EFFECTIVENESS OF HOME INDUSTRY ACTIVITIES IN BUILDING THE ECONOMY OF THE COMMUNITY IN INDONESIA

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Abstract: This type of qualitative research through a phenomenological approach, while the results of the study showed that home industry activities strongly support the community economy, where this activity is generally carried out by families who seek additional financial income, when there is an economic crisis and health crisis coronavirus pandemic that results in economic paralysis and results in hundreds of thousands of employees in layoffs, home industry actors still exist and are able to become economic support needs. Living a day, so the existence of home industry must get attention from the government so that home industry players are able to develop their business not only on a local scale but able to scale nationally and internationally.

Keywords: Economy, Activities, Industry, Effectiveness, Society

CHAPTER I. INTRODUCTION

Currently with the rapid development of the times requires every individual to be creative and also innovative in working and trying. The rapid competition between individuals makes the business world at this time experiencing the peak of competition, be it small business medium to large business. However, if we look at small businesses that have now begun to be loved by many people more often affected by failures in business. Because of the small scope of small business or often also called the Home industry.

Developments in technology and computer science today have been very rapid, along with the need to help humans that continues to increase. Computers are increasingly needed to help humans in everyday life especially in industrial and business aspects. In the world of computer industry can help develop integrity and maximize the utilization of workers, as well as help efficiency and maximum utilization of space and time in the production process.

Home industry is a type of entrepreneur that is still in a small scope. This entrepreneur is easier to do for entrepreneurs who have minimal startup capital. Products that can be made for home industries of various types, including onion chips, yam chips, cake cakes, doughnuts, chocolate, hijab, brosh and so on. At this time there has been a lot of competition for home industry businesses, therefore research is needed to be held to see how the effectiveness of Home Industry business in building a family economy.

Problem Formula

1. The Role of Small Industry Towards Increasing Public Income
2. What are the advantages and disadvantages of home industry in Indonesia?
3. What is the strategy of home industrial development in strengthening the family economy?

CHAPTER II. LIBRARY REVIEW

A. Understanding Home Industry

Home industry is a company on a small scale, usually this company only uses one or two houses as a center of production, administration and marketing at the same time. When viewed from business capital and the amount of labor absorbed is certainly less than large companies in general (Muliawan, 2008).
Home industries are generally business units that are more traditional, in the sense of implementing good organizational and management systems as is common in modern companies, but there is no clear division of labor and bookkeeping system (Tambunan, 2002).

According to Law No.9 of 1995 on Small Businesses, home industry or small industry is an industry that has a maximum net worth of Rp 200 million, excluding land and buildings where businesses. Annual sales result of approximately Rp 4 billion in 1 year. It is a business itself, not a subsidiary of an individual business.

B. Industrial Home Function

Home industries are able to expand employment and provide broad economic services to the community, can play a role in improving the community economy and family income reduces unemployment and improves community welfare. According to Suryana (2006), the functions of the industrial home are as follows:

1. Strengthen the national economy through various business relatedness, such as supplier functions, production, distributors, and marketing for the results of large industrial products. Small businesses function as transformers between sectors that have a connection forward and backwards.
2. Increase economic efficiency, especially in absorbing existing resources. Small businesses are very flexible because they can absorb local labor and resources and increase human resources in order to become resilient entrepreneurs.
3. As a means of distributing national income, the means of equalization of effort and income, because the amount is spread in urban and rural areas.

C. Benefits of Home Industry

Home industry is very beneficial for the community, especially the weak economic class because most small industry players are residents of that group. Some of the benefits of home industry are:

1. Provide employment to residents who generally do not work as a whole.
2. Provide additional income not only for workers or family interests, but also other family members.
3. Able to produce goods needed by locals and the surrounding area more efficiently and cheaper than large industries.

In addition, home industry also has an important position in the economic sector that provides social benefits that play an active role in the economy. Here are some other benefits of home industry for the economy:

1. Create a broad business opportunity but with relatively cheap financing.
2. Take a role in the increase and mobilization of domestic savings.
3. Have a complementary position to large and medium industries.
4. Encourage the emergence of domestic entrepreneurship while saving the country's resources.
5. Using labor-intensive technology, it can create more job opportunities than those provided by large-scale companies.
6. Encourage inter-regional and intra-regional decentralization processes, as small businesses can be located in small towns and rural areas.

CHAPTER III. RESEARCH METHODS

Types of qualitative research through phenomenological approaches

CHAPTER IV. DISCUSSION

Indonesia has many Small and Medium Micro Enterprises or often called MSMEs. MSMEs are businesses or businesses run by individuals, households or small businesses. MSMEs have separate explanations, namely micro-businesses, small businesses and medium-sized businesses. Micro-businesses are businesses owned or managed by individuals or families. Then, small businesses are businesses that have a net profit that ranges from 50 million to 300 million annually. While medium business is a type of business or business that already has a structured and
more complete bookkeeping system. MSMEs play a big role in the economy in Indonesia from opening jobs, encouraging economic conditions more evenly, spurring the economy in critical situations and meeting the needs of the community more accurately. However, this small and medium-sized micro enterprise is the business that has the most problems in this pandemic period began to have difficulty in meeting daily needs due to the difficulty of finding money under these circumstances. So they decided to open small businesses. Of course, there are many difficulties for those who have just opened this business or MSMEs, but not only those who have just opened a business that experienced it, those who have long pioneered this business also experience many problems. For people who have and make MSMEs as the main source of income, of course they feel the impact of the current pandemic situation. There's a lot to do to avoid focusing on them. For example, there are those who have to close one of their stores in a certain place because the price of the contracted place is not proportional to the purchasing power of the people in the current pandemic. Of course, this is a very burdensome thing for these business people. Moreover, closing one of the businesses that have been pioneered from a long time ago and has become a source of income. Pioneering a business before the pandemic certainly feels the difference in income obtained compared to during a pandemic like this. Income or turnover obtained at the time of the pandemic decreased drastically compared to a few years before this situation. This happens because of the restrictions set by the government for people to leave the house or do activities outside the house. In addition, there are restrictions on opening times for stalls or shops that are applied to traders which certainly have a direct impact on the income of business people because not all shops or stalls can open at opening times that have been determined by the government. Before the pandemic, the profit that can be obtained in a day is approximately about 100 thousand to 500 thousand. But at the time of the pandemic, of course, the income earned became less. Everyone must have their own way of solving problems, especially in solving problems in business. One way to overcome this business problem is to sell online through social media such as Facebook, Instagram and Whatsapp and serve the COD (Cash on Delivery) system. Seeing the opportunities that exist in online sales that use social media and COD systems is certainly a solution that is very helpful for MSMEs in facing the problems faced in doing business. The number of people who do Micro Small and Medium Enterprises or MSMEs today, the impact of the pandemic felt by them will be able to inhibit Indonesia’s economic growth. This certainly gets the attention of the government. Therefore, the government categorizes MSMEs as poor and vulnerable people affected by Covid-19 as recipients of social assistance. Then the government provides working capital assistance with a value of 1.2 million. Of course, the recipient of this assistance must meet the conditions that have been imposed such as Indonesian Citizens and have an electronic Identity Card, have a micro-business complete with supporting documents for submission, complete the filing file in the form of KK, KTP, SKU or NIB and other requirements. The Minister of Cooperatives and SMEs said that as many as 9.8 million micro-businesses have received MSME assistance. The total target of MSME recipients this year reached 12.8 million micro-businesses, the community is certainly enthusiastic to welcome the help of MSMEs from the government. However, people still complain about the difficulty of getting this help. This difficulty is caused by obstacles experienced by creditors or debtors when distributing financing or assistance to Small and Medium Micro Enterprises. In terms of banking that serves as a credit distributor, according to records of the Ministry of Small and Medium Enterprises cooperatives, the distribution of credit through banking is still in the range of 20 percent. Though this credit distribution is expected to reach a larger number, such as 22 percent, 25 percent or 30 percent. This credit trust is also quite strict because of the provisions of the bank related to bank capital and sometimes the bank does not have enough information related to MSMEs to be financed.

The Financial Services Authority noted that the distribution of micro, small and medium enterprises (MSMEs) continues to grow towards the end of 2020. Credit has the potential to grow along with the high need for new capital in 2021.

Currently, there are more than 65 million MSMEs spread across Indonesia. In 2016, there were 61.7 million MSMEs in Indonesia. The number continues to increase, in 2017, the number of MSMEs reached 62.9 million and in 2018, the number of MSMEs reached 64.2 million. It is predicted that in 2019, 2020 to 2021 the number continues to increase.

The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) launched as many as 3.79 million micro, small, and medium enterprises (MSMEs) have utilized online platforms in marketing their products. This number is around 8 percent of the total MSMEs in Indonesia, which is 59.2 million.
Home Industry in relation to Increasing People's Income

In order to improve the welfare of the community, Small Industry has a very strategic role considering the various potentials it has. These potentials include its number and spread, labor absorption, use of local raw materials, its presence in all sectors of the economy, and its resilience to crises.

The condition of small industries in Indonesia currently has as many as 42 million micro and small businesses and 80% of them are engaged in agriculture. The potential of small industries that much, of course, has an impact on gross domestic product (GDP) which is not small for regions and centers and large labor absorption because the Small Industry sector is dominated by labor-intensive or home industries.

The role of Small Industry can be seen from two aspects, namely the role of labor absorption and the role of export value. The importance of small industries, especially in Indonesia where the number of workers is poorly educated and various natural resources are abundant, limited capital of rural development is still underdeveloped and the distribution of repatriation is uneven, very closely related to the general nature of the Small Industry group. Every type of business is certainly expected to generate profits, both large businesses and small businesses. The level of profit of a business is a reflection of the success of a company's business. The greater the profit means that the company will be able to meet its obligations and have more potential to grow.

1. Role of Home Industry

- It has great potential in the absorption of labor. Each unit of investment in the Small Industry sector can create more job opportunities when compared to the same investment in large and medium-sized businesses. In 2003, it turned out that Small Industry absorbed 99.4% of the entire workforce.
- Have the ability to utilize local raw materials, play a major role in the procurement of products and services for the community, and directly support larger-scale business activities.
- Small industries have relatively no debt in large amounts.
- Small Industry contributed 58.30% of national GDP in 2003, because the problem facing the Indonesian nation today is the high unemployment rate.
- Can grow business in the area, which is able to absorb labor.

2. Industrial Home Development Strategy

Home industry development strategy can be done by means of ease in the capital aspect. The strategy of developing home industries ease in the capital aspect means that the government is expected to provide capital assistance to develop the business of business people.

- Infrastructure development assistance
  Infrastructure development assistance such as the construction of a connecting bridge from one village to another to sell goods, adequate electricity supply.

- Business scale development and business network development
  The development of scale and business network means to expand the sector or location to develop small and medium enterprises and provide a strategic place, it is hoped that a wide business network can facilitate home industries in increasing business income and profits so that it will help economic growth in the region.

- Development of human resources
  Human resource development becomes an important development because human resources with good quality, higher education can affect the continuity of business development owned, labor with higher education can help advance business by creating new and innovative creations.

- Improved education and technology
  Understanding of new and growing technologies in the era of globalization as it is today needs to be known by business people, seeing the increasingly sophisticated technology in helping human work. Also assist in economic activities to advance small and medium enterprises. Such as ERP (enterprise resource planning)
applications are applications that are made to support business activities to facilitate the production process, reduce operational costs, and so on.

The development and competition of the business world in the current era of globalization is increasingly high, competition between large companies and not least the home industry which is a small business unit that is able to act as an alternative activity in providing credit distribution, productive business activities of goods and services, as well as in terms of labor absorption, in addition to as an alternative provider of new employment.

Home industry is part of the economic system of cities and villages that has not received economic assistance from the government, as a provider of new jobs and reduce the number of unemployed and poverty. Workers with various different educational backgrounds make business people must have good managerial in managing and processing production activities. Because the amount of labor absorption from large corporate units with small businesses is higher, so the existence of industrial homes needs to be well taken into account and considered by the government. From the absorption of labor with good and quality selection will cause many new entrepreneurs who also affect entrepreneurship behavior.

Entrepreneurial behavior that needs to be developed has external factors that trigger it such as economic conditions, financial conditions, low educational background, lack of educational facilities and infrastructure and others that need careful consideration in creating and analyzing good and quality entrepreneurial behavior. Entrepreneurial behavior can be described from intention, response, motivation within oneself, hard work, and the desire to dare to try. High intentions are needed for new entrepreneurs who will provide stimulus responses to create and create interesting and innovative ideas, those responses need to have a strong drive from within themselves to be developed into good works and help create new businesses that want to be developed. The ideas that are poured must be in accordance with the prevailing norms in society, and must have good control as well. Good behavior in entrepreneurship affects the development of the business he manages, because the success of the business owner in good business behavior will also affect the success of his business development.

In the business world price competition in search of profit does not escape the spotlight. Small businesses are more priced lower than hrga in supermarkets but there are also traders who sell their wares higher than supermarkets judging by the small number of competitors. Usually the fewer competitors and rarely other merchants who sell the same goods the higher the price they will set, but the more rivals who sell the same goods the lower the price and the higher the level of competition there is. A strategic location for retail traders usually determines the price and amount of competition. To attract consumers, it is not uncommon for businesses to give discounts, with profits expected to be high from year to year. But the price level is also determined by the type of market. The market of perfect competition prices is determined by the forces of supply and demand in the market. Therefore to compete with superior products in major malls in attracting consumer interest. Businesses can hone their creativity and explore more innovative ways so that buyers can be interested such as promotions, advertising on the internet, updating the appearance of products and so on.

Promotion is an effort to introduce goods or products created by manufacturers to provide information to consumers so that consumers know how the form of the product, quality and other advantages compared to other products. Promotion by placing ads on the internet that is currently popular is quite powerful to attract consumers. Because consumers in the era of globalization as it is today prioritize practicality that has good quality. With the help of the internet merchants can install products offered by the internet so that consumers around the world can see them then they can order to merchants who place ads on the web, after the agreement occurs payment transactions are done easily using ATMs. Selling products over the internet in addition to good and more time-saving also causes many crimes from irresponsible people such as fraud, ATM card hijacking, hackers and so on.

B. Advantages and Disadvantages of Home Industry in Indonesia

1. Home industry excellence

Menurut Harimurti (2012), home industri mampu tetap bertahan dan mengantusipasi kelesuan perekonomian yang diakibatkan inflasi maupun berbagai faktor penyebab lainnya. Keunggulan home industri selain membuka lapangan pekerjaan baru dan memberdayakan masyarakat sekitar, pemilik usaha home industri
2. Weaknesses of the home industry

In addition to the advantages mentioned above, home industry also has various obstacles that cause weaknesses for managers of a small industry including internal factors of the home industry itself as well as some external factors. According to Tohar (2000), some of the disadvantages of home industry are as follows:

- Generally small business managers feel no need or never do feasibility studies, market research, cash turnover analysis, and various researches that are needed a business activity.
- Lack of long-term plan system planning, adequate accounting system, budget needs, capital, organizational structure and delegation of authority. As well as other managerial tools (planning, implementation and business control) that are generally required by a business enterprise.
- Lack of business information, referring only to the intuition and ambition of managers, weak in promotion.
- Lack of instructions for the technical implementation of operational activities and quality supervision of work and products, and often inconsistent with the terms of the order/ order, resulting in claims or products being rejected.
- Too many costs that are beyond control and debt that are not useful, also not adhered to standard bookkeeping provisions.
- The division of labor is disproportionate, often the manager has an abundant job or employees who work outside the standard working hours limit.

3. Influencing Factors for Building a Home Industry

- Capital
For any form of business, capital is the main factor that must be met. For the household industry the capital owned is usually not large enough because it comes from a family joint venture or one of the family members only. However, with the opening of capital loan opportunities from the government and banks, the home industry does not need to close itself but can actually take advantage of the opportunity in order to spread its business wings. Provided that the management of capital is clear and produces

- Creativity
Home industry is part of the creative industry, meaning that this industry relies on creativity in developing its business. Without creativity and innovative new ideas the household industry in particular that produces objects or craft goods can experience a decline and even bankruptcy. This is because the community or market share always enjoys and looks forward to new things.

To increase creativity, these industry players must continue to update information and see the opportunities that exist from phenomena that occur in the community, for example, at this time is being much loved by certain game figures such as Angry Bird, then the home industry can produce dolls, clothes, roll pillows, school equipment, and so forth with angry bird motifs and images.

- Marketing
In addition to the production process, the household industry also requires targeted marketing techniques. If marketing does not run well as well as the quality of the goods produced will not provide any profit if not sold in the market. Therefore, marketing is one of the most important factors in the home industry.

Basically the marketing of an industry-produced goods can be done in various ways, one of which is popular at this time is marketing through the internet or online shop. The advantages of marketing through the internet or online shop is that it is unlimited or not limited by space and distance. Anyone
can access where [un and at any time]. In addition, marketing in this way can also be considered effective and provide convenience. It takes value of trust in marketing in this way.

✓ Opportunities and Chance

Opportunity and opportunity are two things that should not be missed if you want to build a successful home industry. The ability to read opportunities needs to be improved and honed even sharper. Most successful industry players are those who are able to see opportunities well and make the best use of them. The next is an opportunity, an opportunity can be done hammering information. For example, exhibitions, both at home and abroad can be a good opportunity to develop the home industry that is run.

By paying attention to the four factors above the household industry is an industry that can be built into an industry that provides benefits, benefits, and prosperity both for families in particular and for the economy in the future. In addition, the home industry is a form of self-employment that can help the government overcome unemployment.

**Government Efforts to Advance Indonesian MSMEs**

The increase or decrease in economic growth in Indonesia is influenced by various factors, one of which is the involvement of MSMEs. In accordance with the 1945 Constitution article 33 paragraph 4, MSMEs are part of the national economy that has an independence-minded and has great potential to improve the welfare of the community. MSMEs have a significant role to play in the country's economic growth.

Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.19 million with a contribution to GDP of 61.97% or worth 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total workforce and can collect up to 60.4% of the total investment.

The high number of MSMEs in Indonesia can not be separated from the challenges and conditions of the Covid-19 pandemic that encourage changes in the consumption patterns of goods and services into a momentum to accelerate digital transformation.

**The Importance of the Role of MSMEs on the Indonesian Economy**

As one of the pillars of the Indonesian economy, MSMEs have a significant role, namely as follows:

1. MSMEs have a large contribution to GDP which is 61.97% of the total national GDP or equivalent to Rp. 8,500 trillion in 2020.
2. MSMEs absorb a large amount of labor, which is 97% of the absorption of the business world by 2020. The number of MSMEs is directly proportional to the number of jobs in Indonesia so that MSMEs have a large share in the absorption of labor.
3. MSMEs absorbed the largest credit in 2018 amounting to approximately Rp. 1 trillion

According to Tulus Tambunan in his book entitled Micro Small and Medium Enterprises in Indonesia, there are several reasons that raise the importance of MSMEs for the national economy:

1. The number of MSMEs is very large and spread in urban and rural areas even to remote corners.
2. MSMEs are classified as very labor intensive, have the potential for large job opportunity growth and increased income.
3. MSMEs are widely found in the agricultural sector that indirectly supports development.
4. MSMEs help in accommodating many workers who have a low level of education.
5. In conditions of economic crisis, MSMEs are able to survive, as happened in 1997/1998.
6. Become the starting point of investment mobility in the countryside as well as a forum for the improvement of self-employed capabilities.
7. Become a tool to shift the consumption expenditure of rural residents into savings.
8. MSMEs are able to provide relatively cheap necessities.
9. Through various types of investment and investment, MSMEs are able and quickly adapt in the progress of the times.
10. Have a high degree of flexibility.

MsME Problems Due to Pandemic

The decrease in the number of MSMEs and the contribution of MSMEs to Indonesia's GDP is due to the pandemic since 2020. The problems experienced are as follows:

1. Changes in consumption patterns of people's goods and services in pandemic times from offline to online
2. MSMEs experience labor problems due to the enactment of Large-Scale Social Restrictions (PSBB)
3. Product distribution barriers
4. Difficulty of raw materials production

Government Efforts to Advance Indonesian MSMEs

1. Work Copyright Law

Of the total number of MSMEs in Indonesia, 64.13 million are MSMEs who are still in the informal sector so it needs to be encouraged to transform into the formal sector. Indonesia still has constraints in licensing that are complicated and overlap between regulations at the central and regional levels. Therefore, the Government seeks to accommodate the problem through the drafting of the Copyright Law that has been passed in 2020. One of the regulated substances is about the ease, protection and empowerment of MSMEs.

The government hopes that through the Copyright Law, MSMEs can continue to grow and be competitive.

2. PEN program

The National Economic Recovery Program (PEN) is one of the programs initiated by the government to restore the Indonesian economy due to the impact of Covid-19. This program is also a government response to the decline in the activities of affected communities, especially the informal sector or MSMEs. This program was created based on PP Number 23 of 2020 which was later changed to PP Number 43 in 2020.

As one of the government's efforts to advance MSMEs, the following are the details of the PEN program for MSMEs, namely:

- Interest/margin subsidies
- Guarantee Service Return Shopping (IJP)
- Placement of Government Funds in banking
- Guarantee of loss limit of MSME credit
- Display the final income of MSMEs borne by the government
- Investment financing to cooperatives through revolving fund management institutions (LPDB) of MSME cooperatives
- Presidential Assistance Program (Banpres) Productive Micro-Businesses

3. People's Business Credit (KUR)

Another effort from the government to advance MSMEs is the People's Business Credit (KUR) program which is channeled through financial institutions with guarantee patterns. The cost of services (interest rates) on credit / working capital financing is subsidized by the government. Kur's goal is to increase access to financing and strengthen MSME capital.
4. Indonesian Proud National Movement (Gernas BBI)

The Indonesian Proud National Movement (Gernas BBI) is one of the government's programs as an effort by the government to advance MSMEs launched in 2020. Gernas BBI's goal is to encourage national branding of superior local products to create new industries and of course increase economic growth. Through this program, the government encourages MSMEs to join digital platforms.

5. Expansion of Indonesian Product Exports through ASEAN Online Sale Day (AOSD)

ASEAN Online Sale Day (AOSD) is a shopping event conducted simultaneously by electronic commerce platforms in ten ASEAN countries. AOSD is held to coincide with ASEAN's birthday which is August 8 since 2020. AOSD participants are business actors in the ASEAN Region who provide goods and services through Trade Through Electronic Systems (PMSE). AOSD is an opportunity for Indonesia to promote and build the image of local products to the ASEAN scene and encourage and increase Indonesia's product export activities. These efforts are expected to advance MSMEs, increase the number of MSMEs in Indonesia and certainly increase Indonesia's economic growth. Thus, more and more jobs are opened so that the unemployment and poverty rate in this country can decrease.

CONCLUSION

Business actors who struggle in home industry are very potential in building the economy of the community, especially among the lower class, this is because business capital in building a home industry is not large so it can be tried even without help from the government, in terms of buyers of home industry products are still local so that for the development of product business can not be implemented because of limited capital and marketing term is still micro, but in reality home industry business can be an economic support when the storm of economic crisis hits the world, especially in Indonesia.

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