

# Village Driven Development Approach in Fish Waste MSMEs Empowerment Program in Kalanganyar Village, Sedati District, Sidoarjo Regency

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**Abstract** Aquatic resources and marine products are the most significant economic potential in Kalanganyar Village. Therefore, the government and associated parties must have grave concerns about development in this area, such as local economic development with MSMEs. The village government's position as a more democratic actor in development and crucial services for the community can also be strengthened by community empowerment, which is implemented with a village-driven development model. In this study, Pertamina DPPU Juanda's empowerment program is based on the village-driven development strategy and uses the participatory rural appraisal (PRA) method to create MSMEs in Kalanganyar Village, is discussed. Two novel items were produced as a result of the community empowerment program, and each interest group participated actively.

## 1. INTRODUCTION

Kalanganyar Village is located in Sidoarjo's southern region. About 3000 hectares of the land is used as milkfish ponds, which certain people of Kalanganyar Village own while the remainder is leased to entrepreneurs from outside the village (Rizkiyah, 2019). It has been predicted to become a tourist village since it has tourism potential that can attract tourists. Kalanganyar Village is an area included in the development plan for the east coast of Sidoarjo Regency's RTRW (Regional Spatial Plan) in 2009, with several components of tourist attractions including fishing ponds, mangrove tourism, cultural tourism of Kampung Iwak (fish village), milkfish culinary, and so on (Pemerintah Kabupaten Sidoarjo, 2009).

Tourism attractions management, particularly in maximizing the potential of the Kalanganyar Village community, is crucial for attracting tourists to stay longer and visit more frequently in order to boost the local economy. The whole community, including the village government, is aware of this benefit, but tourism development efforts are low because the existing potential

has not been accurately identified. According to (Fikri & Febriana, 2018), it is possible to recommend Kalanganyar Village for marine ecotourism.

The entry of a business entity, which is Pertamina DPPU Juanda, into Kalanganyar Village occurred because of the openness of the village government to cooperate in developing the Kalanganyar Tourism Village. Pertamina DPPU Juanda is committed to providing social responsibility to the community around its operational area by conducting CSR programs based on community needs. This becomes a meeting point with the village's commitment to optimizing potential and reducing problems in the community. The meeting between the village government, community, and the private sector is expected to be able to integrate the potential of villages that have not been managed and in the community that is still running on their own to achieve common goals.

The development of micro, small, and medium-sized enterprises (MSMEs) that process the primary agricultural product of Kalanganyar Village, especially fish and other

marine goods, is one of the ongoing activities. This commitment is expressed in the community empowerment initiative implemented by Pertamina DPPU Juanda by employing corporate social responsibility (CSR) program. The community empowerment initiative is administered using a model that includes the village authority and the beneficiary communities.

On the other hand, Law Number 6 of 2014 concerning villages, brought a change in the paradigm of rural community development from the original Government Driven Development or Community Driven Development (CDD) to Village Driven Development (VDD) (Sutoro, 2015). In the concept of Village Driven Development, the success of CSR programs in developing the local economy is determined by a strong community empowerment strategy between various actors, such as synergy between companies and various actors in the community such as village/kelurahan institutions, local economic institutions, and the community itself (Mariana et al., 2021). This can happen because from the VDD perspective, the decision-making mechanism is carried out in a deliberation mechanism that involves the community and the village government in an integrated forum. In other words, VDD seeks to restore the position of the village government as a more democratic actor in development and essential

services (Edi et al., 2015) and requires synergy between village institutions as representatives of the state at the local level, citizen groups, and also companies (Mariana et al., 2021). The performance of more democratic village institutions also influences the quality of local economic development (Sudjito et al., 2020).

This concept is different from the community development paradigm that was previously developed, namely Community Driven Development (CDD). The concept of CDD in CSR means directing a direct relationship between the company and the community where there is a transfer of control of resources and activities to the community while at the same time trying to bring an inclusive, transparent, and participatory environment in decision making (Casey, 2018).

Based on the VDD framework proposed by the Institute of Research and Empowerment (IRE) Yogyakarta, companies through CSR programs can provide support through two things, namely (1) supporting the strengthening of village government capacity (HR, public services, development, and community empowerment), and (2) support efforts to increase village assets in local economic development. Figure 1 show the position of CSR in the Village Economic Development Framework.



Figure 1 . Position of CSR in the Village Economic Development Framework (Mariana et al., 2021)

The presence of companies in CSR programs and an explanation of the CDD paradigm measures the success of group participation and does not involve the village government in the process. Therefore, by using the Village Driven Development concept, this paper aims to describe the form of synergy and involvement of the village government and companies in the implementation of community empowerment programs in the form of developing MSMEs in Kalanganyar Village carried out by PT Pertamina DPPU Juanda.

## 2. METHOD

PT Pertamina DPPU Juanda’s MSME development initiative in Kalanganyar Village employs the Participatory

Rural Appraisal (PRA) technique. The Participatory Rural Appraisal (PRA) technique incorporates community participation in all community empowerment programs (Mariana et al., 2021). This technique is a development of the preceding way of critique, which asserts that community development is frequently utilized solely as an object and not a subject (Yudha, 2019). This method makes the community not only an object that receives development but also becomes the subject of development and is actively involved in program design in the planning, priority setting, budgeting, implementation, and utilization of program results (Hudayana et al., 2019).

This MSME development program consists of three phases: (1) planning, (2) implementation, and (3)

monitoring and assessment. The initial step is planning. At this stage, the social mapping materials, strategic and work planning, and the participation of the village government and target groups in participatory modelling via focus group talks are carried out. The objective of focus group discussions is to encourage stakeholders to identify challenges and opportunities and prioritize development opportunities.

The second stage is implementation. This stage consists of group training and mentoring, provision of equipment and supplies, and construction of public facilities, carried out in the period January 2021-March 2022 in Kalanganyar Village, Sedati District, Sidoarjo Regency, East Java Province. At the training and group mentoring activities in implementing CSR programs, the company cooperates with facilitators from outside the company and the village: researchers and practitioners. The facilitator acts as a person who transfers new knowledge to the community and bridges outsiders and parties within the community.

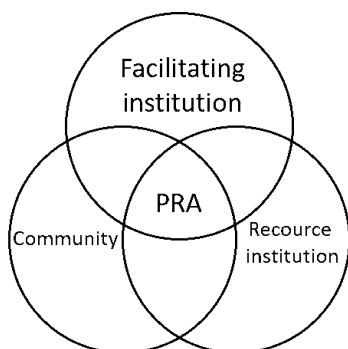


Figure 2 . Critical components in the participatory rural appraisal method as described by (Koralagama et al., 2007)

The participatory rural evaluation technique has three crucial components: resource institutions, facilitator institutions, and the community (Koralagama et al., 2007). In this study, the resource institution is Pertamina DPPU Juanda, the facilitating institution is the Kalanganyar Village Government & CV Kreatif Indah Alam, and the community is the Kalanganyar Village community, especially members of the Olikan Kece Group members (Figure 2).

The third stage is monitoring and evaluation. At this stage, participatory monitoring with beneficiaries and the village government is carried out regularly. The results of monitoring activities are used for program improvement.

### 3. RESULT AND DISCUSSION

Community empowerment through the MSME Development CSR program conducted by Pertamina DPPU Juanda initiative in Kalanganyar Village has entered its second year and has undergone various mentorship processes. The process consists of multiple distinct phases, including program planning, implementation, monitoring, and post-program assessment.

#### 3.1 Program planning stage

For companies, planning a CSR program well is an essential step in adapting the program to the needs and problems that exist in the community. In this stage, DPPU Juanda carried out several strategies. The first strategy is program planning begins with an approach to the village government. This approach is necessary because the village government has a crucial and strategic role. With this strategy, it is hoped that the program can be implemented by the established direction of village development and implemented more efficiently. The discussions with the village government led to a tourism village development plan and several obstacles that must be resolved.

Furthermore, to get to know and get in-depth information regarding the potentials and problems in the village, DPPU Juanda also conducted social mapping and Focus Group Discussions (FGD) involving the village government, groups, and organizations in Kalanganyar Village. The results of social mapping recommendations for the Kalanganyar Village area include the development of tourist villages with supporting programs, namely the development of local MSMEs, increasing group capacity, and program innovations to introduce the characteristics of Kalanganyar Village.

The Village Government stated that Kalanganyar Village is a village full of tourism and economic potential that can be developed. The village party emphasized that most of the village’s income was obtained from the results of ponds, fishing, and the fish processing industry in Kalanganyar Village. The number of entrepreneurs in this village is also increasing, including the number of thorn-pulling services. However, behind this potential, problems must be resolved regarding waste disposal from processed fish products such as milkfish scales and spines that cannot be processed. Usually, the waste is thrown away and accumulates in several areas in Kalanganyar Village. Bad smells and sights are a significant problem for society. Therefore, this waste management program is one of the priority programs to be implemented.

#### 3.2 Implementation stage Program Launching and Group Formation

The Kalanganyar Sentris Berseri Program was launched at the Kalanganyar Village office, which was attended by the Village Head, representatives of Pertamina workers, program trainers, CV Kreatif Indah Alam, and as many as 20 participants who were interested in joining the program. In the arrangement of the launching event, the formation or inauguration of groups was also carried out, which were divided into two groups, namely the MSME group for processing fish waste (Olikan group) and the handicraft group from shell waste (KeCe Group). In addition, there is a role of the village and PKK head which make criteria and opens opportunities for all communities who meet the requirements to join as part of the group.

### 3.2.1 Procurement of activity support equipment

This equipment is procured in stages to support production activities, fish waste processing, and making handicrafts from shellfish. For the initial stage, the equipment provided is commonly used. Then, the equipment is given according to the group's needs, as seen from routine monitoring of program developments.

### 3.2.2 Canopy Construction

Based on the request of the village government to support the development of MSMEs in Kalanganyar Village. This public facility assistance is intended to support MSMEs in the community so that they have a place to buy and sell in the village. This canopy has been used for the Ramadhan Bazaar activity and is hoped to support other activities in Kalanganyar Village.

### 3.2.3 Product processing training

On this occasion, PT Pertamina (Persero) DPPU Juanda collaborated with CV Kreatif Indah Alam as an instructor who provided understanding ranging from product training, business management, packaging, and digital marketing training. As a result, for the two groups that have been formed, production training is carried out on different days so that they can be more focused on production training on fish waste processing and making handicrafts, two times for each group with different product materials.

### 3.2.4 Product Packaging and Digital Marketing

Training Packaging and Digital marketing training were conducted on the same day with three speakers. This training focuses on group members' knowledge of online and offline product promotion and online sales platforms (Instagram, Facebook, and other e-commerce). Meanwhile, the packaging training was devoted to members of the group for making shells.

### 3.2.5 Product Title of Olikan and KeCe SME

The product title for SMEs assisted by PT Pertamina DPPU Juanda aims to introduce the first product made by the Olikan group and the KeCe group, namely processed food and handicrafts from shells to the community, especially stakeholders in Kalanganyar Village. This activity will be carried out after all training and production

trials are completed in 2021. This activity was carried out by inviting the chairman of the Sidoarjo Regency Food and Beverage Association (Asmaminda), Kalanganyar BUMDes, BPD, and Kalanganyar Village PKK.

### 3.3 Monitoring and evaluation stage

Monitoring is carried out once a month to ensure that production continues. This monitoring is also to see the needs of the program. Meanwhile, for program evaluation, an assessment of the Community Satisfaction Index (IKM) was carried out, and a meeting was held at the end of the activity, namely in September 2021, to see the success of program implementation and be a reference for improving programs that had been running previously. The implementation involves participating all group members, the village government, and the Creative Indah Alam (KIA) team as program companions in the field.

Conceptually, Village Driven Development is a strategy for empowering communities through engagement techniques. Thus, the engagement strategy emphasizes the active participation of each player in the empowerment process. In the context of growing MSMEs in Kalanganyar Village through the CSR program of Pertamina DPPU Juanda, the village government and the community are the predominant non-business actors. The two actors then become the focus of the running program. The MSME development initiative, including the Kalanganyar Village Government and local business/enterprise organizations at the village level and in the community, demonstrates this condition. Through its CSR program, the Kalanganyar Village Government, and the community, the company, in this case, Pertamina DPPU Juanda, is actively involved and has a position consistent with the IRE-developed VDD model. As a representative of the state at the village level, the village government is charged with providing public services and fostering local economic growth. One of these roles and responsibilities is carried out through local village economic institutions, such as Village-Owned Enterprises and community empowerment initiatives designed to enhance the community's capacity to manage its resources and potential. In the meantime, one of the obligations and tasks of public services is to provide accessible public space and services that can be employed for economic development.

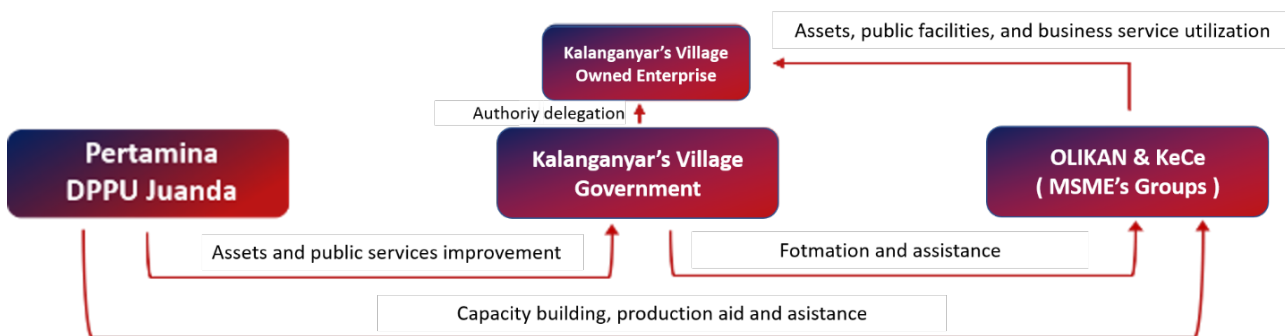


Figure 3. The position of the company (CSR), the village government, and the community in the synergy of developing MSMEs in Kalanganyar Village

Kalanganyar Makmur Village-Owned Enterprises (BUMDes) in developing MSMEs in Kalanganyar Village has a role as a local economic institution that was formed, and its capital comes from capital participation by the village government. In addition, BUMDes receives a delegation of authority from the village government to carry out business activities that are profit-oriented and contribute to the community's economic development. Therefore, public services related to the utilization of village assets and business services that MSMEs can access are carried out by BUMDes (Figure 3).

Meanwhile, the corporation, in this case, Pertamina DPPU Juanda, has a place and function in improving village institutions and community organizations through its CSR

program mechanism. The enterprise increases the village's assets, which BUMDes then manage; one of these assets is employed by the aided MSME groups. Coordination with the village prior to the launch of the program demonstrates that the village is empowered to play an active role in village development.

In line with the village-driven development framework proposed by IRE, Pertamina DPPU Juanda, in carrying out the CSR program, provides support to the village government and the community through interventions, namely (1) supporting the strengthening of human resources capacity and (2) supporting efforts to increase village assets (Figure 4).

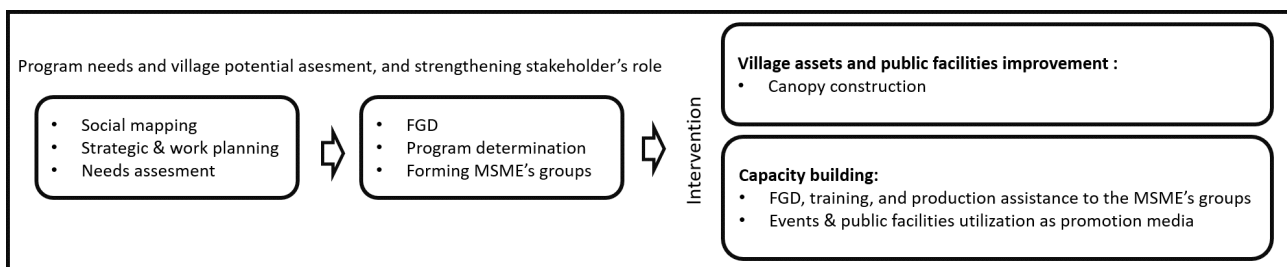


Figure 4. The flow of intervention for the MSME development program in Kalanganyar Village

A development program demonstrates support for capacity building for MSME groups engaged in processing fish waste and other marine products, namely the Olikan and Kece groups. The two groups were born from a series of processes involving three parties at once: the company, the village government, and the community. The declaration of the development of the fish processing UMKM group began with the existence of local potentials listed in the company's social mapping document and discussed with the village government through a focus group discussion.

During the focus group discussion, it was agreed that a program plan would be carried out as physical activities and the development of MSME groups whose primary focus was increasing the group's ability to process local products. In developing the MSME group, interventions were carried out in the form of (1) group formation and deliberation, (2) production and marketing equipment assistance, (3) product manufacturing and development training, and (4) product titles and exhibitions. The intervention activities carried out led to increasing the capacity of the Olikan.

Meanwhile, in support of increasing village assets, Pertamina DPPU Juanda and the Kalanganyar Village Government synergize in constructing the village canopy. The canopy is a physical facility that functions as a public facility for developing MSMEs and village activities such as art degrees, festivals, and religious activities. The Kalanganyar Village Government then delegated authority to the Kalanganyar Makmur Village Owned Enterprise (BUMDes) as a business entity owned by the village government to manage the canopy so that it could be utilized optimally for business development and public services. The two interventions carried out by Pertamina

DPPU Juanda, namely support for increasing village assets and increasing capacity, are efforts made in the context of developing MSMEs for processing fish waste in Kalanganyar Village by strengthening the role of the village government as well as direct community involvement.

## 4. CONCLUSION

The program implemented by Pertamina DPPU Juanda through the mechanism for implementing corporate social responsibility (CSR) in developing MSMEs for processing fish waste in Kalanganyar Village is an illustration of implementing community empowerment with a village-driven development strategy. The active participation of each interest group, notably the Kalanganyar Village Government, the Kalanganyar Makmur Village BUMDes, and the MSME Group, indicates this condition. Community empowerment coupled with a village-driven development strategy can restore the village government's role as an actor in development and the provision of more democratic necessary services. In addition, the MSME development program's involvement in the food industry, represented by the Olikan group, and the handicraft industry, represented by the Kece group, can give direct economic advantages to the community.

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## CONFLICT OF INTERESTS

All of the authors declare that there are no conflicts of interest and significant financial support in writing this manuscript entitled Village Driven Development Approach in Fish Waste MSMEs Empowerment Program in Kalanganyar Village, Sedati District, Sidoarjo Regency. We have agreed that during the editorial process of this manuscript, the corresponding author will be the contact person. Also, we confirm that all of the authors have read and approved this manuscript.

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