

BUMN, MSMEs and Development Disparity in Jember, Banyuwangi, Bondowoso and Lumajang Districts

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Abstract

This study aims to analyze the existence of state-owned Perum Perhutani land, PT Perkebunan Nusantara XII and the role of MSMEs and their relation to welfare and development disparities. The analytical method used is descriptive analysis using the Williamson index. While presenting the data in the form of maps using ArcGIS, quadrant analysis, and explanatory using Pearson correlation and path analysis. The results showed that high disparities occurred in Jember Regency with an IW of (0.73). Low disparities occur in Lumajang (0.20), Bondowoso (0.24) and Banyuwangi (0.25). The results of the covariance-based Structural Equation Model (SEM) in the form of path analysis with AMOS software obtained a model where MSMEs are in the trade, hotel, restaurant sector; MSMEs in the Financial Services sector have a direct positive and significant effect on per capita income with a path coefficient of 0.3 each. The existence and area of land have a negative and significant effect with a path coefficient of -0.77. MSME service sector has a significant indirect effect on income per capita. Based on the findings, the local government needs to invite PTPN XII to participate in development that has a direct impact on the welfare of the community around the land, through the development of natural potential and land for tourism purposes which is supported by the development of MSME products for the local community.

Keywords

development disparity, BUMN, UMKM, structural equation model



I. Introduction

East Java is a province that has many volcanoes and mountains. Some of the famous mountains in East Java are Mount Ijen, Raung and Argopuro. Mount Ijen covers 3 districts, namely Bondowoso (west side), Banyuwangi (east and south) and Situbondo (north). Mount Raung covers parts of Bondowoso (West), Banyuwangi (east and south) and Jember (south). Meanwhile the Argopuro mountains stretch from east to west, north and south covering the districts namely Situbondo, Probolinggo, Bondowoso, Jember and Lumajang. This fertility has attracted the Dutch colonialists to make it as plantation land in the past. Until now, the inheritance of these plantations has turned into the property of the Indonesian state, which is managed by state-owned enterprises, as well as the private sector.

The vast and fertile land in the research area is certainly a great potential for the prosperity of the surrounding community. And most of the management of land in the mountainous slopes is managed by BUMN, namely Perum Perhutani and PT Perkebunan Nusantara XII. Of course it is very interesting to see whether the existence of the land of the

two BUMNs is able to improve the standard of living of the surrounding community. The per capita income of Banyuwangi district is the highest, namely Rp. 19.7 million per year, while Bondowoso is the lowest, Rp. 12.0 million per year. The total income per capita in the 4 districts is presented in Table 1

Table 1. Total Income Per Capita

Regency	Number of Districts	GRDP per capita
		IDR Million / Year
Lumajang	21	16,9
Jember	33	12,2
Banyuwangi	24	19,7
Bondowoso	23	12,0
Total	101	14,96

Source: Data Processed by Researchers

Based on the existing data in each district, identification can be seen in the form of inequality or even distribution of income.



Figure 1. Income per Capita

1.1 Jember Regency

1. Income Level Per capita

The average per capita income of the people in the sub-districts of the Jember district is relatively heterogeneous, with the majority being green (low).

2. Inequality

Inequality in per capita income appears to be the highest compared to other districts, which is shown by the contrast in green and red. High per capita income (red) is in the urban sub-districts, namely Kaliwates, Sumpalsari and Patrang. While the middle ones are in the southern region, namely Jenggawah, Ambulu, Wuluhan and Puger. Districts with low per capita income (green) can be seen in the sub-districts located on the slopes

of Mount Argopuro (Jelbuk, Panti, Sukorambi) and below the slopes of Mount Raung (Sumberjambe, Ledokombo, Kalisat, Sukowono). Districts where there is land also have low per capita income, namely Silo, Tempurejo, Mumbulsari.

1.2 Banyuwangi Regency

1. Income Level Per capita

The per capita income of people in Banyuwangi Regency is relatively high (red and yellow) and is evenly distributed in all sub-districts compared to other districts.

2. Inequality

The number of sub-districts colored yellow and red are evenly distributed in all sub-districts, which means that besides having a high per capita income level, there is also low inequality.

1.3 Bondowoso Regency

1. Income Level Per capita

The per capita income of the people in Bondowoso Regency is generally low (green) and evenly distributed in all sub-districts.

2. Inequality

Inequality is quite high, which can be seen from the varied colors.

1.4 Lumajang Regency

1. Income Level Per capita

In general, the per capita income of people in Lumajang Regency is medium to high (yellow and red) and is evenly distributed in all sub-districts.

2. Inequality

Inequality is quite high, which can be seen from the varied colors.

PTPN XII owns land in the form of HGU for gardens which have been managed for decades, which generally covers 6.82% of the total area of the 4 regencies.

Table 2. Area of HGU PTPN XII

Regency	Area (Km2)	PTPN XII Plantation (HGU)	
		Area (Km2)	Proportion(%)
Lumajang	1.791	23	1,27%
Jember	3.294	274	8,32%
Banyuwangi	3.592	302	8,39%
Bondowoso	1.560	100	6,41%
Total	10.237	698	6,82%

Source : <http://disbun.jatimprov.go.id/dbdata>

The largest PTPN XII (HGU) plantation area is in Banyuwangi, namely 302 Km², and the smallest is in Lumajang, 23 Km². The largest proportion of land area is in Banyuwangi (8.39%) and the smallest in Lumajang (1.27%) of the district area. PTPN XII's HGU land in Lumajang is in 1 sub-district, Jember has 7 sub-districts, Banyuwangi has 6 sub-districts and Bondowoso has 2 sub-districts. As shown in Figure 2, it indicates that the area of land is not in line with the high and low per capita income. For example, the land area in the Tempurejo sub-district is 8,682 Ha, but the per capita income is low (green), whereas in the Kalipuro sub-district, with high per capita income (red) but there is a relatively small land area, namely 851 Ha.

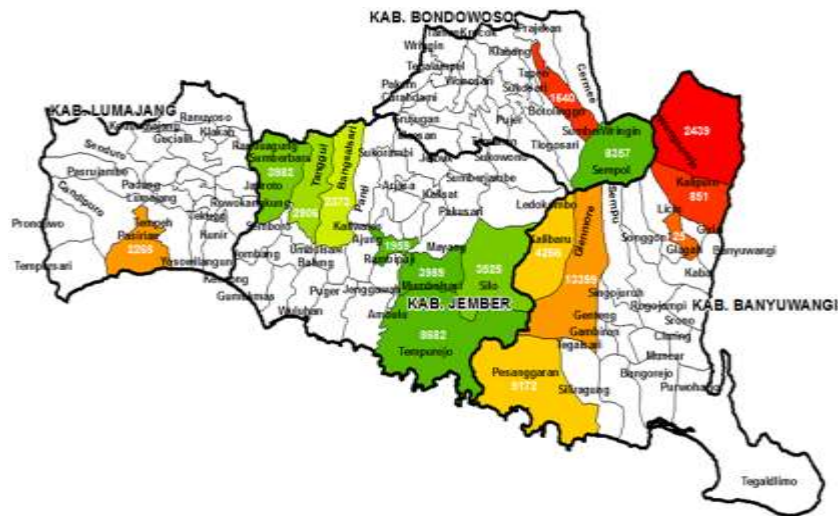


Figure 2. Land Area of PTPN XII

II Research Methods

This type of research is quantitative with a descriptive approach to describe the results of the research and an explanatory approach that aims to analyze the relationship between variables. Operational Definitions of Research Variables, namely: 1) Disparity of economic development is inequality of economic development that occurs between sub-districts in 4 regencies; 2) Income per capita is the GRDP value or divided by the number of residents of each region at current prices; 3) Land area is a measure of area using the unit of measurement Km²; 4) The ratio of MSME actors is the number of MSMEs in each sector in each sub-district divided by the total population. The data used in this study are secondary data, from sources from the Central Bureau of Statistics (BPS) of East Java Province, Districts, East Java Provincial Forestry Service and agencies. The analysis technique used the Williamson Index, Pearson correlation, quadrant analysis, mapping used ArcGis and covariance based SEM-based Path Analysis using AMOS software.

III. Results and Discussion

3.1 Disparity

In general, inequality in the 99 sub-districts is moderate, with a Williamson index of 0.42. Lumajang is the district with the lowest inequality (0.20), while Jember is the district with the highest inequality (0.73).

Table 3. Disparities in 4 Districts

Regency	Indeks Williamson	Results
Lumajang	0,20	Low
Jember	0,68	High
Banyuwangi	0,25	Low
Bondowoso	0,24	Low
Average 4 districts	0,41	Currently

The calculation results are shown in Table 3. It can be seen that Lumajang Regency has an index of 0.20 and is in the low disparity category. Jember Regency has an index of 0.68 with the high category. Banyuwangi Regency has a disparity index of 0.25 with a low category. Meanwhile, Bondowoso Regency has a disparity index of 0.24 in the low category.

Banyuwangi and Lumajang districts are in the quadrant with relatively high per capita income and low inequality. Bondowoso also has low income and inequality. Jember is a district that needs to revamp its development strategy due to low per capita income and high inequality.

3.2 The role of BUMN PTPN XII

The existence and area of PTPN XII HGU land and its relation to per capita income is shown from the Person correlation coefficient of -0.304. These results indicate that the existence of plantation lands has no role in increasing the per capita income of the people in the local sub-district.

Table 4. Land and Income Relations

Correlations			
		Income per capita	PTPN XII land area
Income per capita	Pearson Correlation	1	-.304
	Sig. (2-tailed)		.252
	N	99	16
PTPN XII land area	Pearson Correlation	-.304	1
	Sig. (2-tailed)	.252	
	N	16	16

Furthermore, correlation analysis is used to see the relationship between the variable number of MSME actors on increasing income. There are two directions of the relationship, namely positive and negative correlation. Variables that are negatively and significantly correlated with per capita income are Agricultural SMEs (X1) and Mining, Quarrying SMEs (X2). Variables with significant positive correlation are trade, hotel and restaurant SMEs (X5), Finance SMEs (X7) and Service SMEs (X8). The results of the significant correlation between the independent variables indicate the occurrence of multicollinearity between the independent variables, which means that the development of one MSME sector is related to the development of other sectors. The most independent variables that correlate with other variables are X1 (4 other variables), X5 (4 variables), X7 (1 variable) and X8 (1 variable).

Table 5. Significance of Variable Relationships

Regression Weights: (Group number 1 - Default model)							
			Estimate	S.E.	C.R.	P	Label
X5	<---	X8	0,652	0,348	1,871	0,061	
X7	<---	X8	0,021	0,006	3,607	***	
X5	<---	X9	-4,64	0,643	-7,216	***	
Y	<---	X5	0,142	0,038	3,711	***	
Y	<---	X7	7,201	1,922	3,746	***	

The final model concludes that the development of the number of service MSME variables (X8) has a positive and significant direct effect on the intervening variables of Trade, hotel and restaurant MSME (X5) and Finance MSME variables (X7) with a path coefficient of 0.21 each and 0.34. Total land area (X9) has a negative and significant effect on MSME hotels and restaurants, and indirectly (X7) with a path coefficient of -0.77.

Furthermore, the variable development of trade, hotel and restaurant MSMEs (X5) and financial MSME (X7) has a direct and significant effect on Per Capita Income (Y) with path coefficients (standardized regression weights) each of 0.33. This research is in line with research conducted by (Sya'bani and Azizah 2021) states that MSMEs can improve the country's economy. The country's economy in this case can be an accumulation of the economy of the community, thus it can be concluded that improving the country's economy is the same as improving the community's economy. Research from (Widowati and Purwanto 2019) states that the number of MSMEs has a significant impact on the contribution of MSME GDP. Thus it can be concluded that the greater the number of SMEs it will contribute to the GDP contribution of SMEs. While research of (Arifuddin Mane et al. 2022) states that competitive advantage and innovation need to be carried out by MSMEs in order to survive in economic conditions that are increasingly competitive so that they can survive and improve the people's economy. With the community's economy increasing, people's income will also increase. Research (Chaerani et al. 2020) stated that the role of social media needs to be increased by MSMEs in order to survive in an increasingly uncertain economic situation. With the use of social media, it is hoped that the products offered can be reached by all levels of society so as to increase sales. With increased sales, the income of MSMEs also increases. With MSME income increasing, people's income will also increase. Research of (Putri 2020) stated that MSMEs need to carry out strategies in order to survive in facing competition in all areas of life. By implementing the strategy, it is hoped that the objectives of MSMEs in order to increase the business spirit can be achieved. This is because with an increase in community economic activity, people's income also increases. Research (Wika Undari, Anggia Sari Lubis 2021) stated that the role of Micro, Small and Medium Enterprises (MSMEs) can improve people's welfare, because the existence of MSMEs is able to meet the economic needs of the family, is able to reduce unemployment and is able to meet the needs of the community which produces various types of food to be sold at the kiosks of MSME actors. Research of (Anggia Sari Lubis 2021) states that the role of Micro, Small and Medium Enterprises (MSMEs) can improve people's welfare, because the existence of MSMEs is able to meet the economic needs of families, is able to reduce unemployment and is able to meet the needs of the community who produce various types of food to be sold at the kiosks of MSME actors. Thus it can be concluded that MSMEs really have a big role in improving people's welfare. Research (Srijani 2020) the results of the discussion show that the existence of micro, small and medium enterprises has a very important role in improving the community's economy. This business was chosen because it has been proven to be tested in dealing with any situation including the monetary crisis and the big role it plays in distributing income and the welfare of society. While research of (Lutfiyah 2017), (Saparuddin 2011) which discusses the problem of MSMEs which are linked to people's income.

IV. Conclusion

1. The district with the lowest per capita income is Bondowoso Regency and the highest is Banyuwangi.
2. The districts with the lowest inequality or disparity are Lumajang and the highest are Jember.
3. The development of MSMEs in the trade, hotel and restaurant sectors, as well as financial services has a direct positive effect on boosting per capita income. Local governments can

encourage their people to be independent by helping the development of MSMEs in this sector. Growth in the trade sector will encourage other sectors to grow, financial services will also grow and develop as a support for capital for MSMEs.

4. The existence and area of land have a negative, indirect effect on per capita income. This resulted in lower per capita income in the sub-districts where PTPN XII land is located compared to other sub-districts, as shown by the negative coefficient in the path analysis model.
5. The Regional Government must invite PTPN XII to pay more attention to the welfare of the people in their working area, by encouraging the surrounding community to be more independent as MSME entrepreneurs. Natural tourism that is owned around the land has the potential to become an area's advantage if it is managed properly and of course it must involve the surrounding MSMEs as part of the support system. Land management by involving the community is not only as laborers, but able to develop independently and earn additional income, such as doing partnerships for intercropping, etc.

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