

Empirical Study of Leading Products in the Sidoarjo Region

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Abstract

Sidoarjo as a government area in East Java has its own uniqueness because it is a mixed area which is basically a district government but has several sub-district cities, even one of which has a fairly large size and can be said to be an independent city. In addition, it also has a variety of natural resources and artificial products that can be considered localized, which each ones can become a featured product. This descriptive research was conducted using an empirical literature study method, where researchers searched -both on Google.com and Google Scholar- for various studies using intentional keywords. 16 qualitative studies and 2 quantitative studies were studied. The result shows that the condition of superior products in Sidoarjo has quite a lot of problems that make superior products have no added value and have low competitiveness. However, the current value and competitiveness of featured products cannot be imagined because these studies examine the quality of superior products against competitors.

Keywords: *featured product, Sidoarjo*

INTRODUCTION

Sidoarjo as a government area in East Java has its own uniqueness because it is a mixed area which is basically a district government but has several sub-district cities, even one of which has a fairly large size and can be said to be an independent city. In addition, it also has a variety of natural resources and artificial products that can be considered localized, such as aquaculture in the North and East, manufacturing industrial centers in the central region, small and medium-sized industries in the south, agriculture in the North and West, and so on.

Fitrianti (2019) describes that there are at least 41 small and medium-sized industrial centers that have their own superior product characteristics in Sidoarjo Regency, outside of areas with superior products from agriculture, fisheries and tourism.

With localization or centralization, various regional superior products can be created. Ahmadjayadi (2001) defines Regional Superior Product as a product of an area that is highly competitive because it has characteristics and uniqueness that other regions do not have and can provide job opportunities to local communities. Regional Leading Product describes the ability of a region to utilize resources, create job opportunities, produce products, add value and generate income for the community and the government, and most importantly, have prospects for increasing productivity and investment.

In writing, the Directorate General of Regional Development issued circulars in 1998 and 1999 which stated that a district/city area could have a maximum of five Regional Superior Products determined by the local regional leaders.

According to Alkadri et.al. (2001) there are at least ten criteria to determine whether a commodity in a region is superior or not:

- 1) Able to become a prime mover of economic development,
- 2) Have strong forward and backward linkages both among leading commodities and other commodities,
- 3) Able to compete with similar products/commodities from other regions in national and international markets both in terms of product prices, production costs, and service quality,
- 4) Have linkages with other regions both in terms of markets and supply of raw materials,
- 5) Possessing an ever-increasing technological status,
- 6) Able to absorb qualified workforce optimally according to the scale of production,
- 7) Can survive in a certain long term,
- 8) Not vulnerable to external and internal fluctuations,
- 9) Its development must obtain various forms of support (security, social, cultural, information and market opportunities, institutions, incentive/disincentive facilities and others,
- 10) Its development is oriented towards the preservation of resources and the environment

METHOD

This descriptive research was conducted using an empirical literature study method, where researchers searched -both on Google.com and Google Scholar- for various studies using the keywords "Sidoarjo's superior product" / "selected product Sidoarjo" / "featured product Sidoarjo". From the results of this study obtained 16 qualitative studies and 2 quantitative studies. One study was removed from the data source because it did not discuss regional superior products.

For the purposes of this study, the data taken from each study is the condition of the superior product found by previous researchers, not included in the results of training or suggestions. The data obtained will then be categorized and then described in a narrative manner.

The following are previous studies that became the source of the data and the research object under study.

Table 1. Previous researchers and research objects

Researcher(s)	Research Object(s)
Rosyafah, S (2018)	Jetis Batik Village
Anshori & Putra (2020)	Multiple
Hardaningrum et.al (2020)	Fishermen Association "Kub Sari Laut"
Wardani (2015)	Traditional metal industry and batik
Oktariyanda et.al (2021)	BUMDes
Fristia & Navastara (2014)	Batik crafts
Herdianty & Kirwani (2014)	Small leather industry
Wahyuningsih & Niswah (2016)	Small leather industry
Maulandari (2017)	Small & Medium hat & shoes industry
Siti et.al (2017)	Batik crafts
Adiba et.al (2020)	Small & Medium Enterprises
Jayanto (2018)	Banana farmers
Rohman et.al (2021)	Petambak
Nasrulloh (2020)	Small & Medium shoes industry
Kurnianto (2006)	
Fitrianti (2019)	Small leather industry
Edi et.al (2018)	Batik crafts

Source: data processed by researchers

RESULTS AND DISCUSSION

From the results of previous studies can be categorized 6 factors that can be observed to determine the condition of superior products in Sidoarjo district, namely:

Human Resources

Organization Management, Lack of organizational managerial knowledge causes superior product producers to be unable to produce efficiently, flexibly so as to produce superior products that are less competitive.

Production Skills, kurangnya pengetahuan managerial organisasi menyebabkan produsen produk unggulan tidak mampu memproduksi secara efisien, fleksibel sehingga menghasilkan produk unggulan yang kurang kompetitif.

Labors, In basis theory, the development of an industry in an area will attract workers from the surrounding area. The findings of Herdianty & Kirwani (2014) that with the presence of 19 small leather craft industries in Kendensari village, 175 local workers can be absorbed, but more choose to become factory workers because their wages are fixed & higher. Adiba et.al (2020) found that in the Jetis batik village, craftsmen had to bring in workers from outside Sidoarjo such as craftsmen from Pekalongan, Trenggalek and Tulungagung.

Financial

Capital Access, Jayanto (2018) emphasized that it is undeniable that capital is a problem that is commonly felt by small and medium industry players. Rosyafah (2018) explains that most financial institutions impose credit conditions that might be hard for featured product producers to fulfill, especially for newcomers in the industry. It cannot be faulted if banks provide credit facilities with great care because the risks they face can be very large. So that either directly or indirectly, the difficulty of access to capital hinders the development /expansion of production of superior regional products.

Product

Raw Materials, most of the featured product manufacturers or producers use only one single supplier that has been established in a relatively long time. They never compare raw material's price or quality from different suppliers. This may cause their superior products to lose competitiveness due to the inability to reduce production prices or improve product quality.

Product Diversification, many superior product manufacturers do not understand that their products can be developed into other products. Producers of superior products tend to sell raw material products because there is a demand for them in the market. However, Hardaningrum *et.al.*, (2020) and Rohman *et.al.*, (2021) found that many waste products and products that were declared not to meet the buyer's standards became waste and had to be disposed of in the end. The training provided by the two research teams made producers aware of superior products that these "waste" products could be processed into ready-to-eat food ingredients.

Product Innovation, due to lack of knowledge about global industrial competition and about the importance of product innovation, a small number of superior products in Sidoarjo are concerned with product innovation and in the end they stick with their regular customers without thinking about expanding market coverage.

Technology

Adequate Technology, Fristia & Navastara (2014) found that technology is one of the weaknesses in the utilization of superior products. the use of superior product manufacturers tend to sell raw material products as is due to market demand. On the other hand, many producers of superior products are still traditional, so there is still little thought to improve the effectiveness and efficiency of work by using appropriate technology..

Marketing

Globalization, Jayanto (2018) explained that producers of superior products already understand the phenomenon of globalization, but do not yet have an understanding of who the competitors they face are. With the opening of the Asian Economic Community (AEC), it is easier to sell local superior products owned to neighboring countries in Asia, but on the bad side, various products from abroad can easily flood the local market.

Digital Marketing, many superior product manufacturers do not yet have an understanding of what and how digital marketing is. Oktariyanda *et.al.*, (2021) explained that they don't even know how to operate social media, such as facebook, instagram, youtube, tiktok, etc; or even know how to create promotional content on social media.

Network

Information Networking, lack of networking so that access to market information is limited, this is inseparable from the limitations of their understanding of the importance of information technology such as online business and website ownership that can be used as a means of promotion. Fourth, limited linkage so that it cannot exploit both national and regional markets.

Business Environment, Fristia & Navastara (2014) found in a study about the existence of unhealthy competition and individualistic attitudes in batik craftsmen in Kenongo Village, Tulangan District. This creates an unhealthy business environment, although in quantitative research conducted by Siti *et.al*, (2017) and Rosyafah (2018) it was found that the business environment has no significant effect on product performance.

Government Support

Self-Sustainable, Adiba *et.al*, (2020) concluded that the lack of institutional arrangement for industrialization by regional governments. This seems to be a natural thing in Indonesia if an industrial institution or association has a dependence on the role of the government. That the government must provide continuous support to them. Learning from developed countries, the behavior of such industrial institutions and associations is different, they will survive independently, not waiting for support from regional governments, even if necessary they are ready to maintain their survival even if they have to protest if they feel that government policies are against or destroy them. One of the implied weaknesses is that in fact the association of superior product manufacturers does not have a Self-Sustainable nature. Actually they are able to carry out seminars and workshops for training on the development of their knowledge and skills without having to wait for the presence of the government's role. And actually the government's role is through regulations and legislation, not to have to be involved in the development of human resources in the private sector.

CONCLUSION

From various previous studies, it can be seen that apart from quality conditions, the condition of featured products in Sidoarjo has quite a lot of problems that make superior products have no added value and have low competitiveness. However, the current value and competitiveness of featured products cannot be imagined because these studies examine the quality of featured products against competitors.

Unfortunately, previous studies also did not show sales turnover or profits obtained by featured product manufacturers so that the performance of featured products in terms of sales could not be known and compared with the problems they faced.

These problems were only revealed when a research was conducted. In fact, superior product manufacturers can negotiate and carry out joint survival efforts in an association that has equality and common goals.

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