

CHAPTER 1

INTRODUCTION

1.1 Background

In carrying out the vision of national development, local government is present and needed by the central government as an extension in helping to improve development. The local government is urgently needed to fulfill and distribute services to the community, to develop and accelerate access to transportation and communication development, and to help develop the local economy for the welfare of the community. According to Law No. 23 of 2014, regional autonomy is the right, authority and obligation of autonomous regions to regulate and manage their own government affairs and community interests in accordance with existing laws and regulations. The government seeks to achieve more balanced development through decentralization of government and is accompanied by direct cooperation between the central and regional governments (Vickerman, 2015).

Based on this law, regions are given the authority to develop their respective regions in accordance with available resources. The local government has a strategic function in planning local development with its function as a "public servant" to improve welfare, security, prosperity and justice for the community. According to Rasyid (2000: 48) the implementation of good governance must be based on the main tasks and functions that have been

governed by the regulations determined, and the implementation of the main tasks and functions depends on the leader. In this case the activities that must be carried out are three essential functions, namely: service, empowerment and development. Empowerment encourages community independence and development will create prosperity in the community.

In order to encourage the process of independence and improve the welfare of the community, it can be done through empowerment programs and local economic development in each region starting from the villages. This is in accordance with the Nine Development Priority Program (Nawa Cita) of the Government of President Joko Widodo and Vice President Muhammad Jusuf Kalla, especially in article 3, namely "building Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state". This national commitment is contained in the National Mid-Term Development Plan (RPJMN) 2015 - 2019 in the dimension of "Equity and Territorial" development.

Blakely and Bradshaw (2002) argued that local economic development is where local governments and community organizations are involved to encourage, stimulate and maintain business activities to create jobs. Furthermore, according to A.H.J. Helming as quoted in Sri Wahyuni (2013) Local Economic Development (PEL) is a process in which partnerships between local governments, community-based groups, and the business world manage existing resources to create jobs and stimulate (growth) the economy in a particular region.

According to Sudarsono (2001), the dynamics of the superiority of a region or district in the future is marked by whether or not the region is able to

seize opportunities in facing free market competition both regionally and globally. Regional economic development is defined as a way or process by which local communities and local governments manage existing resources and form patterns of cooperation or partnerships between local governments and the private sector to be able to create new jobs and contribute to stimulate local economic development in the area.

Therefore, a new paradigm of economic policy based on the ability of the local economy is needed by exploring existing potentials, economic characteristics, geographical conditions and social conditions of the people of each region including its interactions with other regions or districts. In order to promote local economic progress, a one vilage one product (OVOP) program was adopted as mandated by the President through Presidential Instruction No.6 of 2007. The OVOP approach is an effort to reduce the gap in development activities in urban and rural areas by developing a people's economy based on local potential. The goal is to develop products that are able to compete in the global market while continuing to emphasize local added value and encourage the spirit of creating community independence.

The Magelang Regency Government is one of the regions that seeks to increase local economic potential through the OVOP program, which was carried out by regional apparatus of the Department of Industry and Labor. According to Magelang Regency Regulation Number 19 of 2016 concerning the formation and composition of Department Industry and Labor of Magelang Regency, the

department held regional government affairs in the industry, labor and transmigration fields.

Based on these functions, the role of the Department of Industry and Labor is very strategic and important in the formulation of policies, coordinating and implementing policies related to the development of industry and work productivity. In carrying out industrial and economic development efforts, this is done based on the characteristics, potential and needs of the regency, because now every district area is trying to raise the superior potential of each region. According to Tarigan (2014: 79), "the ability of local governments in seeing sectors that have advantages in their regions is very important at this time. Sectors that have advantages have better prospects to be developed and hope to encourage other sectors to develop". To build a strong district industry, the industrial development is oriented to the development of the potential of the existing district areas, both human and natural resources. Therefore, the availability of raw materials becomes more secure because all come from the potential of the existing area. With the development of the regency-based industry, it will be able to improve the economy of the regency, reduce unemployment in the regency, and encourage the competitiveness of the regency.

Magelang Regency is one of the regencies in Central Java with an area of 1,085.73 km². The main potential characteristics of the regency are dominated by the agriculture, plantation and forestry sectors. This is due to its strategic location between the active Mount Merapi and Mount Merbabu which has an impact on soil fertility. The real benefit of the existence of Mount Merapi is fertile

agricultural land making it suitable for the development of agriculture and plantations (BAPPEDA and LITBANGDA, Magelang Regency 2019). With this potential soil fertility, it produces abundant results in the agriculture and plantation sectors which have an impact on economic growth in Magelang Regency.

For the geographical condition, Magelang Regency is located along the strategic transportation route due to its presence in the middle so that it is easily reached from various directions. The strategic location of Magelang Regency can be seen from the position of it which is located between major cities, namely Yogyakarta City and Semarang City. In addition, the strategic location of the regency can also be seen from its location between the northern coast line and the north-south line and in the middle of Central Java Province. Magelang Regency is also located between the crossings of the economic path, namely Semarang-Magelang-Purwokerto and Semarang-Magelang-Yogyakarta-Solo so as to facilitate accessibility and can also encourage economic development in the area.

Therefore, the Local Government of Magelang Regency has begun to implement the OVOP program starting in 2016. The OVOP program in Magelang Regency has its own uniqueness compared to surrounding areas such as Purworejo, Temanggung, Wonosobo, and Kebumen. In Magelang Regency, there are 5 superior products that were raised into the OVOP program, including ant sugar, salacca processed foods, coffee processed products, processed cassava foods and rock carving arts. Of the five products, processed Ngrancah Coffee is considered the most significant development seen from the highly increased total

production capacity (Department of Industry and Labor of Magelang Regency). The Ngrancah Coffee OVOP program conducted by the Department of Industry and Labor of Magelang Regency is located in Ngrancah, Ngrancah Village, Grabag Subdistrict, Magelang Regency. This is based on data that coffee productivity in Grabag Subdistrict is one of the biggest commodities in Magelang Regency. The land of coffee plantations in Magelang Regency reaches 2200 hectares and spreads in 21 sub-districts. Among the coffee bean producing areas in Magelang District, Grabag Sub-District became the largest coffee producer with 1250 tons in 2018 (Source: Department of Agriculture and Food of Magelang Regency).

Ngrancah Village is located at Grabag Subdistrict, one of the most famous areas that has coffee beans with a distinctive and unique aroma. This uniqueness is due to the sour taste of coffee which is combined with legit and fragrant aroma. Ngrancah coffee is mostly Robusta, but there are also arabica and green coffee types. In the future, the type of Ngrancah Coffee will be the superior product of the district cluster, so it will not only be called Ngrancah Coffee but will be Magelang Coffee product (Source: Department of Industry and Labor of Magelang Regency, 2019). The OVOP program in Ngrancah has proven to have an extraordinary influence on the productivity of coffee bean processing. From what was formerly the entire harvest was taken directly by the middleman and then after the existence of the OVOP program, the production of coffee powder was ready to brew. Initially coffee beans processed into coffee powder were only able to produce as much as 30 Kg to 60 Kg, then after the implementation of the

OVOP program of coffee craftsmen in Ngrancah could produce 90 Kg up to 450 Kg per month for coffee products ready for brewing in 2019. Farmers in Ngrancah are members of the Mandiri Sejahtera Joint Business Group (KUB) which includes Ngrancah coffee products. In 2019 KUB Mandiri Sejahtera won 2nd place in the 2019 award-winning small-medium food industry competition in the province of Central Java in the beverage category held in Semarang.

According to Adiyoso (2009), community participation is the most important component in efforts to grow independence and the empowerment process. Therefore, in the efforts of the Department of Industry and Labor to implement the OVOP program, it is also related to the role of interaction with the surrounding community. Clear and mature strategies and programs are needed to be able to bring significant change. For this reason, this research will discuss the strategy carried out by the Department of Industry and Labor in optimizing the OVOP program in Ngrancah, Grabag, Magelang.

1.2 Problem Formulation

How is the strategy carried out by the Department of Industry and Labor in optimizing the Ngrancah Coffee OVOP program in Ngrancah, Grabag, Magelang ?

1.3 Research Purpose

The purpose of this research is to:

To analyze the Department of Industry and Labor's strategy in its contribution to optimize the Ngrancah Coffee OVOP program in Ngrancah, Grabag, to become a superior product in Magelang Regency.

1.4 Benefit of Research

1.4.1 Theoretical Benefit

1. This research is expected to be able to improve the science and development of governmental sciences, especially those related to local government in its efforts to improve the level of local economy.
2. To find out how the strategy carried out by the Department of Industry and Labor in optimizing the Ngrancah Coffee OVOP program in Ngrancah, Grabag, Magelang.
3. This research is expected to be a reference for further relevant local government research.

1.4.2 Practical Benefit

1. For government officials, this research is expected to make a direct contribution to the local government as a reference material and an evaluation material in formulating policies related to the utilization of local resources to improve the local economic level.
2. For the public, this research is expected to be a knowledge of the strategies and efforts made by the Department of Industry and Labor in optimizing the Ngrancah Coffee OVOP program in Ngrancah, Grabag, Magelang to improve the local economy.

1.5 Literature review

1.5.1 Previous Study

From the results of studies conducted by researcher, there are several previous studies that have links with research to be conducted by researcher. The results of the study are:

1. A study conducted by Juhari in 2019 entitled OVOP-Based Leading Products Development Strategy (Case Study at SMEs in Mendo Barat Subdistrict, Bangka Regency, Bangka Belitung Islands Province). The results of this study were the strategy undertaken to develop regional superior products which is to use SWOT analysis and to map OVOP-based products based on the potential of each village by increasing product quality and quantity, increasing access to capital, increasing partnerships for marketing and increasing share new market. However, the implementation of this program still requires attention from related agencies namely in terms of production, marketing and funding, as well as the need for professional advisory consultants to facilitate business consulting to be more advanced and develop in a sustainable manner.
2. Research conducted by Long Hoang Thanh, Linh Ta Nhat, Hao Nguyen Dang, Thi Minh Hop Ho and Philippe Lebailly in 2018 entitled One Village One Product (OVOP) - Rural Development Strategy and Early Adaptation in Vietnam, the Case Study of Quang Ninh Province. The results of this study indicated that after a trial of implementing the OCOP program in Quang Ninh for three years, has had an extraordinary influence

in reducing poverty, creating new jobs, increasing the income of the surrounding community, increasing creativity and capacity, and is eligible to become a sustainable socio-economic development strategy . However, the strategy carried out so far has many shortcomings, namely the delivery of unspecified guidelines, weak point of sale connections and limited management capacity. Through this research, to implement an effective OCOP strategy can be done by: first for OCOP steering committees in conducting guidance must be synchronous, dedicated but not in a hurry, persistent, and sustainable direction of the annual cycle. Both markets, promotions and activities supported by the authorities and the government must be improved along the lines connecting the sellers and buyers. Finally, cooperative leaders, companies and farmers must improve themselves knowledgeably, participate effectively in courses and training, so as to improve managerial skills, levels and efficiency of production and business.

3. Research conducted by I Gede Made Ramadiartha and Ketut Dewi Martha Erli in 2018 entitled Endek Weaving Industry Development Strategy through the One Village One Program Approach in Sidemen Subdistrict, Karangasem Regency. The results of this study indicated a strategy that is in line with the condition of the Weaving Endek industry in the first quadrant is the growth strategy in the SWOT matrix so that it is able to maximize internal strength to develop opportunities that exist. The strategy was formulated into eight main strategies and five supporting strategies for

the development of the Endek Weaving Industry in Sidemen District, Karangasem Regency. The main strategy in the development of the endek weaving industry focuses on improving production quality and broader product marketing management to reach a wider market.

4. Research conducted by Fred Schumann in 2016 entitled One Village One Product (OVOP) Strategy and Workforce Development: Lessons For Small Islands and Rural Communities. The results of this study concluded that the general success factors for the six cases in this paper consist of each having the form of an external catalyst to influence changes in society, a clear focus on community development, and diversification of products and services in villages to improve income generating opportunities throughout the year. Human resource development in the community needs to stay at the forefront to start OVOP and to maintain its operations. People-centered leadership (meaning that although income and growth in market opportunities are important, people training and community development must not retreat to other goals) is very important in maintaining the trust and motivation of OVOP participants. In addition, by collaborating with public and private sector organizations, they have the joint benefit of growing networks and sharing knowledge.
5. Research conducted by Eyuda Angga Pradigda in 2016 entitled Industrial Development Planning Strategy Based on Regional Leading Products, Study at the Industry and Trade Department of Blitar Regency. The results of this study were the priority products of Blitar Regency which are

coconut shell handicrafts. The strategy for developing priority products for coconut shell handicraft based on the SWOT matrix is by doing a Strength-Opportunity (SO) strategy. Namely by: (a) Improving marketing in the surrounding tourist areas through the preparation of leaflets or posters on the history of coconut shell handicraft products in Blitar, (b) Visual promotion through historical videos and coconut shell handicraft production processes with an emphasis on environmentally friendly materials, community empowerment around and potential partnerships, (c) Utilizing marketing through social media, (d) Making new product variations by utilizing information from market conditions and customer wishes, (e) Partnering with Indian art craftsmen in product marketing, (f) Making partnership patterns with the surrounding community as a pilot project for other products.

6. Research conducted by Mekanika Nanda Puspitasari in 2015 entitled Government Strategy in the Development of Carica Products UMKM in Wonosobo Regency Through the OVOP Approach. The results of this study suggested that the government's strategy in developing MSME carica products through the OVOP approach is by: (1) Increasing cooperation with various parties, (2) Increasing carica product innovation, (3) Increasing carica product promotion, (4) Improving quality Human Resources (HR), (5) Providing infrastructure support, (6) Strengthening institutions, (7) Improving carica product quality, (8) Making local government regulations on the partisanship to MSMEs, (9) Increasing

socialization and supervision from regional governments to MSMEs, and
(10) Providing information about carica product patents.

7. Another study was conducted by Inneke Dita Anggraheni in 2012 entitled Strategies for Developing Organic Rice Superior Products through the Cooperative Based OVOP (One Village One Product) Concept in Karanganyar Regency. She stated that alternative strategies that can be applied in developing superior products of organic rice through the OVOP concept include optimizing the production capacity and quality of verified organic rice by utilizing equipment assistance from the OVOP program to meet market demand, building a brand image of organic rice products through exhibitions and opening stands at tourist sites, and mapping the areas with the most potential in organic rice production.
8. Subsequent research was conducted by Chaweewan Denpaiboon and Kochakorn Amatasawatdee in 2012 entitled Similarity and Difference of One Village One Product (OVOP) for Rural Development Strategies in Japan and Thailand. The results of this study mentioned that the important point of the success of OVOP in Japan so far is the OVOP policy emphasizing the independence and endogenous development of society. To be sustainable, community development must be carried out by members of the community itself so that later it does not depend on outside support. Somewhat different from OTOP by the Thai government which less emphasis on the development of human resources which is the root cause of independence.

9. Further research by Yoopin Claymon and Watunyu Jaiborisudhi in 2011, entitled A Study on One Village One Product Project (OVOP) in Thailand and Japan as an Alternative of Community Development in Indonesia. The results of this study concluded that one of the unsuccessful OVOP development strategies in Indonesia and OTOP in Thailand is the lack of a correct understanding of the principles of the program, top-down administration and approach to the quality of human resources. The unsuccessful OVOP project in Indonesia is due to lack of coordination from the central government to regional or village governments. To truly develop the OVOP program, we must adhere to the initial principles designed by Japan, namely its human resource development strategy. So far, OVOP projects in Thailand and in Indonesia have implicitly focused on their products rather than on developing human resources. If a country wants to succeed, they must focus on developing local communities on an ongoing basis. If the local community is already strong, it will reduce dependence on the government and will lead to independence.

10. Another research was conducted by Radiah Abdul Kader, Mohd Rosli Bin Mohamad, and Ab. Azid Hj. Che Ibrahim in 2009 entitled Succes Factors for Small Entrepreneurs under the One District One Industry Program in Malaysia. The results of this study concluded that small rural entrepreneurs under the One-District-One-Industry (ODOI) program in Malaysia were surveyed using structured questionnaire techniques. Apart from the importance of internal and external factors, this study found that

external factors are more dominant than internal factors in contributing to the business success of ODOI entrepreneurs. All external factors extracted by factor analysis narrow down the important role of government in promoting the success of small businesses. The findings of this study indicated that the government must actively play an important role in (i) skills training because most rural businesses are labor-intensive involving skills and creativity, (ii) strengthening business competence through training, (iii) investment in infrastructure and facilities for local businesses that are conducive to the environment, and (iv) effective market support services in terms of product promotion, market accessibility and networking.

Based on the explanation of the results of previous studies, researcher tries to classify based on similarity in techniques and patterns of strategy used as follows.

Table 1. Grouping of Prior Research

no	Researcher's Name	Research Tittle	Research Similarities
1	(Mekanika Nanda Puspitasari), (I Gede Made Ramadiartha and Ketut Dewi Martha Erli)	(Strategi Pemerintah dalam Pengembangan UMKM Produk Carica Di Kabupaten Wonosobo Melalui Pendekatan OVOP), (Strategi Pengembangan Industri Tenun Endek Melalui Pendekatan <i>One Village One Program</i>	Both of these research have similarities from the results of their research, namely the strategies used to develop superior products in the local area are both using growth strategy techniques

		di Kecamatan Sidemen Kabupaten Karangasem)	
2	(Inneke Dita Anggraheni), (Radiah Abdul Kader, Mohd Rosli Bin Mohamad, dan Ab. Azid Hj. Che Ibrahim)	(Strategi Pengembangan Produk Unggulan Beras Organik Melalui Konsep OVOP (One Village One Product) Berbasis Koperasi di Kabupaten Karanganyar), (Sukses Factors for Small Entrepreneurs under the One District One Industry Programme in Malaysia)	The results of this study have similar patterns in determining the strategy based on analysis of internal and external factors
3	(Eyuda Angga Pradigda), (Juhari)	(Strategi Perencanaan Pembangunan Industri Berbasis Produk Unggulan Daerah, Studi Pada Dinas Perindustrian dan Perdagangan Kabupaten Blitar), (Strategi Pengembangan Produk Unggulan Berbasis OVOP (Studi Kasus Pada UMKM Di Kecamatan Mendo Barat, Kabupaten Bangka, Provinsi Kepulauan Bangka Belitung)	These studies have similarities in determining the pattern of good strategies used to optimize the ovop program in that area, namely by using SWOT analysis techniques
4	(Fred Schumann), (Long Hoang Thanh, Linh Ta Nhat, Hao Nguyen Dang, Thi Minh Hop Ho dan Philippe Lebailly), (Chawewan Denpaiboon	(One Village One Product (OVOP) Strategy and Workforce Development : Lessons For Small Islands and Rural Communities),	The results of those research have similar patterns of strategy used so that the OVOP program can run optimally. The basic strategy undertaken is to do

	<p>and Kochakorn Amatasawatdee), (Yoopin Claymon and Watunyu Jaiborisudhi)</p>	<p>(One Village One Product (OVOP)-A Rural Development Strategy and Early Adaption in Vietnam, the Case Study of Quang Ninh Province), (Similarity and Difference of One Village One Product (OVOP) for Rural Development Strategy in Japan and Thailand), (A Study On One Village One Product Project (OVOP) in Thailand and Japan as an Alternative of Community Development in Indonesia)</p>	<p>human development and community development to encourage independence</p>
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Based on the research explanation above, this study has similarities and differences with the previous research. Among the similarities is previous research analyzing the strategies carried out in developing local superior products through the OVOP approach. The strategy is based on a SWOT analysis of the conditions in each region. Likewise with previous research conducted in Thailand, Malaysia, Vietnam and Japan, this study also analyzed the role of the government in making the OVOP program, development strategy program, whether it was appropriate to use evaluation techniques after the implementation of the program or not. The object in this study also focuses on the strategy undertaken by the Department of Industry and Labor in optimizing the OVOP program by means of

analyzing the strategy based on the results that have been carried out by the Department of Industry and Labor in developing coffee products for approximately 3 years. Meanwhile, the difference of this research and previous research is in each research object. There is also difference in how to determine a strategy based on a SWOT analysis of the condition of the area with the region's superior products. From the previous research, there were those who determined the strategy based on the SWOT analysis, not based on an analysis of the performance of the local government in developing the OVOP program with existing policy policies.

1.6 Theoretical Framework

1.6.1 Strategy Review

a. Strategy Concepts

The word strategy has several kinds as stated by experts in their respective work books. According to Bracker in Heene, et al (2010: 53) the word strategy comes from the word Strategos in Greek which is a combination of Stratos or army and ego or leader. A strategy has a basis or scheme to achieve the goals to be addressed. Thus, basically the strategy is a tool to achieve the objectives to be achieved. Fred David (2013: 21) explained that the strategy is the methods taken which are fundamental in nature that will be used by an organization to achieve its goals and various targets by always taking into account the environmental constraints that it will definitely face. According to Marrus (2002: 31) strategy is a process of determining the plans of top leaders who focus on the long-term goals

of the organization, accompanied by the preparation of a way or effort on how to achieve these goals.

Bryson (2001: 189-190) explained that strategy can be seen as a pattern of goals, policies, programs of action, decisions or resource allocation that defines how the organization is, what is done and why organizations do it. From the various opinions above, it can be concluded that strategy is the art of preparing a plan by an organization to achieve long-term goals accompanied by means and efforts so that these goals can be achieved properly and can be implemented effectively. By looking at internal and external capabilities that include the strengths and weaknesses of the organization, the process of preparing a strategy must pay attention to the goals and objectives to be achieved in the future. In addition, the organization must always interact with the environment in which the strategy will be implemented, to find out more about the environmental conditions in which it will implement the strategy, so that the strategy does not conflict but in the same direction and in accordance with environmental conditions. Strategy in general will fail, when the organization does not have a consistent concept of what is planned with what will be done.

Goldworthy and Ashley (1996: 98) proposed seven basic rules in formulating a strategy as follows:

- a) Strategy must explain and interpret the future, not only the present.

- b) Strategic direction must be able to determine the plan and not vice versa.
- c) Strategy must focus on competitive advantage, not solely on financial considerations.
- d) It must be applied from the top down, not from the bottom up.
- e) Strategy must have an external orientation.
- f) Flexibility is very essential.
- g) Strategy must be centered on long-term results.

To ensure that the strategy can work well by convincing not only to be trusted by others, but indeed it can be implemented optimally, Hatten and Hatten (1996: 108-109) provided some of the instructions as follows:

- a) Strategy must be consistent with the environment. Strategies are made to follow the flow of community development, in an environment that provides opportunities to move forward.
- b) Every organization does not only make one strategy, depending on the scope of its activities. If there are many strategies that are made then one strategy must be consistent with other strategies. Do not contradict or contradict each other, all strategies are always harmonized with each other so that the strategies implemented can run optimally.
- c) Effective strategies should focus and unite all resources and not disintegrate with each other. Unfair competition between various work units in an organization often claims its resources, leaving it separate

from other work units so that the unified forces actually harm the organization's position.

- d) Strategy should focus on what are its strengths and not at points which are precisely its weaknesses. In addition, it should also take advantage of competitors' weaknesses and make appropriate steps to occupy a stronger competitive position.
- e) Resources are critical. Considering that strategy is possible, something that is indeed feasible should be made.
- f) Strategies should take into account risks that are not too large. Indeed, each strategy carries risks, but it must be careful, so that the organization does not plunge into a larger hole. Therefore, the strategy should always be controlled.
- g) Strategy should be developed on the basis of success that has been achieved.
- h) Signs of the success of the strategy are shown by the support of relevant parties from the executives and from all unit leaders in the organization.

By following the instructions above, the strategy can be made in such a way as to be successful in the implementation process. It has been explained that in making a strategy not only focus on one strategy but still must create a backup strategy or the other if the first strategy has not been successful. Then the formulation of strategy can also focus on the strengths of all existing resources so that the chances of success can be more optimal.

There are certain characteristics that can be indicators of the effectiveness of a strategy. According to Rumelt in Heene et al (2010: 186), these characteristics can be broken down into four overall criteria, concerning:

- a. Consistency. A strategy is not permitted in the slightest way to formulate a variety of inconsistent target planning and operational steps.
- b. Adjustment. A strategy must always provide an adaptive response to the emergence of obstacles from the internal and external environment of the organization.
- c. Value creation. A strategy must always concoct a positive conceptual solution that encourages optimal value creation efforts.
- d. Self potential. A strategy must always not be allowed to overly assess available facilities or engineer new creations that are difficult to handle.

b. The Role of Strategy

Strategy has a very important role for the achievement of objectives in an organizational environment, because the strategy provides direction for action, and the way how the action must be carried out so that the desired goals are achieved. According to Grant (1999: 21), strategy has 3 important roles in filling management objectives, namely:

1. Strategy as a support for decision making and strategy as an element to achieve success. Strategy is a form or theme that provides a unity of relationship between decisions taken by individuals or organizations.

2. Strategy as a means of coordination and communication. One of the important roles of strategy as a means of coordination and communication is to provide a common direction for the organization.
3. Strategy as a target. The concept of strategy will be combined with the mission and vision to determine where an organization is in the future. Goal setting is not only done to provide direction for strategy development, but also to form aspirations for the organization. Thus, the strategy can also play a role as an organizational target.

c. Types of Strategies

Every organization must have a strategy to achieve a set of organizational goals. The types of strategies used in an organization are not the same. Strategies have several types. Koten 1991 in (Salusu, 1996: 104-105) mentioned the types of strategies as follows:

1. Corporate Strategy

This strategy is related to the formulation of mission, goals, values and new strategic initiatives. Restrictions are needed, namely what is done and for whom.

2. Program Strategy

This strategy pays more attention to the strategic implications of a particular program. What might the impact be on organizational goals if a particular program is launched or introduced, because these programs are seen as community development strategies used to bridge the

institution and its environment for the achievement of the institution's mission (John, 2007: 189).

3. Resource Support Strategy

This resource strategy focuses on efforts to maximize the use of essential resources available to improve the quality of organizational performance. The resources are in the form of energy, finance, technology and so on.

4. The Growth Strategy

The implementation of this growth strategy is generally intended to achieve a rapid increase in economic value, through increased per capita income of the population, productivity, agriculture, capital and employment opportunities coupled with the consumption capacity of rural communities.

5. The Welfare Strategy

The welfare strategy is carried out by the government which during the development process is not accompanied by the development of cult and independent culture in the community, thus resulting in an attitude of community dependence on the government. Therefore, in every effort to develop a community one aspect that must be considered is the handling of cultural problems and community culture. Cultural development should not be contradictory to economic development, in such a context the propaganda of the community development model becomes very relevant, because one

of its aims is to seek an independent culture of society (Ali. 2005: 8-9).

6. The Responitive Strategy (Handling Strategy)

This strategy is a reaction to the welfare strategy. This strategy is carried out to respond to the needs formulated by the community itself with the help of outsiders (Self Need and Assistance). The aim is to facilitate independent business through procurement technology, and appropriate resources for the needs of the development process.

7. The Integrated or Holistic Strategy

This strategy is a mixed strategy, which combines elements of existing strategies for the community development process. According to David C. Korten in this strategy there are three principles (2001: 7), namely: wanting to achieve stimulant goals relating to the continuity of growth, equality, welfare and active community participation in the process of community development (Ali et al. 2005: 8- 9).

1.6.2 Overview of One Village One Product (OVOP)

a. The concept of OVOP

One Village One Product (OVOP) is defined as a community development based program, with a market-based economic development approach initiated by Dr. Morihiko Hiramatsu, a former MITI official, who was a Governor of Oita Prefecture in Japan in 1979, Japan. The OVOP initiative is intended to help develop the ability of rural

communities in certain products and improve the rural economy through increasing community income at the grassroots level.

According to Shakya in (Syakur & Hakim, 2016), OVOP is a concept of developing regional potentials to produce unique products by utilizing the potential of existing resources in the area. OVOP means One village one product or one superior product village. The use of the word one product refers to the development of regional potential in certain areas. In this case the understanding of the village in the OVOP concept does not mean the focus of its development at the village level but can also be interpreted broadly to be a regional.

This concept is very necessary so that the resources and abilities possessed by the regions are directed to create core competencies. There are two concepts in building core competencies through the OVOP movement. First, the concept of building a superior product that is developing local products that have advantages in terms of uniqueness, greater benefits for product users and provide a large profit producing these products. Second, the concept of building regional core competencies, means the region must choose the core competencies of the region in terms of the uniqueness, regional characteristics, wealth of natural resources, opportunities to penetrate international markets and their impact.

Thus, the OVOP concept prioritizes unique products found in the region, even the product becomes an icon or symbol of the area. The

uniqueness is related to culture, environment, raw materials, workmanship, and the production process. Meanwhile, OVOP products are products of an area with a uniqueness that is not owned by other regions. Because of its uniqueness and rare production process, so it will provide added value to the product. Furthermore, the area where OVOP is produced is attractive, and can be a tourist destination for foreign tourists. Of course this is a new business opportunity, which will also contribute to the area.

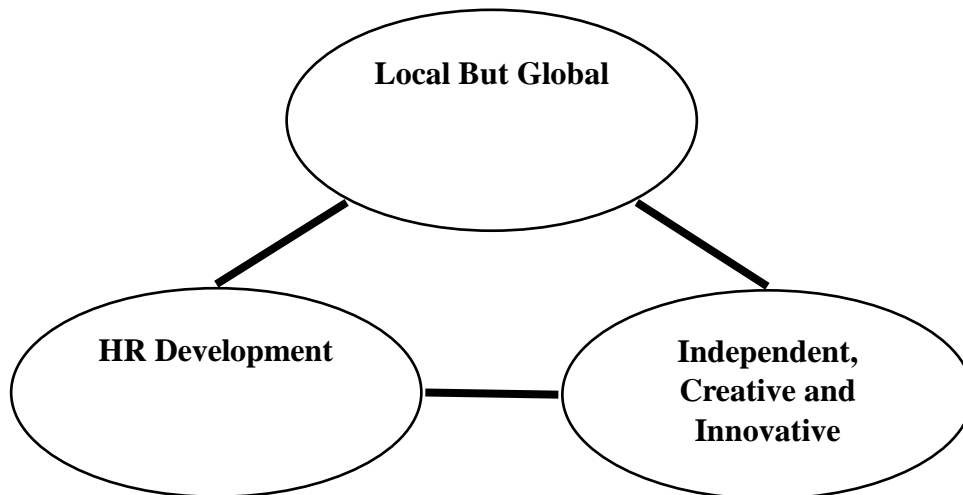
b. Objectives of the OVOP Program

The One Village One Product (OVOP) / PAS program has several objectives in its implementation. According to the Indonesian Ministry of Cooperatives and SMEs, the main objective of the OVOP program is to increase the income, pride and independence of the local community. Meanwhile, the other objectives are (1) Developing regional leading commodities that have local and international marketing potential. (2) Developing and improving the quality and added value of products, in order to be able to compete with products from abroad (Imports). (3) Specifically OVOP activities carried out by the Ministry of Cooperatives and SMEs in developing OVOP must go through cooperatives. (4) Increasing the income of the local community.

c. OVOP Program Principles

The OVOP movement has three principles that must be possessed by the regions which will implement the OVOP movement to develop superior local products owned by the region. According to the Ministry of

Cooperatives and SMEs of the Republic of Indonesia, the principle is to think globally in local activities, independent business with initiative and creativity, and the development of human resources.



Picture 1. Three Principles of the OVOP Movement

The OVOP Movement Program has 3 principles including:

1. Local But Global (Local yet global)

Local but global (Local yet global), which is a local commodity which can become a global commodity. Usually people judge that local commodities do not have a universal nature and global commodities have a cosmopolitan nature. In reality this is not the case, the higher the local authenticity and uniqueness of an area, the higher the global value and attention to the regional product. However, the local commodity itself must be patented and the quality of its quality must be improved. With this endeavor, local commodities can get a global valuation and can be marketed globally.

2. Independent, Creative and Innovative

The role of the Government is needed to provide various facilities for product development with competitive programs that are strictly selected. One Village One Product (OVOP) is intended not to be one village of one product, but each village has one product selected that is facilitated by the government to be developed. Programs that reflect the independence, creativity and innovation of the people prioritized to be facilitated. On the other hand, facilitated OVOP programs avoid assistance that will harm the spirit of independence, creativity and innovation of the community that hinders the long-term success of the OVOP program. The APEC study concludes that government subsidies create community dependency and decrease entrepreneurial spirit. The government should focus on creating a conducive business climate such as regulation, R&D, capacity building, and product promotion. OVOP Movement is a campaign to facilitate regional development through awareness of local potential to develop a spirit of independence / self help that will cause self-reliance and self respect, and creativity with a spirit of independence.

3. HR Development

HR development must always be done to keep abreast of the times, technological changes, and changes in demand that is always dynamic. In connection with the determination of public policies, business

entities that are able to make a positive contribution to the development of local human resources such as through CSR (Corporate Social Responsibility) programs are directed to be given incentives. Likewise, universities that consistently carry out scientific research and community service related to the development of local human resources. HR development is the most important component of this movement's campaign, so that citizens can produce distinctive and quality products. In addition, it can encourage the creation of creative and innovative human resources who are able to face new challenges and take advantage of business opportunities in the agriculture, marketing, tourism and other fields.

1.7 Conceptual Definition

Conceptual definitions are limits to variable problems that are used as guidelines in a study so that it will be easier to operate in the field. To understand and facilitate in interpreting the many theories in this study, several conceptual definitions related to this research are determined.

1.7.1 Strategy

Strategy is the art of preparing a plan by an organization to achieve long-term goals accompanied by means and efforts so that these goals can be achieved properly and can be implemented effectively. By looking at internal and external capabilities that include the strengths and weaknesses of the organization, the process of preparing a strategy must pay attention to

the goals and objectives to be achieved in the future. In addition, the organization must always interact with the environment in which the strategy will be implemented, to find out more about the environmental conditions in which it will implement the strategy, so that the strategy does not conflict but in the same direction and in accordance with environmental conditions. According to Koten 1991 in (Salusu, 1996), the concept of strategy is distinguished by its types namely corporate strategy, program strategy, resource support strategy, growth strategy, welfare strategy, responsive strategy, integrated strategy.

1.7.2 OVOP (One Village One Product) Program

The OVOP program is a community development based program that focuses on developing potential products owned by an area in order to help local village communities to improve innovation, creativity and competitiveness so that they can compete at the national and global level with the aim to improve the welfare of the local community.

1.8 Operational Definition

The operational definition is an element of research that provides information on how to measure variables. In other words, it means instructions and practices for measuring variables. This research uses variables based on the theory of strategy types according to Koten 1991 in (Salusu, 1996: 104-105) as follows.

Table 2. Variables based on the Theory Types of Strategy

No	Variabels	Indicators
1	Coorporate Strategy	Vision & Mision formulation
		Values
		Goals
2	Program Strategy	Economic implications
		Social & Cultural implications
3	Resource Support Strategy	Power (Human)
		Finance
		Nature
4	Growth Strategy	Income
		Productivity
		Capital
		Employment Opportunity
5	Welfare Strategy	Assistance efforts
		Independence efforts
6	Responsitive Strategy	Forum Group Discussion
		Training
		Facilities and infrastructure
7	Integrated Strategy	Combination growth, welfare and participation

1.9 Research Method

1.9.1 Type of Research

This research uses descriptive qualitative method through a case study approach. According to Sugiyono (2017), qualitative research method is a research method based on the philosophy of postpositivism or interpretive, used to examine natural conditions of objects, where researchers are key instruments and data collection techniques are carried

out triangulation (a combination of observation, interviews and documentation). Data obtained tends to qualitative data and data analysis is inductive / qualitative. Qualitative research results are to understand meaning, understand uniqueness, construct phenomena, and find hypotheses.

1.9.2 Research Location

This research is conducted in several related places that can provide accurate data and information. The first place is located in the office of the Department of Industry and Labor, Magelang Regency. The second location is at the center of the implementation of the OVOP program in Ngrancah Village, Grabag Subdistrict, Magelang Regency. The third location as a data reinforcement, will also be conducted at the Agricultural Extension Service (BPP) Grabag, Magelang Regency.

1.9.3 Data Analysis Unit

According to Krippendorff (2004), the data analysis unit is the part that is observed, recorded and considered as data, separated according to its boundaries and identified for analysis. The unit of analysis is part of the content to be further investigated which is then simplified.

In this process, the researcher obtained data from key information from the Department of Industry and Labor of the Magelang Regency, represented by Mr. Simbang Totok Wiharso as Head of Industry, the Center for the implementation of the Ngrancah Coffee OVOP program in the Joint Business Group (KUB) Ngrancah, Grabag, Magelang which is

represented by Mr. Hari Susanto as the Chairman of Joint Bussines Group (KUB) Mandiri Sejahtera, and the Agricultural Extension Service (BPP) Grabag, Magelang represented by Mrs. Novi Elia Rahmawati, as Agricultural Instructor.

1.9.4 Data Collection Technique

Data collection techniques are a method used by researcher to obtain various types of data that will be used in research. Researcher in making this qualitative research must find accurate, clear and specific data. As explained by Sugiyono (2008) that data collection can be obtained from the results of interviews, observation, documentation and combined / triangulation. Data collection techniques have a close relationship with the problem to be solved in research, so that data collection techniques greatly affect the success of a study. If the research uses the wrong data collection technique, the problem in the research cannot be solved either. In this study data collection techniques are carried out by:

a. Interview

Interviews are conducted with two parties, namely the interviewer and the interviewee or who provide answers to these questions, (Moleong, 2001: 135). Interview is one of the most important techniques in data collection techniques in research. By conducting careful interviews techniques, a researcher will get clear and specific data because he can dig up all the information needed based on research indicators. In this study the primary data source was taken by researcher from interviews with the

Department of Industry and Labor of Magelang Regency, represented by Mr. Simbang Totok Wiharso. As the Head of Industry, to get direct information on how and what has been done by the department so far. The next interview was to the Joint Business Group (KUB) Mandiri Sejahtera of Ngrancah Village, and one of which was represented by Mr. Hari Susanto As Chairman of Joint Business Group (KUB) Mandiri Sejahtera. Meanwhile Agricultural Extension Service (BPP) Grabag, Magelang Regency was represented by Mrs. Novi Elia Rahmawati, as Agricultural Instructor.

Table 3. Data of interviewee

No	Interviewee	Institution	Position
1	Ir. Simbang Totok Wiharso	Department of Industry and Labor Magelang Regency	Head of Industry
2	Drs. Bagus Setiawan	Department of Industry and Labor Magelang Regency	Head of the Crafts and Miscellaneous Industry Section
3	Hariyo Legowo	Department of Industry and Labor Magelang Regency	Industrial Staff
4	Novi Elia Rahmawati	Agricultural Extension Service (BPP) Grabag Subdistrict, Magelang Regency	Agricultural Instructor
5	Hari Susanto	Joint Business Group (KUB) Mandiri Sejahtera	Chairman of Joint Business Group (KUB) Mandiri Sejahtera

b. Documentation

Documentation is a method of collecting data obtained from library research in the form of books, archives and articles that are used as

supporting material from the results of interviews. According to (Sugiyono, 2013: 240) documents are records of events that have been carried out in the form of images, writings, or monumental works of a person. Researcher obtained data related to the OVOP program in Magelang Regency from various reliable sources. Documentation as secondary data can be obtained from the publication of journals, magazines, books, attachments from various organizations, official agencies of the ministry or government, the results of thesis, thesis research, and others that can strengthen the findings and complement the existing information. The data can be obtained from various documents via the internet or directly.

Table 4. Documentation

No	Data Name	Source
1	Magelang Regency 2014-2019 Regional Mid-Term Development Plan (RPJMD)	Magelang Regency Government
2	Regional Leading Product Development Documents Using the One Village One Product Approach Through Cooperatives in 2013	Ministry of Cooperatives and SMEs of the Republic of Indonesia
3	Presidential Instruction of The Republic of Indonesia Number 6 of 2007 about Acceleration Policy for The Development of The Real Sector and Empowerment of Micro, Small and Medium Enterprises	Ministry of State Secretariat
4	Magelang Regent Regulation Number 18 Year 2017 Regarding the Work Plan of the Magelang District Government (RKPD) 2018	Regent of Magelang Regency
5	Document of Principal Task Material and Function of Industry and Labor Department	Industry and Labor Department of Magelang Regency
6	Plantation Production Documents by District and Plant Type in Magelang Regency, 2018	Central Statistics Agency of Magelang Regency

1.9.5 Data Analysis Technique

Technical analysis data is a process of systematically searching and compiling data obtained from interviews, field notes, and documentation by organizing data into categories, describing them into units, synthesizing, compiling into patterns, choosing which ones are important and which are will be studied, and making conclusions so easily understood by yourself and others (Sugiyono, 2017).

Miles and Huberman in (Sugiyono, 2017) argued that the activities in qualitative data analysis are carried out intensively and continue continuously until completion, so that the data is saturated. Activities in data analysis are data reduction, data display and conclusion. Components in this data analysis are:

a. Data collection

Data collection is an integrated part of data analysis. This study uses interviews and documentation in data collection. Data collection is done as much as possible so that researcher can obtain varied data. In this study, researcher sought to collect data by conducting interviews with the Department of Industry and Labor as actors who implemented the OVOP program and conducting interviews with community representatives through the Mandiri Sejahtera Joint Business Group (KUB) in Ngrancah as the object of product development through the OVOP program. Another data collection technique is also carried out by looking at the official report

and activities carried out by the department so far added to the production record data from the KUB itself.

b. Data reduction

Data reduction is a process of concentration, selection, transformation, and simplification of rough data arising from written records obtained in the field. The reduction carried out in this data analysis starts with making summaries, writing memos, exploring themes, and so on with the aim of analyzing relevant and irrelevant information for the data in this study.

Reducing data means summarizing, choosing the main things, focusing on the important things and looking for themes and patterns. In reducing data, researcher will be guided by theory and objectives to be achieved.

c. Data Display

Presentation of data is a collection of data or information that is systematically arranged for taking action and drawing conclusions. Presentation of qualitative data will be presented in the form of narrative text, meanwhile it can also be in the form of tables, diagrams, charts and matrices. By displaying the data it will make it easier to understand what will happen and plan further work based on what has been understood.

d. Conclusion and Verification

The results of the research that have been collected or arranged are adjusted back to the data reduction and data display, so that the

conclusions obtained can be agreed upon as a written report that has the correct level of trust. Conclusions in qualitative research are new findings that have never before existed. The findings can be a picture of an object that is still unclear so it becomes clear and can be a causal relationship, hypothesis or theory.