incorporated in one village one product (OVOP) handicraft and food processing in Central Java; then find out what needs are needed to strengthen the competitiveness of SMEs incorporated OVOP Handicraft and Food Processing in Central Java and what strategies are used SMEs incorporated in OVOP Handicraft and Food Processing in the face of the enactment of MEA (free market). Key Constraints OVOP handicraft is in the latest production equipment to increase production capacity, lack of warehouse to accommodate raw materials, weak quality of human resources related to its competence. The main obstacles of SMEs OVOP food processing are weak branding, limited outlets and marketing media, dependence on the middleman/agent. Priority development strategies of OVOP handicrafts are supporting the provision of advanced technology support equipment emerges as the first priority then followed by human resource training related to effective and efficient production techniques as a second priority. The third priority is the revitalization of cooperatives as a support unit. As for development strategy for OVOP, food strategy priority is creating branding and doing vigorous promotion for the product known more widely terpill be the first priority. Then, the second priority is always to innovate the production for the market. Moreover, the third priority is the utilization of e-commerce media to expand the marketing network.

Keywords: One Village One Product; Small and Medium Enterprises, Handicraft, Food Processing

1. Introduction

Climate competition will always be faced by those who work as entrepreneurs. Competition arises for competing loyalty customers and giving birth to new customers to the products and or services that they sold. On the other hand, competition tends to increase and complex. This kind of condition is not obsolete faced by all kinds of business either micro - small and medium enterprises (SMEs) or big business (UB). Especially, the force of asean economic community.

The AEC was declared by the leaders of ASEAN member countries at the ASEAN Summit in Bali in 2003 and came into force from the end of December 2005 (Directorate General of ASEAN Cooperation, Ministry of Foreign Affairs, 2009). AEC is a form of regional economic integration that has several objectives: (1) A single market based on regional production, (2) high competitive areas, (3) areas with equitable economic development, and (4) integration with the world economy (Kuncoro, 2004).

Opportunities arise because goods and/or services produced and sold by Indonesian SMEs can be sold to various countries in the ASEAN region and vice versa. Thus, there will be competition in the fight for both the domestic market and export markets. The existence of opportunities raises the challenge of the ability of employers/business people including SMEs in responding to existing opportunities that are in the aspect of competitive advantage Fowler (1993), (Cumbers, 2007).

Based on interviews with the Office of Cooperatives and SMEs Central Java Province in 2016. Number of SMEs in Central Java about 7 million, it is a large number. If the average of each enterprise absorbs only three workers, then the labor absorbed by SMEs in Central Java reaches 21 million people. Therefore, the contribution of SMEs to the life of the people, especially the people of Central Java is no doubt. SMEs are spread throughout the district/city in Central Java and consist of various types of business. The question is how is the readiness of SMEs in facing AEC?

Based on Governor's instruction No. 518/23546 of 2011 on the development of superior products in rural areas through the OVOP-based cooperative approach, 70 local superior products from 35 districts/cities in Central Java (Department of Cooperatives and SMEs of Central Java Province, tt) were established. The OVOP approach is established with the aim of further development to have high added value and can be the pride of the local community (Kekic, 2007).

The formation of OVOP seems to be based on cluster considerations so that each OVOP has SMEs which has a similar business. Based on the results of a study on the effectiveness of OVOP conducted by Heilborner and Milberg 1998, 2 there are various types of OVOP business, such as OVOP handicrafts, beverages, food processing, and many more.

OVOP handicraft spread in 11 districts/cities with the number of members of SMEs as much as 702. Medium OVOP food processing spread in 16 districts/cities with the number of members of SMEs as much as 613 SMEs. Both types of OVOP have a greater turnover potential and labor absorption than other OVOP types. Although OVOP is a superior product it cannot be separated from various obstacles, one of which is about competitiveness.

Associated with the implementation and implications of MEA, interesting studies conducted on OVOP in Central Java, especially OVOP Handicrafts and OVOP food processing. This research is important to obtain data or information about the support or real needs of what is required of SMEs incorporated in OVOP Craft and food processing to formulate policies, programs, and approaches to strengthen competitiveness.

This research is important because it can be obtained information about the quality of entrepreneurship of SMEs related to their understanding in facing the consistent consent of every business that is "competition." Through this understanding can be drawn up policies and programs on strategies to strengthen human resources.

The problems that will be answered in this research are: (1) The main constraints faced by SMEs incorporated in OVOP Craft and food processing in Central Java? (2) What needs are needed to strengthen the competitiveness of SMEs incorporated OVOP Craft and food processing in Central Java? (3) What strategy does SMEs incorporate in OVOP Handicraft and food processing in the face of the enactment of AEC (free market)?

2. Research Methods

The population of this research is SMEs incorporated in OVOP handicraft and processing in Central Java as shown in Table 1.

The data on OVOP food processing are presented in Table 2.

The research approach using sampling study means that not all elements of the population (sample) are examined. Data are collected from some elements of the population (OVOP). The technique used for sample determination is purposive cluster stratified sampling in which considering the level (strata), that is, the turnover quantity of the OVOP group defined as the research sample. Each OVOP group has three OVOPs that have high turnover rates. Based on these techniques, the sample research is shown in Table 3.

Variables of this research include are as follows:

- a. SME business development
- b. The main constraints of SMEs
- c. The need to strengthen the competitiveness
- d. Strategy to increase competitiveness.

Table 1: Hadicraft OVOP in central Java

Type of enterprises	Regencies	Number of SMEs
Bordir	Magelang	129
Wasted wood carved	Blora	80
Cooper handicraft	Boyolali	150
Glagah broom	Purbalingga	63
Ceramics	Banyumas	36
Pandan leaves handicraft	Kebumen	50
Bordir	Kudus	114
Relief carved	Jepara	35
Leather handicraft	Sukoharjo	25
Loroblonyo sculpture handicraft	Wonogiri	-
Sebutret	Cilacap	-
Amount		702

Source: SMEs Department of Central Java Provinces, 2015. OVOP: One village one product, SMEs: Small and medium enterprises

Table 2: Food processing OVOP in central Java provinces

Type	Regencies	SMEs	Labor
Smoke fish	Demak	125	
Milkfish unplug thorns	Kendal	-	8
Emping mlinjo	Batang	20	Anggota keluarga
Salty egg	Brebes	30	-
Coconut sugar	Cilacap	33	2–3
Coconut sugar	Banyumas	33	2–3
Coconut sugar	Purworejo	70	2
Slondok	Magelang	205	5
Catfish Abon	Boyolali	-	-
Karak	Sukoharjo	20	13
Milkfish	Kota Semarang	33	1–3
Traditional snacks	Grobogan	25	5
Snacks	Temanggung	7	4
Fish processing	Kab Pekalongan	22	-
Snacks	Kab Tegal	10	-
Traditional snacks	Salatiga	-	-
	Jumlh	613	

Source: SMEs Department of Central Java Provinces, 2015. OVOP: One village one product, SMEs: Small and medium enterprises

2.1. Data collection methods

The method used to collect the data is:

- Questionnaires to collect data from SMEs on key constraints and strengthening needs of competitiveness
- Documentation to collect SMEs data to collect business development data includes developments: Capital and market share
- Focus group discussion for sharpening the need for SMEs to improve competitiveness.

Table 3: The spread of sampling

OVOP group	Type	Location
Handicraft	Cooper	Boyolali
Handicraft	Sebutret	Cilicap
Handicraft	Glagah broom	Purbalingga
Food processing	Milkfish plugged thorns	Kendal
Food processing	Catfish Abon	Boyolali
Food processing	Snacks	Grobogan
Food processing	Coconut sugar	Cilacap

OVOP: One village one product, SMEs: Small and medium enterprises

Table 4: Analysis data methods

Research problem	Metode analysis
Enterprises development	Descriptives
Enterprises main obstacles	Descriptives/AHP
Way to increase the competitiveness	AHP

AHP: Analytic hierarchy process

2.2. Data analysis methods

According to Table 4, the AHP analysis use to map the enterprises main obstacles. Therefore, the development of enterprises answered by descriptive statistic method. The analysis of this research using AHP (analytical hierarchy process). This analysis choose a priority criteria and alternatives to achieve the goal. the goal of thisresearch is a development of OVOP.

3. Results and Discussion

3.1. The obstacles of handicraft OVOP

From the production side, the main obstacle as mentioned in the above discussion is more on the need for the provision of appropriate technology equipment. Samples can be taken on OVOP copper handicrafts that require lathe equipment, welding machines, and cutting machines. The SMEs broom glagah more need a cutting machine and sewing machine. However, the loroblonyo statue SMEs needs equipment, carpentry, compressors to perform their business.

The requirement of the mapped equipment is the priority of the tools currently required by the craftsmen. Procurement certainly cannot be obtained personally or self-help considering the high cost of purchasing, maintenance, and inability in operation. Therefore, it needs support from both central and local governments for the provision of supporting tools such as production activities; not only that, the government can hold research institutes and universities to develop supporting equipment with funding sources of research and intergovernmental financing collaboration to produce the appropriate tools needed by craftsmen.

Special for copper craft OVOP, it needs to be built a raw material warehouse. Given this OVOP depends heavily on imported copper raw materials. 100% of copper needs must be imported from abroad. This is ironic, considering Indonesia is one of the world's major copper producing countries. According to the construction of raw material, warehouse is expected craftsmen will not be difficult to face turbulence turmoil prices. In addition, the production process will not be hampered in the absence of raw materials as it is currently still common.

For the three types of handicraft, OVOP felt to experience the same problems from the side of human resources. It is hard to find a young generation who can become a skilled workforce. Being

a workforce in the craft does not seem to appeal to the younger generation. Therefore, many young people choose to work in the formal sector.

The mastery of technology and production techniques that have not been efficient so far have been the constraints of human resources in the field of handicrafts. However, the innovation also less of develop. It's hard to be able to keep up with the growing market desires if only relying on limited innovation.

Therefore, there are requires a training and mentoring for business bookkeeping and online marketing. Even for the moment urgent as now is one thing that is needed is the assistance to the human resources to be ready to establish cooperative business entities.

From the institutional aspect, OVOP craft requires support from the government to revitalize the cooperative. Even in some OVOP cooperatives have not stood at all. One step that can be done is to improve the status of the community into a cooperative. Members of the community need to be encouraged to become members of the cooperative. The government is considered necessary to provide support in the form of ease of permitting the establishment of cooperatives. Not only that, it needs experts who served as the supervisor of the establishment of the cooperative and later when the cooperative stands that the experts will conduct regular training to members to run the cooperative independently in the future.

Lack of funding still become a major problems for several OVOP. The common problem faced is the difficulty of obtaining capital assistance with cheap credit such as small scale funding from financial institution. Two things cause, first; lack of information and second due to the pragmatism attitude of business actors. During this time many people who actually borrow money but used for things that are consumptive however, several employees lend a funds but used for consumption needs.

The marketing factor become the last aspect that become the problems of OVOP enterprises, especially for OVOP copper craft. Marketing is not a significant constraint because market demand is already quite high. Although copper handicrafts have competitor from China and India, still local copper products have a unique characteristic which is not owned by other competitor. The marketing constraints on OVOP copper handicrafts may be more to the not so familiar online marketing model that is now rampant.

3.2. The obstacles of food processing OVOP

For OVOP food processing, the main constraint faced most in the production sector is insufficient supporting equipment. Almost all OVOP food processing is still using traditional technology. OVOP Abon catfish and processed food of corn marning still depend on solar energy. OVOP milkfish remove thorns and sugar ants too, they still depend on human labor to run the production activities.

Eventough there are so many technologies who can helps. The entrepreneurs have also mapped the needs of their production equipment and are able to operate on their own. The effort to unplug the thorns obviously requires a machine to pull out thorns and cooking utensils in large size. As for business, Abon catfish and marning corn require an oven to dry the raw materials so as not to over-depend on the sun heat. Marning corn business also requires cooking equipment in large size to increase the scale of production. While the sugar ant business requires a tool of sugar filters and cooking utensils in larger sizes such as pots and giant pans.

Human resource-related issues in food processing OVOPs are difficult to find young people who can be low-skilled workers. The low and future uncertainties cause many young people to choose to work in the formal sector.

The mastery of technology and production techniques that have not been efficient so far have become human resource constraints. However, the limited ability causing less innovation. It's hard to be able to keep up with the growing market desires if only relying on limited innovation. For example, people's tastes at all times are constantly changing. Therefore, the need for production innovation. Here is an important role of HR. The absence of innovation from this HR that makes OVOP marning corn and sugar ants cannot grow rapidly.

The government is considered necessary to provide support in the form of ease of permitting the establishment of cooperatives. It is necessary also the presence of experts who served as the supervisor

of the establishment of cooperatives and later when the cooperative stands the experts will conduct regular training to members to run the cooperative independently in the future.

In the development of processed food OVOP, capital is considered to be a crucial problem. The common problem faced is the difficulty of obtaining capital assistance with cheap credit such as KUR. Two things cause, first; lack of information and second due to the pragmatism attitude of business actors. During this time many people who actually borrow money but used for things that are consumptive however, many peoples borrow a money but for consumptive effort.

While on the marketing side, there are some obstacles faced by the perpetrators of OVOP. As we all know, the development of food OVOP is actually relatively easier than other types of OVOP. The reason is because the food is the primary need, the selling price is relatively lower, as well as the nature of the product that is easy to carry so it is suitable as a souvenir and long-lasting character.

The first problem is a weak branding effort. Typical food products as the fruit of the hands are still not widely known by consumers. For example, Kendal thorn milkfish is still unknown. Bse on the study that the product of Kenduri milkfish has been marketed in the center of souvenirs in the city of semarang. The same thing happened to the processed food Abon catfish and corn marning. In this case, it is necessary for the role of more than the government to be more active in promoting the OVOP products typical of the region. Promotion can be done by screening huge billboards and billboards on inter-district highways, public facilities such as terminals and stations, and can even take advantage of strategic points outside its city such as airports and ports.

The second constraint related to marketing is the limited sales outlets. During this time, many entrepreneurs rely on agents to market their products. Whereas by having an own outlet perceived could increase their profits. Here needs to be supported from related parties to build product display facilities at strategic points.

3.3. The needs of handicraft and food processing OVOP

Based on the initial description of OVOP and exposure on the problems faced then the following illustrated the needs of each OVOP. These mapped needs are based on field research results by dividing the types of needs into short-term needs (under 1 year), medium term (1–3 years), and long term (above 5 years) (Table 5).

Table 5: The OVOP needs

OVOP	Needs		
	Short run	Middle run	Long run
Glagah broom	Raw material	Strengthening of institutions	Creating a cluster
Cooper handicraft	Production machine, zero tariff of raw material	Built a storage, human resources training	Creating a cluster
Sculpture	Raw material, funds	Production machine	Promotion and art fair
Catfish Abon	Production equipment	Strengthening of cooperation	Establishment of cluster area
Milkfish plugged thorn	Production equipment	Establishment of cluster area and cooperation	Freezer machine
Coconut sugar	Production equipment, funds, human resources training	Establishment of cluster area and cooperation	Coconut superior seeds
Traditional snacks	Funds, production equipment, marketing support	Establishment of cluster area and cooperation	Strengthening of cooperation

Source: Primary data, processed. OVOP: One village one product

In summary, the data above shows the description of each OVOP needs in the short term, medium term, and long term. It is clear that for short-term handicraft OVOP the most needed is the availability of raw materials, production equipment, and training as well as the formation of a special cooperative body for the glagah broom business.

While in the medium term, some important, urgent issues to be fulfilled are training for human resources with various training and strengthening of SMEs community and formation of special cooperative for copper craft business.

As for the long term, cluster formation is important because so far the cooperative institutions have not run optimally and the entrepreneurs are still running independently. The concept of the cluster itself is of course in line with the OVOP program that has been run. In clusters not only stop at production localization but also the concentration of multiplier activity at that location.

3.4. The development strategy of handicraft and food processing OVOP to face AEC

To face competition in the AEC era, OVOP development strategy is required. This step is needed to maintain and improve the level of SMEs, especially against competitors from abroad. After an in-depth study of the results of research in the field and refers to the variety of business characteristics, problems and needs mapping, OVOP development strategy is developed based on the priority scale. The following presents the results of data processing on program priorities and policies to develop OVOP. Developed development strategies are differentiated based on OVOP types, that is, handicrafts and foods. The basis of separation is the different needs and problems faced by each type of OVOP.

3.5. Handicraft OVOP development

These three types of OVOPs have similar business characteristics. The following presented the order of development criteria of OVOP type craft based on AHP analysis.

Based on the results of the data above it is known that the production aspect becomes the most priority aspect to develop OVOP with priority percentage of 38.9% then followed by human resources aspect with priority percentage of 26.3%. The third priority is the institutional aspect with the priority percentage of 15.7%. The fourth priority is the marketing aspect with the priority percentage of 12.5%. Moreover, the last priority aspect in the development of OVOP handicraft is the aspect of capital with priority percentage of 6.6%.

3.6. Production aspect

The first aspect to be a development priority is related to production. In the aspect of production itself, there are three program criteria, or development policy include provision of warehouses for the purchase of cheap raw materials in handicraft centers, assistance with the provision of state-of-the-art support equipment, and construction of art workshop as production design center.

The handicraft businessmen apparently require the provision of supporting equipment with the latest technology, with 70% priority percentage. Further support in the form of provision of warehouses for the purchase of cheap raw materials in craft centers with priority percentage of 21.1%. Moreover, last the development of art workshop as production design center with priority percentage of 8.9%.

3.7. Human resources aspect

The second priority aspect is the human resources aspect. The perpetrators recognize that there are many obstacles facing human resources to improve competitiveness. These alternatives include human resources training related to effective and efficient production techniques, periodical assistance to business actors from related parties, and last practice/field lecture to the production center.

From the results of data, if it is known that the most important priority of choice in human resource development is the training of human resources related to effective and efficient production techniques with priority percentage of 75.9%. Next periodic assistance to business actors from related parties with the priority percentage of 15.3% and the last practice/field lecture to production center with percentage of 8.8%.

3.8. Institutional aspect

The third aspect is the institutional aspect. In the aspect, there are some programs or policies that become inputs among others, government policy support for protection and enhancement of competitiveness, revitalize the craftsmen community to strengthen bargaining power and avoid brokers, and revitalization of village unit cooperative as a supporting unit. The following results presented if the data development of OVOP craft from the institutional aspect.

Based on the analysis, it is known that the most priority aspect is the revitalization of village unit cooperative as a supporting unit with a percentage of 57.2%. Further government policy support for protection and improvement of competitiveness with priority percentage of 30.7%. Revitalization of craftsmen community to strengthen bargaining power and avoid brokers with 12.1%.

3.9. Marketing aspect

Next, there is a marketing aspect which in this case occupies the fourth priority. In the marketing aspect itself there are three programs or policies that can be an alternative that is the utilization of e-commerce media to expand the marketing network, often follow the exhibition of products abroad, and package visits to the village craft centers.

From the analysis, it is known that the utilization of e-commerce media to expand the chosen marketing network becomes the first priority with the percentage of 58.9%. Second, the second priority is more often following overseas product exhibition with 23.4% and tour visiting package to handicraft center village is the last priority with 17.7%.

3.10. Capital aspect

The last aspect of the priority is the aspect of capital. Actually, this aspect is not something that is not important or complementary. However, since some craftsmen do not encounter significant constraints related to capital and considering there are other more urgent priorities, the capital aspect becomes the last option. In the aspect of capital, there are two criteria, among others; soft or unsecured loans from financial institutions and revolving capital assistance through corporate social responsibility (CSR) and Program Kemitraan dan Bina Lingkungan (PKBL) or grant programs.

Based on the analysis results, it is known that the revolving capital assistance policy through CSR, PKBL, or grant program is the highest priority with 87.5% priority percentage. Then, soft loan or non-collateral from financial institution becomes the last priority with 12.5%.

After sorted into each development program. Then, it can be known that most programs become priority and last choice. Table 6 presents the alternative priority sequence of OVOP craft development.

3.11. The development of food processing OVOP

Development of food processing OVOP includes catfish Abon, coconut sugar, milkfish unplug thorns, and typical food of corn marning. Based on the results of AHP analysis obtained the order of priority aspects in the development of food processing OVOP. The following presented the results of AHP analysis.

From the analysis results, it is known that the marketing aspect turned out to be the most priority aspect in the development with 54%. Furthermore, the production aspect entered as a second priority with 19.6%. The third priority is human resources aspect with 11.5%. The fourth priority is the aspect of capital with 10.4%. Last is the institutional aspect with 4.4%.

3.12. Marketing aspect

The marketing aspect came in as the first priority. In the marketing aspect, there are three programs or policies such as utilization of e-commerce media to expand marketing network, creating branding and conducting intense promotion to make the product more widely known, package of tourist visits

Table 6: Alternative order of OVOP craft development

Alternatives	Percentage
Assistance with the provision of supporting equipment with advanced technology	26.6
Human Resource training related to effective and efficient production techniques	18
Revitalization of cooperatives as a support unit	10.7
Utilization of e-commerce media to expand marketing network	8.5
Provision of warehouses for the purchase of cheap raw materials in craft centers	8
Government policy support for protection and enhancement of competitiveness	5.8
Revolving capital assistance through CSR program, PKBL, or grant	4.5
Periodical assistance to business actors from related parties	3.6
Often follow the exhibition of products abroad	3.4
Construction of art workshop as a production design center	3.4
Package visits to the village craft centers	2.6
Revitalize the craftsmen community to strengthen bargaining power and avoid brokers	2.3
Work practice/field lecture to production senta	2.1
Soft loans from financial institutions	0.6

Source: Primary data, processed. CSR: Corporate social responsibility, PKBL: Program Kemitraan dan Bina Lingkungan, OVOP: One village one product

to village production centers, and establish a souvenir shop in a strategic location as an integrated marketing center.

Based on the results of the analysis is known that make branding and do a vigorous campaign to make the product more widely known to be the first priority with the percentage of 60.1%. Then, utilization of e-commerce media to expand the marketing network becomes the second priority with 19%. Third, package of tourist visits to village production center with 11%. Moreover, finally, established a souvenir shop in a strategic location as an integrated marketing center with 9.8%.

3.13. Production aspect

The second aspect of priority is production. In the production aspect, there are two alternative programs, among others; assistance with the provision of advanced technology support equipment and always innovate production for the market.

From the results of the analysis is known that the first priority is always to innovate the production is the most priority program with percentage 75%. Further assistance with the provision of advanced technology support equipment trains as a second priority with 25%.

3.14. Human resources aspect

Based on the results of the research, note that the human resource aspects fall as a third priority. In the aspect of human resources itself, there are four alternative programs or policies including human resources training related to effective and efficient production techniques, training and mentoring of packaging techniques that attract consumers, management training on business management and bookkeeping, and motivation to entrepreneurs to have a mental entrepreneurial and forward thinking.

Based on the analysis result, it is known that human resource training related to effective and efficient production technique becomes the first priority with 51.1%. Then, training and assistance of packaging techniques that attract consumers become the second priority with 25.7%. The third priority is the motivation to entrepreneurs to have entrepreneurial intelligent and thinking forward with 12.2%. Management training and business bookkeeping fell as the last priority with 11%.

3.15. Capital aspect

The fourth aspect of the priority is the aspect of capital. In the aspect of capital there are three alternative programs or policies, that is, soft loans or without collateral from financial institutions, revolving capital assistance through CSR, PKBL, or grant programs, and strengthening Sharia-based main cooperative for capital support.

Based on the results of the analysis is known that the strengthening of sharia-based main cooperative become the first priority program. Then, soft loans or no collateral from financial institutions become second priority with 14.5%. Finally, revolving capital assistance through CSR, PKBL, or grant program is the last priority with 11.6%.

3.16. Institutions aspect

Institutional become the last priority in the development of food OVOP. Indeed, institutions are perceived to have a more urgent urgency than other more important aspects such as marketing, production, human resources, and capital. In the institutional aspect itself, there are several alternatives, namely establishment or revitalization of Village Unit Cooperatives, establishment or revitalization of Paguyuban Entrepreneurs, and facilitate the licensing of SMEs business.

From the analysis, it is known that the establishment or revitalization of Village Unit Cooperative is chosen to be the first with 50%. Then, revitalization Paguyuban Entrepreneurs with percentage of 18.2%.

3.17. Alternative order of food OVOP development

After it sorted into each development program. Then, it can be known that most programs become priority and last choice. Table 7 presents the alternate sequence of priority development of food OVOP.

Based on the above alternative sequence, it is known that creating branding and promoting incessantly to make the product known more widely terpill be the first priority. Then, the second priority is always to innovate the production for the market. Moreover, the third priority is the utilization of e-commerce media to expand the marketing network.

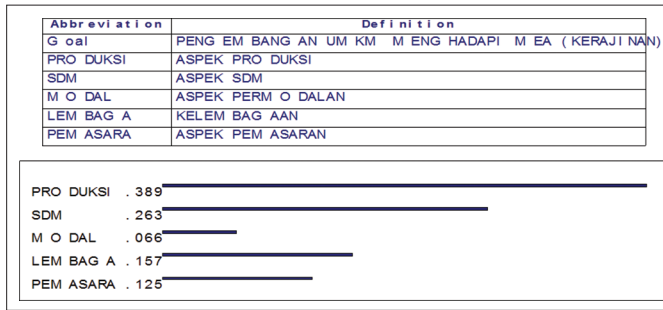
The three alternatives that become the last priority are soft loans or without collateral from financial institutions, revolving capital assistance through CSR program, PKBL or grant, and establishment or

Table 7: Alternative order of food OVOP development

Alternatives	Percentage
Creating branding and promoting vigorously to make the product more widely known	33.5
Always make production innovations to be popular with the market	12.1
Utilization of e-commerce media to expand marketing network	10.6
Human Resource Training related to effective and efficient production techniques	7.1
Strengthening Sharia-based main cooperative for capital support	6.5
Package visits to the village production centers	6.1
Establish a souvenir shop in a strategic location as an integrated marketing center	5.5
Assistance with the provision of supporting equipment with advanced technology	4
Establishment or revitalization of cooperatives	1.7
Motivation to entrepreneurs to have a mental entrepreneurial and forward thinking	1.7
Management training and business bookkeeping	1.5
Soft loans from financial institutions	1.3
Revolving capital assistance through CSR program, PKBL, or grant	1
Establishment or revitalization of Paguyuban Entrepreneurs	1

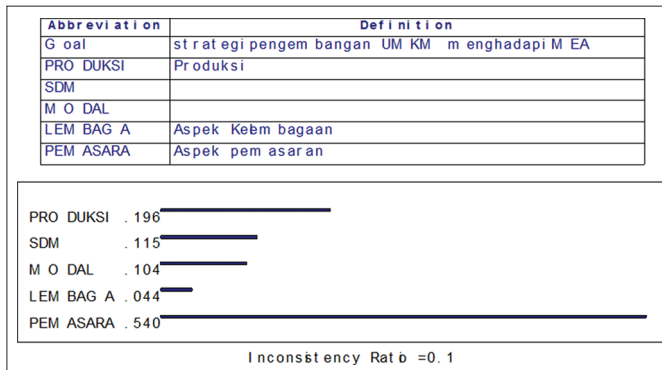
Source: Primary data, processed. OVOP: One village one product

Figure 1: Priority to develop handicraft one village one product



Source: Primary data, processed

Figure 2: Priority development of food processing one village one product



Source: Primary data, processed

revitalization of Paguyuban Entrepreneur. Figure 1 shows the production aspect is the most important factor that needs to be prioritized for handicraft enterprises. It followed with human resources aspect. therefore, Figure 2 inform us the marketing aspect for food processing enterprises become the most prioritized aspect that need to develop.

4. Conclusions

Based on the results of the research, it can be concluded several things, among others that the majority of cooperative institutions have not been realized as a base of SMEs OVOP. The existing containers still remain such as Pre Cooperative, Joint Enterprises, or Business Group.

Key constraints OVOP handicraft is in the latest production equipment to increase production capacity, lack of warehouse to accommodate raw materials, weak quality of human resources related to its competence, the importance of institutional revitalization of cooperatives and Paguyuban and support of capital and marketing. The main obstacles of SMEs OVOP food processing are weak branding, limited outlets and marketing media, dependence on brokers/agents, online marketing system often have negative impact (no or healthy competition), low innovation ability, low capacity production equipment, low quality of human resources competence, limited capital, and need for revitalization of cooperatives.

The needs of SMEs OVOP Handicraft and Food Processing is the need for OVOP Base Revitalization (Cooperative), cluster formation; then assistance to gain access to capital and marketing techniques and the formation of cooperative legal entities; as well as information technology training, human resources training and development of production innovation; and final aid of production equipment, licensing permission of patent and business license and easiness of supply of raw materials.

Priority development strategies of OVOP handicrafts are supporting the provision of advanced technology support equipment emerges as the first priority then followed by Human Resource Training related to effective and efficient production techniques as second priority. The third priority is the Revitalization of Cooperatives as a support unit. As for development strategy for OVOP, food strategy priority is creating branding and doing vigorous promotion for the product known more widely terpill be the first priority. Then, the second priority is always to innovate the production for the market. Moreover, the third priority is the utilization of e-commerce media to expand the marketing network.

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