

E-commerce Platform of Ikat Woven for East Nusa Tenggara Underdeveloped Rural Society

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Abstract

Rural economic plays an important role in the development of a region. As stated in the third Nawacita, Indonesian government wants to build Indonesia from the periphery. East Nusa Tenggara Province, which most of its region are underdeveloped rural, requires innovation to strengthen its economic potential. Based on the data from Statistics Indonesia, in 2014-2016, economic growth in East Nusa Tenggara Province continues to increase, while the proportion of the poor has increased greatly during that period. Thus, solutions to reduce poverty should be taken. Agriculture as a on economic sector in rural region, could not give the optimum value added, since the most of rural society in East Nusa Tenggara are subsistent farmer. It is necessary to improve other sectors that have the potential to generate optimal value added for rural society. Ikat woven industry is a part of custom which could not be separated from the daily life of the society. However, ikat woven's marketing is very limited. Therefore, innovation is needed to open the access into the market through an e-commerce platform that directly connected with the ikat woven producers. The synergy of various parties needs to be done, the government needs to facilitate the ikat woven e-commerce platform and coordinate its use. Cooperation with Statistics Indonesia can be done to collect data of the weaving producers and their commodities. The private sector is also expected to participate through investment to increase productivity and diversification of ikat woven products.

Keywords: economic growth, e-commerce platform, ikat woven, marketing, underdeveloped rural

INTRODUCTION*

Rural economy is the key to advancing the economic growth of a region. sustainable development goals in point 9.3 stated that one of the objective points to be achieved is the increase of access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and [1]. In line with the Sustainable Development Goals, Indonesian government, has also been set goals that will be achieved within five years of leadership called Nawacita. On the third point of these objectives stated that one of the objectives to be achieved is to build Indonesia from the periphery by strengthening the regions and villages within the framework of the unitary State [2].

If the two objectives above are synergized, it can be concluded that one of the goals to be achieved by Indonesia in the near future is to intensify the role of micro and small industries

starts from rural areas. According to [3], transfer the productive assets to build up an enlarged resource base of the poorest of the poor families in the rural areas by building, developing and sustaining the micro and small village enterprises indirectly.

Based on Statistics Indonesia data, can be found a phenomenon that occurred in the province of East Nusa Tenggara. Theoretically, the increase of Gross Regional Domestic Product which shows the increase of economic growth, will have an impact on the decrease of poor people on its population. But in reality the decline in the number of poor people still has not happened. Inequality of income is still happening, as evidenced by the trend of gini ratio in East Nusa Tenggara Province which is still in the range of unbalanced income.

According to Panda and [4], India government plays an important role in supporting the growth of micro enterprises through increased access to business development support services that contribute to the promotion of micro-enterprises.

Based on the data from Economic Census 2016 held by Statistics Indonesia [5], there are 121.676 which is 27,88% of enterprise in East Nusa Tenggara Province are manufacturing

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industry sector (ikat woven industry also included). For most people of East Nusa Tenggara Province weaving has become part of the tradition that can not be separated for their daily life.

However, ikat woven is usually only produced and stored in limited amount. The use of woven only bounded for customary events, although actually the ikat woven has a fairly high economic value in the market. The problem faced by this industry is the absence of triggers to provoke its growth. Awareness from weaving producers are needed to increase the added value of their products which must be preceded by opening up producers' access to the selling market.

As stated by [6], the digital economy is the new productivity platform that some experts regard as the third industrial revolution. This major opportunity of the digital economy has the power to change the lives of millions of people of India. This also can be applied in Indonesia. With certain regulations, the use of e-commerce platform will certainly have a positive impact on market expansion and drive the rural economics through the weaving industry. Until now, there is no e-commerce platform that specifically becomes a market for ikat woven industry in East Nusa Tenggara.

MATERIAL AND METHOD

Data Collection

This research based on literature study, and use some descriptive statistics to examine phenomenon captured in this paper.

RESULT AND DISCUSSION

There are two activities should be done, first is build a directory of ikat weaving business followed by the process of building an online application to buy and sell ikat woven. The explanation is as follows:

1. Preparation of the business directory ikat weaving

This directory will be the basis of the target of e-commerce applications that will be built later. In summary, the activity of compiling this directory can be explained as follows:

- The method used in the compilation of this directory is the Census conducted in 18 districts classified as disadvantaged areas according to Presidential Regulation No. 131 of 2015. The census activity means conducting a complete

data collection on the entire population, meaning that all residents in the region are recorded, to know whoever business actors ikat weaving processing industry by name by address.

- Field constraints need to be anticipated early on, data collection door to door requires more effort, then there are two methods that can be done. First, for easily accessible rural areas, data collection officers do door to door. Officers may come from the kecamatan or related agencies at the district level. Second, for rural areas that are difficult to reach because of geographical location or access. Data collection will be quite difficult to do by door to door. This requires the willingness of local village officials, to provide information on who has citizens who own ikat business.

- Variables collected in this data collection include: General entrepreneurs' description, ie name and address, of weaving or not, the average number of woven products that can be produced within 1 month, the ownership of mobile phones.

2. Compilation of online ikat woven e-commerce

Second step is the stage of preparation of online ikat ikat e-commerce applications. Explanations are described as follows:

- The ikat weaving business directory is used as the database for this online application. Cooperating with relevant stakeholders such as the village ministry, the ministry of industry, and so forth. To equate perceptions about what features can be provided in the application. Including determining the organization in administering this online application system later, for example designate the admin along with the description of their respective duties.

- Cooperate with the programmer to build the e-commerce applications online. The process of building applications, then followed by launching applications to all over Indonesia, both android applications and websites for desktop use.

If the e-commerce platform applied, there will be some risk occur that should be mitigate. The explanation are as follows.

Internal risk and mitigation:

1. Storage managers at the subdistricts level will have difficulty in coordinating ikat woven producers in remote areas. It is undeniable that much of the area of East Nusa Tenggara province consists of archipelago areas, access to reach the area is also limited. Risks that may be faced in terms of admin applications is the difficulty of reaching remote areas that cause difficult coordination. The way to solve this problem is to increase the role of local village officer. Village officials should help streamline product flows from producers to storage at the sub-district level.
2. Producers stop doing production activities because there is no product sold. Manufacturers experiencing capital difficulties will be at high risk to stop producing the product. So to overcome the necessary ease of access to credit facilities with low interest. Low interest credit facilities will help motivate and drive producers to continue to produce their ikat woven products. In addition, the admin will work to make the ikat woven products remain smoothly distributed, increase the sales. So, financially, the producers continue to get the flow of funds and can get enough profit from the business he runs.
3. The village officer is less committed and less cooperative in supporting this e-commerce application, because they do not get direct financial profit. The fact in the field, not all village officers have a good concern in the welfare of its citizens. It requires a full commitment to build the region. These smallest regional leaders should be the driving force. Overcoming this problem can be done in several ways, namely to improve the quality of human resources of the village officer, especially in East Nusa Tenggara, which is still have very low understanding about the prosperity of their people. Optimizing the use of village operational funds for the distribution of ikat woven products from producers to storage at the sub-district level also will be help. If the e-commerce application is stable and well-received by the broad market, it is possible to give the profit sharing with

the village officer who involved in this activity.

4. Ikat woven producers still can not perform their role professionally. Based on the daily background of ikat woven producers, weaving is a tradition of heredity which is done casually and not a priority to generate additional income. Problems will arise when market demand increases but producers have not been able to keep up with the demand. Storage is also in a state of no stock due to high market demand. The solution to be taken is to convince producers, provide routine counseling, to awaken them about the importance of gaining the economic value of their weaving activities, and motivating the producer to work diligently even if the results are not directly earned. In addition, product diversification needs to be improved, so that the market does not get bored with the woven products produced.

External risk and mitigation:

1. The amount of shipping cost, make potential customers canceled ordering. To deal with these external risks, the possible solution is to provide subsidized shipping cost with minimum par value of certain purchases from the government, so that the postage that must be borne by the customer can be suppressed.
2. Delivery service is only available in the center of the district capital. How to overcome it is the district admin help channel goods from storage district to the freight company located the district capital.
3. The application is stuck or there are obstacles. How to fix this is by creating a backup server, etc. To keep the application running smoothly. Prepare adequate human resources to become an admin application also needed.

CONCLUSION

Based on the explanation in this paper, it can be concluded that e-commerce platform of ikat woven can be a solution to open the access of producers to the market.

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