

Community Economic Development Strategy Through Sago Development in Indragiri Hilir District

Said Syarifuddin

Widyaiswara Ahli Utama BPSDM Provinsi Riau

Email : saidsyarifuddin2@gmail.com

Lamin

Sekolah Tinggi Ilmu Ekonomi Riau

E-mail: lamindal782@gmail.com

Abstract

Sago has an important meaning for the people of Indragiri Hilir Regency, both as a source of food in times of difficulty in getting rice and now and in the future that can be managed and developed as an alternative food source. Besides being able to be processed into food sources, sago can also be used as industrial raw materials. Indragiri Hilir Regency is very suitable for sago plants because its lowland area is peaty and drained by several rivers. However, until now there is no industry that processes it into finished goods. The purpose of this study is to develop a strategy for the Regional Government in developing a sago-based community economy, which is expected to be able to build downstream industries that produce finished goods. The method used in this study is a System Literature Review, to identify, evaluate, and interpret all journal articles and strategies for sago-based economic development. The results of the study found sago management strategies and development patterns through development programs through related OPDs and establishing cooperation with companies both local and outside the region in the short term and exports for the long term.

Keywords: strategy, economic development, Sago, local government

1. Introduction

Regional economic development is a process of economic development in accordance with regional authority by developing the potential that exists in the area. The authority of the Regional Government in the process of regional economic development is as an entrepreneur, coordinator, facilitator, and stimulator for the birth of regional development initiatives in order to achieve the main goal of increasing the number and types of job opportunities for local communities. Regional economic development which includes the formation of new institutions, development of alternative industries, improvement of the capacity of the existing workforce to produce better products and services, identification of new markets, transfer of knowledge and technology, and attracting investors, development of micro, small and medium enterprises. SMEs).

Sago (*Metroxylon* sp) is a forest plant that has long been known and is one of the important non-rice food raw materials for residents in Indonesia and has always been part of people's lives in Indragiri Hilir Regency, Riau Province. Sago is a plant from the palmar family of the *Metroxylon* genus in the wet tropics. Sago grows in swampy areas with fresh water or swampy areas with peat and areas along rivers, around water sources or in swamp forests where the salinity level is not too high. Manan et al (1984), and a good environment for the growth of sago is a muddy area, where the breath roots are not submerged, rich in minerals and organic matter, the groundwater is brown and reacts slightly acidic (Harsanto, 1986),

Morphologically, the sago palm resembles a coconut plant with a tree height of about 25 m, a trunk diameter of 70-100 cm, and a harvestable stem length of 8-16 m. The bark is scaly and brown with dark green leaves. In mature and fully grown trees, the bark hardens and forms a layer of wood around the trunk with a thickness of between 2 cm – 4 cm (Ruddle et al., 1978 in Djaafar et al., 2000), this condition is very suitable in Indragiri Hilir District. of which 93% of the area is peaty lowlands and is fed by several large and small rivers, so there are many sago plants here, namely the area of sago plantations in Indragiri Hilir in 2020, the land area is 17,964 ha, the production is 15,064 tons and the number of farmers is 1,900 people.

Sago has an important meaning for the people of Indragiri Hilir Regency, both as a source of food in times of difficulty in getting rice and sago crops in the present and future can be managed and developed as an alternative food source. Besides being able to be processed into food sources, sago can also be used as industrial raw material,

only until now the sago processing industry from several sago factories in Indragiri Hilir Regency is only a semi-finished industry, namely processing into sago flour with a total of 25 sago industry businesses, all of which produce The sago flour and its products are sold to Cirebon, Selat Panjang, Malaysia and the surrounding districts as well as for local needs.

The use of sago in Indragiri Hilir is generally still in the form of traditional food, in the form of complementary foods known as various traditional foods such as sago fat, sago rendang, sago laksa, cake rise, sempolet, sago crackers, and others. Products derived from sago have not become a very important product internationally, the new products are in the form of sago flour, sago noodles, sago starch, whereas sago can be developed into bioethanol, biscuits, the pharmaceutical industry (as an adhesive for capsules), dextrin, pudding powder, glucose syrup and fructose syrup, making hunk kwee, adhesives, edible films, complementary foods for breast milk, instant vermicelli, and the development of sago by-products such as leaves,

The potential of sago resources is quite large, which has the potential to be developed, but in fact the development of sago in Indragiri Hilir Regency looks still not promising, this can be seen from the absence of investors who are interested in processing it into finished goods, its management is still simple, it does not accommodate many workers. Even the local government has not made sago a superior product. Seeing this phenomenon, an initial study is needed to look at the problems of sago development and formulate a community economic development strategy through the development of sago in Indragiri Hilir Regency.

2. Library Review

2.1 Definition of Sago

Sago (*Metroxylon sago* Rottb.) Sago plant with Latin *Metroxylon* sp Rottb. means plants that store starch in their stems (Metro: pith, xylon: xylem, sago: starch). According to Flach (1995) sago plants are hapaxanthik plants (flowering once in a life cycle) and soboliferous (saplings). and soboliferous (saplings). One life cycle of sago palm from seed to seed formation takes up to 11 years in four periods of initial growth phase or cluster (russet) it takes 3.75 years, stem formation phase takes 4.5 years, inflorescens (flowering) phase takes 1 year and Seed formation takes 1 year (Flach, 2005). Modern products based on Sago and Rosida Processing Technology Innovation (2019). Modern products based on sago, including bread, biscuits, noodles, pearl sago, and bioethanol. Sago processing technology innovations are sago flour and its derivatives, modified sago flour, sago noodles, sago starch and its derivatives, alternative energy sources, sago dregs as single cell protein (PST).

2.2 Local Potential Development

According to Pingkan Aditiawati, et al (2016), local potential is a wealth of natural, cultural, and human resources contained in an area. Furthermore, according to I Nyoman Bharata (1981:122) the village community, both as individuals and in groups, must understand the importance and benefits of developing themselves, by utilizing the potential that exists in themselves and their environment, so as to improve the quality of life for the better.

Commodity-based local potential development is the key that can encourage, spur, and trigger the economic activities of developing communities. The development strategy is carried out through the use of technology for remote and remote communities (Laksana Tri Handoko, 2019). Mego Pinandito (2019) states, the use of appropriate technological innovations can develop community economic activities, such as small and medium enterprises in the region by involving the community as actors in using technology. It is necessary to maintain technology and science and technology policies and innovations so that they can provide economic value for the region. "The concept will be more effective and efficient if the central government, local governments, communities and MSMEs collaborate and synergize in the application of science and technology in the community.

2.3 Regional Economic Development

Regional economic development is a process in which local governments and communities manage existing resources and form a partnership pattern between local governments and the private sector to create new jobs and stimulate the development of economic activities in the region (Arsyad, 1999).

In the implementation of regional economic development, it is necessary to have a good and targeted regional economic development strategy in order to achieve the desired goals and objectives. Success in economic growth itself is closely related to economic development strategies. Regional development strategies can be grouped into four groups (Arsyad, 1999), namely physical or local development strategies, business development, human resources development, and community economic development strategies.

3. Research methods

This article is carried out by means of a literature study with the data sources used are secondary data from the Plantation Office of Indragiri Hilir Regency and BPS, data collected through search engines, internet and libraries as well as various journals of previous research results that are relevant to the issues raised and can be accounted for. data analysis using SWOT analysis, according to Freddy Rangkuti (2013) SWOT analysis is a systematic identification of various factors to formulate strategies. This analysis is based on logic that can maximize strengths and opportunities, but simultaneously minimize weaknesses and threats.

Furthermore, it is carried out with Management Strategy Analysis using the CARL (Capability, Accessibility, Readiness, Leverage) method which is a technique or method used to determine the priority of a problem if the available data is qualitative data. This method is done by determining scores on certain criteria, such as ability, accessibility, readiness, and leverage. The greater the score obtained, the greater the problem faced, so that the higher it is in the order of priority. Prioritizing problems is an important part of the problem solving process for two reasons. First, because of the limited resources available, and because it is not possible to solve all problems. Second,

4. Results and Discussion

4.1 Brief Description of Study Location.

- a. Economic potential, Indragiri Hilir Regency is potential in the agricultural sector, such as plantations according to data from the Plantation Service of Indragiri Hilir Regency in 2020 is 856125.34 hectares, consisting of deep and hybrid coconut plantations covering an area of 400,741.84 hectares, oil palm plantations covering an area of 399,243, 50 hectares, sago plantations covering 17,964 hectares, areca nut plantations covering 16,755 hectares, coffee plantations covering 1,214 hectares, rubber plantations covering 5,653 hectares, and palm oil covering 12,656 hectares. The vast potential of these plantations is certainly expected to provide benefits for the welfare of the local community. In addition to the potential in the plantation sub-sector, also great potential is the potential for fisheries,
- b. This fairly extensive sago plantation plant is located in the river and is generally a plant that grows and develops naturally and with cultivation by farmers who have been passed down from generation to generation from the family, but now many have changed hands to other parties.
- c. Indragiri Hilir Regency has a superior variety of plantation crops, which is named Sago Together for the Prosperity of the People Indragiri Hilir (Bestari) which was officially launched by the Directorate of Plantation Seeds, Directorate General of Plantation, Ministry of Agriculture of the Republic of Indonesia on November 4, 2017. This sago is not thorny or known to the public The local name Sago Bemban has been carried out by the Palma Crops Research Institute, Ministry of Agriculture from 2015 to 2017. This sago grows in Mandah District, Gaung Anak Serka, Pelangiran, Kateman, Bird Island, Teluk Belengkong and Gaung.

4.2 Analysis

Great potential is not necessarily followed by significant developments in community welfare, especially for sago farmers. It is necessary to examine the problems and how to develop strategies to develop sago so that it becomes a product that can improve the economy in Indragiri Hilir Regency. To find out the problem of developing the strategy to be chosen, the following analysis is used.

a. SWOT analysis

Based on the SWOT matrix, the following strategies can be obtained:

- a) Strategy Strength - Opportunity (S – O)
 - 1) Making policies to encourage farmers and entrepreneurs to use KUR funds in sago business development
 - 2) Utilizing local superior seeds to encourage business actors
 - 3) Making policies to cooperate in developing innovations in sago processing technology
 - 4) Using local workers to support business actors in developing the sago industry
 - 5) Informing that sago palms are resistant to pests to utilize large areas of land
- b) Strategy Strength - Threat (S – T)
 - 1) Make a policy of normalizing rivers and ditches to facilitate the mobilization of sago stalks
 - 2) Developing local superior seeds to reduce land conversion
 - 3) Making policies to encourage investors' interest in investing in the processing of the sago industry.
 - 4) Diversify non-rice food to raise sago into quality food so that sago products are not considered inferior food

- 5) Encouraging SMEs to produce finished goods so that prices are high.
- c) Strategy Weakness - Opportunity (W – O)
 - 1) Encouraging entrepreneurs to renovate machines to take advantage of technological innovations for sago management
 - 2) Drilling wells to deal with unclear water to improve the quality of sago to meet market demand
 - 3) Carry out promotions to take advantage of the strategic geographical location
 - 4) Creating a program to increase the role of extension workers for the use of available land
 - 5) Encouraging the products produced into finished goods to seize an open market
- d) Strategy Weakness - Threat (W – T)
 - 1) Enabling extension workers to prevent land use change
 - 2) Improving the quality of clean water so that sago is of higher quality and the selling price is higher
 - 3) Conduct promotions to attract investors to invest in the sago industry
 - 4) Encouraging entrepreneurs to renovate machines so that the products produced are of higher quality in order to increase the price of sago products
 - 5) Encouraging the resulting products into finished goods so that sago-based foods are not considered inferior foods

b. CARL (Capability, Accessibility, Readiness, Leverage) analysis

Based on the SWOT matrix, it was analyzed again using the CARL method, which is a technique or method used to determine the priority of the problem if the available data is qualitative data.

From the CARL (Capability, Accessibility, Readiness, Leverage) analysis in table 3 above, the 5 best strategies with the highest scores must be carried out by the Regional Government of Indragiri Hilir Regency in developing a sago-based local economy, namely:

1. Strategies to make policies to encourage investors' interest in investing in the processing of the sago industry.
2. Strategy Collaborating to improve the quality of sago products so that prices are high.
3. Strategies to carry out promotions to attract investors to invest in the sago industry
4. Strategy to encourage SMEs to produce sago finished goods so that prices are high
5. The strategy is to diversify non-rice food to raise sago into quality food so that sago products are not considered inferior food.

c. Problem Solving Strategy

Breakthrough Innovations carried out in determining the local government policy of Indragiri Hilir Regency in the development of a sago-based community economy is to develop a plan by compiling 5 strategies for developing a sago-based community economy, as shown in the following picture.

Based on the analysis above, a sago-based community economic development strategy can be formulated, namely:

- a) Making policies to encourage investors' interest in investing in the processing of the sago industry
To develop a sago-based local economy, the Regional Government of Indragiri Hilir Regency developed a strategy to encourage investor interest in the form of immediately enacting a Regional Regulation on Regional Spatial Planning (RTRW) which provides opportunities for the development of new sago plantations, Regional Regulations and other regulations to facilitate the development of sago palm plantations. permits for the development of sago plantations, permits for sago processing factories to become finished goods with high technology, regulates by prioritizing local workers to work on plantations and sago processing industries, provides incentives by providing local tax/retribution relief, encourages cooperation with existing small industries to supply semi-finished goods in the sago processing industry.
- b) Cooperating to improve the quality of sago agar products.
In industrial activities to improve the quality of finished products by the community, the quality of related elements is needed such as sago trees, processing machinery, clean water, drying processes to packaging, because to increase market competitiveness and meet consumer demand that prioritizes the quality of goods, which is ultimately expected In order to increase market prices, it is necessary to collaborate with various research institutions to develop finished goods product innovations that are managed by more and more micro, small and medium industries (IKM), as well as cooperate with sago processing industry companies to accommodate the results of the IKM industry in Indragiri Hilir Regency.
- c) Conducting promotions to attract investors

Promoting abroad and abroad about the potential for sago garden development with the availability of superior seeds of the local "Bestari" variety and the development of the sago processing industry needs to be carried out seriously and on target in the form of promotion through the internet, self-promotion, in collaboration with the Ministry of Trade of the Republic of Indonesia, Ministry of Industry RI, the Investment Coordinating Board (BKPM) and other institutions to attract investors.

d) Strategy to encourage small and medium industries (IKM) to produce finished goods

The role of local governments is urgently needed to encourage SMEs to produce finished goods derived from sago, such as the manufacture of biscuits, cakes, sago noodles, sago flour, sago starch and its derivatives, crackers by providing machine and equipment assistance, training for human resources, capital and sweat assistance. local taxes and levies.

e) Strategies to diversify non-rice food to raise sago into quality food so that sago products are not considered inferior food;

Local governments are expected to make strategies to diversify non-rice food in various ways, ranging from making various kinds of food that tastes good and attractive, healthy, strives for halal certification, packaging assistance, promotions, great non-rice food competitions, and helps marketing so that can enter the modern market, traditional market, and export.

5. Conclusions and recommendations

a. Conclusion

1. The potential of large sago land area with production and accommodating a large number of workers is very influential for the economic development of the community, especially in 6 sub-districts as sago producing areas,
2. The strategy developed is to attract investors' interest in building sago plantations and the development of the sago processing industry into finished goods by using the latest innovations and technology so that the quality of sago products and their derivatives are of high quality and attractive and to encourage SMEs to be able to produce sago finished goods, promote and diversify. delicious, healthy and interesting non-rice food.

b. Recommendation

1. Local governments need to make the right policies by compiling a Regional Spatial Plan (RTRW) and making regulations to attract investors to develop sago plantations and the sago processing industry.
2. Local governments need to make the right strategy by collaborating with various parties to develop the latest innovations and technology, capital assistance, training, and promotion so that small and medium industries (IKM) can make quality finished goods so that they can enter domestic and foreign markets. .

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Biography

Said Syarifuddin, Employee of the Widyaishwara BPSDM Riau Province, and also currently a student in the Doctoral program Management Studies at the Faculty of Economics and Business, Universitas Riau, Indonesia

Lamin, Lecturer at the Sekolah Tinggi Ilmu Ekonomi Riau, also currently a student in the Doctoral Program Management Studies at the Faculty of Economics and Business, Universitas Riau, Indonesia.