Sustainable Development Through the One Village One Product (OVOP) Approach for Local Commodities

Aveanty Miagina¹, Hernansi Biso², Esther Kembauw³

¹,² Halmahera University, Indonesia
³ Pattimura University, Indonesia

Email: aveanty.miagina@gmail.com¹; bisohernansi@gmail.com²; ekembauw@yahoo.co.id³

*ekembauw@yahoo.co.id

Abstract - One Village One Product (OVOP) approach becomes one of society’s movement that is integrated and aims to increase the society’s awareness towards the potential and the richness of their local or region’s commodities. The research aims to identify local commodities in the West Tobelo Municipality especially the agriculture commodities. The reason of choosing this region for this research due to the fact that it has better quality of commodities compare to other region on the North Halmahera Region. Therefore, the aim of this research is to further identify and then acknowledge which of these local commodities that have the potential to become the “premier or superior commodity”. The method used in this research is Location Quotient (LQ). The result shows that OVOP program is applicable in the West Tobelo Municipality, and this relates to many of the region's potential sectors, thus, West Tobelo can be the platform for developing these commodities. The result also suggest, however, the lack of coordination involving the society and the local government on the importance of policy making that supports the development of local commodities, also the efforts to empower the society’s human resources.

1. Introduction

The successful implementation of One Product One Village (OVOP) in neighboring countries has encouraged the adoption of OVOP in Indonesia, which was known in 2008 through the Ministry of Industry program. Several Asian countries have misled OVOP even though they have different names but in conceptual culture it has the same concept as in Thailand it is known as OTOP (One Tambon One Product), Taiwan uses the term One Town One Product, while Cambodia and Japan are known as One Village One Product. As the country's policy changes to the village this is a fresh wind for all of us, the development orientation slowly began to shift from urban development to rural areas, (Assagaf. S. S. F. et al, 2019)[1]. One of the indicators of confidence in OVOP in Indonesia is the formation of several villages / districts as producers of products that have valuable characteristics or uniqueness. In the same year, the Ministry of Industry developed small and medium industries in various sectors including the handicraft sector. There are ten regions selected by the government to develop their craft sector through the OVOP approach, including: four regions producing pottery/decorative ceramics, namely Purwakarta, Bantul, Tabanan and West Lombok; while the two regions as the producer of woven crafts, namely Tasikmalaya and Kulonprogo; Pekalongan as a producer of woven and woven...
roots of fragrant crafts; Boyolali as a producer of copper handicrafts; Central Lombok as a producer of rattan and jet woven crafts; As well as the Bangli region as a producer of woven rattan crafts (Meirina, Triharini; Dwinita, Larasati; Raden, 2013)[4].

OVOP is an approach towards clustering superior products at the micro, small and medium scale (MSMEs) which are believed to be able to absorb labor so that they are able to reduce the poverty rate in the village which in turn has an impact on reducing urbanization. This condition will certainly increase the rate of rural economic growth which will also have an impact on improving the welfare of rural communities. To achieve this goal, of course, it requires synergistic participatory cooperation between the government and local communities where both parties must be able to assess the potential resources needed to design and develop regional growth. Regional economic development is a process of local government and the entire community to manage the various resources available. One measure of the success of economic development is viewed from the economic growth (E. Kembauw. et al, 2018)[2].

If a region has superior commodities or products and is supported by the government, it will have competitiveness and the potential to develop, meanwhile, the small businesses that form the backbone of OVOP will also develop. Through the OVOP approach, it will help to explore and promote local innovative and creative products based on the potential of existing resources that are unique to the local area with high added value and while maintaining environmental sustainability. The aim of developing regional superior products through the OVOP approach is to develop regional superior products that have local and global marketing potential, develop and improve the quality and value added of the product. The product criteria in OVOP are regional superiority products / regional core competency products, unique local culture and uniqueness, unique or distinctive local culture, as well as the potential for domestic and global markets.

North Halmahera Regency, which is located on the edge of the Pacific Ocean, which is seven years old this year, is divided into 17 sub-districts and 196 villages, does not yet have a mapping of the advantages of local commodities from each village. Based on statistical data released by the Central Bureau of Statistics of North Halmahera Regency in 2012, it is not clear that the potential advantages of local resources from each village are not clear. Given the large number of villages, it would be a shame if this escaped the attention of the local government, even though if each village was able to own and cultivate the potential advantages of local commodities it would improve the village economy. West Tobelo Sub-district with 5 existing villages has a more diverse agricultural commodity, where demographically most of the population works as farmers. However, it is not clear that the OVOP approach has been implemented in this area to increase the potential of regional commodities as an economic driver for the local community. This aspect causes the author to choose West Tobelo District as the object of research.

This study aims to increase the potential of village commodities, namely agricultural and plantation products as an economic driver of the local community through the one village one product (OVOP) approach so that it is expected to generate regional potential and can provide several alternatives for efforts to develop the potential for local commodities in the district. The results of the study (Saroso, 2013)[5] indicate that the OVOP approach needs to be implemented in small and medium industries in Indonesia. This is because Indonesia has many small villages where each village has local products that can be developed for both domestic and international markets.

For this reason, it is necessary to identify a number of local potentials that have been previously mentioned, namely in the fields of agriculture and plantations so that they can map the villages that are the basis of each of these local potentials.

2. Literature Review

Referring to the history of the emergence of One Village One Product (OVOP), this was launched as a policy in order to overcome the depopulation problem caused by the younger generation leaving their home areas and causing sluggish local industries. According to history during the reign of Morihiko Hiramatsu as Governor of Oita for 6 periods (1979-2003) poverty alleviation was one of
Hiramatsu's priority programs by developing the region and its potential. The move made by Governor Hiramatsu is a very smart and effective strategic move to attract public attention. Below the line and above the line promotion is used to make the implementation of OVOP a success (Sebumi et al., 2008)[6].

OVOP is suspected as an approach to developing regional potential in one region to produce a unique global class product that is unique to the region by utilizing local resources. One village as referred to can be expanded into one sub-district, regency / city, as well as other territorial units in accordance with the economic potential and business scale. In OVOP, the togetherness element is the background for the formation of the business. The emergence of emotional bonds as a large family minimizes the occurrence of disputes so as to maximize existing cooperation. In other words, the OVOP approach is an action that requires full commitment to increasing community awareness of the potential and wealth of the village, in addition to increasing community income and increasing self-confidence and pride in the abilities of the community and the region (Kutsiyah, 2017)[3].

Therefore, to anticipate this situation the government has issued a regulation. This regulation was issued through the Ministry of Industry which has taken policy steps with the issuance of Minister of Industry Regulation Number 78 / M-IND / PER / 2007 concerning Increasing the Effectiveness of Small and Medium Industry Development through the One Village One Product (One Village One Product) Approach at the Center. This approach is intended to assist the government in equitable distribution of business in each region so that it does not depend on the center. The increase in the development of macro, small and medium enterprises (UMKM) is very important. Small and medium enterprises have a role in state revenue revenue, such as the one in the Technical Guideline for Assessment, Classification and Development of Ovop Products of the Directorate General of Small and Medium Industry, Ministry of Industry, 2012. This sector makes a large contribution to Gross Domestic Product (GDP) of 33.47% to the GDP of the industrial sector, with a population of 3.8 million business units in 2010 absorbing a workforce of 8.75 million people with a production value of Rp. 521 trillion and its contribution to foreign exchange earnings of US $ 13.5 billion. By looking at these statistical data, it is important to increase local products that can be marketed domestically and abroad in order to increase people's income, which in turn also increases state income (Tulis, Klampar and Proppo, 2015)[7].

If a region has superior products and is supported by the government, it will have competitiveness and the potential to develop better. The small businesses that are the backbone of the development of OVOP are also growing. In addition, OVOP helps to explore and promote innovative and local creative products based on the potential of existing resources that are unique and unique to the region, with high added value while maintaining environmental sustainability. If in each region a product that has a good level of competency has been created, the government should provide market supply assistance, capital assistance and other assistance in technical and management issues. OVOP is a model for developing UMKM to improve community welfare (Saroso, 2013)[5].

To carry out OVOP, there are a number of basic principles that need to be considered (Sebumi et al., 2008)[6], namely:

1. Local but Global, namely creating products that are globally acceptable but reflect local cultural pride;
2. Independence and Creativity, namely the realization of OVOP through independent action in using the full potential of the Region. Based on this principle, the Provincial Government does not provide subsidies to the Regions but by assisting in the development and distribution of products through the establishment of a number of training and guidance institutions;
3. Human Resources Development, namely by developing a community with a creative enthusiasm and courage to face challenges. Through this last principle, a number of regional training schools were established to educate potential regional leaders who have global insight, are ready to face challenges, and are able to develop OVOP according to their areas of expertise.
In addition, there are a number of keys to success in implementing OVOP that need attention, namely (1) public awareness of OVOP, (2) tracing the existing potential of each region, (3) long-lasting and sustainable trial and error efforts, (4) seeking the highest added value from products, (5) developing markets and distribution channels, and (6) growing the talents of the community.

3. Methodology

This research method uses the Location Quotient (LQ) method. The LQ method is one of the approaches commonly used in basic economics as a first step to understanding the sectors of activity that are driving growth. During its development, LQ can also determine the distribution of commodities or identify areas according to their potential.

This research is descriptive which aims to understand, analyze and solve the problem of identifying local commodities located in the West Tobelo District. The time horizon used in this study is cross sectional where the data required is collected only once in a certain period of time, while the data sources are primary data and secondary data derived from statistical data of Halmahera Regency available at the Central Bureau of Statistics (BPS) of Halmahera Regency. North in 2013.

4. Results And Discussion

The results showed that West Tobelo District has several advantages in agricultural and plantation products. The following will be presented in the form of a diagram which is mapped into three types of commodities, namely plantation, agriculture and fruit products.

![Figure 1: Distribution of Plantation Crops](image)

Source: Primary Data, July 2017

From the diagram above, it can be seen that not all villages in West Tobelo District produce plantation commodities, it can be seen that only Sukamaju Village produces coffee plants with L/Q 13.5, while the other three villages do not produce coffee. For coconut commodity, the base is Togoliua Village. Although according to the appropriate data, the three villages have different L/Q. For the commodity of nutmeg, it is mostly found in Sukamaju Village, followed by Wangongira Village and Trans Togoliua Village. The village base for cocoa commodity is Wangongira village, apart from cloves, but the base for cloves is Sukamaju Village with L/Q compared to other villages.

In Diagram 2 below will show the results of agricultural commodities for the five villages where the base for Green Beans is in Sukamaju Village with the highest L / Q of 4.3 while for Sweet
Potatoes all villages are the bases except for Wangongira Village which has L/Q < 1. For Cassava the base is in Togoliua Village with the same L/Q value, namely 1.5. The base village for maize crops is Transtogoli village with L/Q = 2.5, followed by Kacak Village and Sukamaju Village with L/Q of 1.46 and 1.2, respectively. For Peanuts, the three villages that are the basis are Transtogoli Village, Kacak Village and Wangongira Village which have the same L/Q, namely 1.21 and 1.2.

Source: Primary Data, July 2017

**Diagram 2. Palawija Plants**

In addition, West Tobelo District is rich in fruit production. From the results of the research conducted, approximately 10 types of fruit were identified in five villages of West Tobelo Subdistrict, namely Advocate, Star fruit, Duku/ langsa, Siam Orange, Big Orange, Pineapple, Papaya, watermelon, rambutan and Banana. In fact, star fruit is the prima donna in Transtogoli Village with the highest L/Q value among other fruits, which is 18.4 as shown in Diagram 3 below.
Diagram 3. Fruits Plants

Diagram 3 illustrates the L/Q recovery for each fruit in each village so you can indicate which village is the base for the fruit type. For example, Transtogoli Village became the base for Advocate fruit, followed by Wangongira Village with a very striking difference in the acquisition of L/Q values while the other three villages were not the basis. Meanwhile, Citrus Siamese and Watermelons are only one village that is the base with an L/Q value of 2.18 in Sukamaju Village and 1.5 in Kursis Village respectively. Duku/Langsat fruit can be found in three villages which are the main bases, namely Transtogoli Village with L/Q = 2.27 and Wangongira Village and Togoliua Village with L/Q = 1.4 respectively.

Based on the results of data analysis from the five villages, it was identified that not all villages had superior commodities, this was shown from the acquisition of L/Q values from each village.

- **Plantation crops**, which are commonly found are nutmeg, coconut, cocoa, coffee and cloves. Coconuts are found in many villages in the village of Kacak, Togoliua Village and Transtogoli Village so that these three villages become base villages. Coffee is only available in Sukamaju Village with an L/Q value of 13.5, so that Sukamjau Village is the only village that has a superior advantage. Wangongira Village and Transtogoli Village are the bases for Kako plants while cloves can be found in Sukamaju Village, Wangongira Village and Transtogoli Village. Of the three villages that have a superior advantage is Sukamaju Village.

- **Vegetable crops**
  - Corn has a base in Transtogoli Village, Peanut has bases in three villages, namely Kursan Village, Wangongira Village and Transtogoli Village with the same L/Q value of 1.2. Sukamaju Village is categorized as a base village with a fairly high L/Q value following Togoliua Village and Kacak Village, but Sukamaju Village has a superior advantage over other villages. Sweet potatoes can be found in all villages except Wangongira Village. Sweet potato which is generally grown in all villages does not have much economic value because it has no added value. So far, most people have made it only to fulfill basic needs. The same thing also applies to cassava which is widely used as a staple food and the base villages are Togoliua Village and Transtogoli Village.
  - **Fruit crops**
    - Transtogoli Village has a superior advantage for Advocate fruit because it has a much higher L/Q compared to Wangongira Village. For star fruit, the Village of Transtogoli has a superior advantage over other villages. Duku/Langsa can be found in three villages as base villages, namely Transtogoli Village, Wangongira Village and Togoliua Village. Siam orange is only found in Sukamaju Village as well as watermelon which is only found in Kursan Village. The base villages for big orange are Sukamaju Village and Togoliua Village. Pineapple can be found in Sukamaju Village with the largest L/Q value followed by Wangongira Village. Meanwhile, Papaya which is the base is Togoliua Village and Sukamaju Village. The last one is Banana fruit, the village of Kacak is the base followed by Sukamaju Village with various types of bananas such as Goroho banana (Tako Api Banana), Mulubebe Banana, Raja Banana, Shoe Banana. Even the Mulubebe Banana is one of the prima donna bananas because of its deliciousness and shape.

5. **Conclusion**

From the results of the discussion, several conclusions can be drawn as follows:

- The identification of local potential in each village makes it easy to identify the superior advantages of each village.
- Lack of public awareness of the potential they have coupled with a lack of insight and skills that minimize creativity.
- Lack of role of local government, in the village itself or at the district level to direct, guide and foster local communities so that they have the skills to cultivate their local potential.
Efforts and hard work are needed to implement a one village one product due to two things that stand out, namely the inadequate human resources so that there is no element of community or government creativity.

After the local commodity has been identified, it is necessary to map each village to see the superior advantage of the local commodity on which to base it to become a competitive advantage.

Provide input or recommendations for the government based on the results of the analysis to see the possibility of implementing OVOP in West Tobelo District.

References

[1] Assagaf, S. S.F, Pulhehe. S, Zakariah. I, Yusuf. N, Sangaji. M. F, Kembauw. E, Umanailo. M. C. B. (2019). Construction of the Village as a Development Shaft in the Island Buru, International Journal of Scientific & Technology Research. Vol 8(99), pp. 2139-2143.

[2] E. Kembauw, A. M. Sahusilawane, L. J. Sinay, J. R. Batlolona. (2018). The Role of the Economic Sector Growth in the Province Maluku, Journal of Advanced Research in Law and Economics. Vol. 9, Iss. 6(36), (Fall 2018): 2035-2041. DOI:10.14505/jarle.v9.6(36).17

[3] Kutsiyah, F. (2017) ‘Iqtishadia Performa Desa yang Diasulkan untuk Penerapan One’, 4(1).

[4] Meirina, Triharini; Dwinita, Larasati; Raden, S. (2013) ‘ONE VILLAGE ONE PRODUCT (OVOP) APPROACH TO DEVELOP A REGION’S CRAFT PRODUCT POTENTIAL.pdf’, KURA, (Human and socio-environmental studies), p. 26: 1-25. Available at: http://hdl.handle.net/2297/35751.

[5] Saroso, D. S. (2013) ‘The OVOP Approach to Improve SMEs Business Performance: Indonesia’s Experience’, 2(3), pp. 69–74. doi: 10.5176/2010-4804.

[6] Sebumi, S. et al. (2008) ‘Tulisan ini dipresentasikan dalam “Seminar SEBUMI: Internasionalisasi Rumpun Melayu Menuju Kegemilangan Bersama”, UI dan UKM, Depok 24-25 Juni 2008 1’, pp. 1–10.

[7] Tulis, B., Klampar, D. and Proppo, K. E. C. (2015) ‘Fakultas ekonomi universitas wiraraja sumenep - madura’, V(2), pp. 1–17.