One Village One Brand for Sustainable Rural Economic Development: A Three Stream Perspective

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Abstract: Brand is the concrete form to encourage the intellectual property right (IPR) awareness. IPR becomes key to promote the product abroad. However, there is still a little awareness about how to protect the IPR, in the rural business area particularly. Thus, it becomes necessary to create a brand in a village, which will cover all the rural masterpieces to encourage the rural economy and protect its potential. This strategy is called as one village one brand. OVOB “One Village One Brand” is initiated by APEC project of Korea Institute of intellectual property and this program supports the economic growth and development in the Asia Pacific region. This study focused on the Agenda Setting stage. This study aims to find out how the Agenda Setting process of One Village One brand (OVOB) program in Kediri Regency. This research uses descriptive-qualitative approach with data collection techniques in the form of literature review, observation, and documentation. The result found that the BUMDES “Karya Mandiri” OVOB Program Setting Agenda uses the Quick Decision Analysis method. Meanwhile, the Public Problem Priority Preparation Technique is used through the priority process of public problems, evaluating by stakeholders on policy alternatives, and inferring priority issues. The Agenda Setting process correspond to Three Stream Theory, that is, in terms of the Problem Stream, it is known that problem mapping is done by the rural government. By the Policy Stream, the single-issue background is the issue of lack of skills and infrastructure which is then reviewed and produces the OVOB program. According to Politics Stream, this program will get support from the village government and the budget is included in the APBD that supports what is then included in the village government work program and BUMDes.

Keywords: agenda setting program; BUMDes; one village one brand; rural economy development

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Introduction

Indonesia consists of 514 Regional Governments consisting of 416 Regencies and 98 Cities. It shows that Indonesia has more rural areas than urban areas. Supported by data where the number of villages in Indonesia reached 74,957 rural villages and compared to the number of urban-villages of 8,490, the ratio of rural-urban areas in Indonesia reached 1:8.8. It means that rural economic development has greater challenges than in urban areas ( Arnould, 1985). It is still part of the Indonesian territory which needs to be accelerated in the development of distribution, including reducing development inequality between socio-economic and inter-regional groups to become one of the development agenda (Hanafi et al., 2017). Local government initiatives to reduce inequality its regions are very important (Bank Indonesia, 2017). The table 1 shows the great potential for Indonesia's growth in the future.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Area (km²)</th>
<th>Population</th>
<th>GDP per capita (IDR)</th>
<th>Arable Land (ha)</th>
<th>Rural Population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>5,765</td>
<td>0.4</td>
<td>70,914</td>
<td>1.0</td>
<td>22.5</td>
</tr>
<tr>
<td>Cambodia</td>
<td>11,035</td>
<td>15.7</td>
<td>4,104</td>
<td>21.5</td>
<td>79.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,913.579</td>
<td>262.2</td>
<td>12,349</td>
<td>13.0</td>
<td>45.5</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>236.800</td>
<td>6.8</td>
<td>7,332</td>
<td>6.6</td>
<td>60.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>331.338</td>
<td>32</td>
<td>29,236</td>
<td>2.9</td>
<td>24.6</td>
</tr>
<tr>
<td>Myanmar</td>
<td>676.576</td>
<td>53.4</td>
<td>6,070</td>
<td>16.7</td>
<td>65.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>300.000</td>
<td>104.9</td>
<td>8,355</td>
<td>18.8</td>
<td>55.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>719</td>
<td>5.6</td>
<td>93,920</td>
<td>0.8</td>
<td>0</td>
</tr>
<tr>
<td>Thailand</td>
<td>513.120</td>
<td>67.7</td>
<td>18,231</td>
<td>32.9</td>
<td>48.5</td>
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<tr>
<td>Vietnam</td>
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<td>93.7</td>
<td>7,027</td>
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<td>65.8</td>
</tr>
<tr>
<td>ASEAN</td>
<td>4,490.213</td>
<td>642.4</td>
<td>12,361</td>
<td>14.9</td>
<td>52.1</td>
</tr>
</tbody>
</table>

Source: World Bank, 2017

Based on the data above, it can be seen that 45.5% of the population is in rural-villages, which means that economic development in the village will have a significant effect on the country's economic growth. Mismanagement of the rural-village economy will have a major impact on the national economy. After the Law Number 6 of 2014 concerning Rural-Village (Pemerintah Republik Indonesia, 2014a), fiscal decentralization occurred not only at the regional level but also at the rural-village level. This enables rural-villages to explore their potential in greater ways to improve community economic growth and reduce poverty.

Considering that SMEs play an important role in the Indonesian economy in terms of employment absorption of contribution to Gross Domestic Product (GDP), and contribution to exports, it is said that SME’s, including micro-enterprises, are the main backbone of Indonesia's economy (Pio, 2012). The potential is all currently facilitated through Badan Usaha Milik Desa (BUMDes)/Village Owned Enterprise. At the other side, the theoretical model of local business development through One Village One Product (OVOP) needs a deeper evaluation for it is impossible to implement it perfectly in Indonesia with a large number of villages (Triharini, Larasati, & Susanto, 2014). Forcing OVOP is the same as closing collaborative industries between villages in a sub-district that usually has identical cultural and economic backgrounds (Schumann, 2016).

In East Java, the business development of the BUMDes aims to increase the local economy. Every regency in East Java is certain to have a BUMDes pilot project. The establishment of BUMDes itself is adjusted to the needs and potential of existing villages. For example, such as the development of village tourism objects, village market management, savings and loan activities, development of SMEs, animal husbandry and
agriculture. Ideally in realizing the establishment of BUMDes, it was pioneered by optimizing existing economic capacity and activities. However, there are still many BUMDes that have not been able to run business processes that produce significant economic improvements, specifically in terms of marketing strategies. Therefore, this research intends to fill the research gap with the BUMDes Karya Mandiri as a research object in Dawung Village, Kediri Regency. This BUMDes have been operating for more than one year but has not got the most suitable marketing model. This paper seeks to find a theoretical model of SME management at the rural village level by collaborating on the management of conventional MSMEs and institutional BUMDes and finding theoretical developments on the One Village One Brand pattern.

Innovation programs initiated by the government with a higher hierarchy need to share roles and authorities with the government below them. The roles and authorities division needs a clear applicable regulation, so that there is legal certainty in the morning of each party to implement the innovation program (Hanafi et al., 2017). The giving of authority and role to the lower government needs to be balanced with incentive policies to encourage the performance of the government below it in achieving the expected goals (Pio, 2012). In order to ensure the effectiveness of institutions at the beneficiary level, the government and regional government as program initiators need to prepare policies in the form of mechanisms and prerequisites for the establishment of institutional beneficiaries. (Aswicahyono & Christian, 2017).

Strong institutions at the community level can increase the effectiveness of these various programs distribution so that they are complementary and do not overlap each other (While, Littlewood, & Whitney, 2000). Ekins, Dresner, & Dahlström (2008) identified four capital models that need to be considered in sustainable development, namely manufacturing capital, natural capital, human capital and social capital. Also, Goodwin, (2003) and Maack & Davidsdottir, (2015) have the same opinion that five types of capital are useful for sustainable development, namely, Natural Capital, Social Capital, Manufacturer Capital, Financial Capital, and Human Capital. It means social capital, especially social cohesiveness, is one of the important things to build one brand in villages' business processes. Good institutions at the community level can also be a source of independence and continuity of the program in the future. Seeing the problems and efforts of the government that will and has been implemented, the concept of OVOB is expected to be able to support government programs especially to improve the economy in rural areas so that existing inequality diminishes (APEC, 2012). This study aims to find out how the Agenda Setting process of One Village One brand (OVOB) program in Kediri Regency.

Method

This is a descriptive-qualitative research with data collection techniques in the form of literature review, observation, and documentation. Literature review is carried out on several relevant results of writing and papers, and various sources for the preparation of the OVOB program Agenda Setting process, while observations are made on BUMDes that have the potential to use the OVOB program. Documentation is carried out on documents related to OVOB such as draft policies, poverty data, and others. The literature study is carried out by reviewing a number of journals related to SME's at the rural-village level, BUMDes and One Village One Brand. The results of various literature reviews will be used to identify modeling that can be applied in the management of Village Owned Entrepreneurs/BUMDes in Indonesia. The literature review is used to bring up information, analyze, and develop a policy (Ramdhani, Ramdhani, & Amin, 2014). A good literature review gathers information about a particular subject from many sources. It is well written
and contains few if any personal biases. It should contain a clear search and selection strategy. The place to conduct the research is BUMDes "Karya Mandiri" Kediri district.

Results and Discussion

General Description of BUMDes “Karya Mandiri”

BUMDes "Karya Mandiri" is a relatively new institution established on January 29, 2018 focusing on poultry farming. In the process of establishment, it is only based on mutual cooperation that has not been managed professionally. In addition, it is hoped that the BUMDes "Karya Mandiri" can be a place for farmer groups in the village of Dawung. The group of Dawung village farmers consists of various poultry farms. BUMDes "Karya Mandiri" focuses on duck poultry farming, where in the Dawung village there are several members of the group who focus on the feeding sector, hatching eggs, and hatching for processing duck meat. Thus, with some development there will potentially be a complete upstream-downstream business. Seeing these conditions, the existing potential should be better managed so that the existing upstream-downstream businesses can be developed better in the future.

The selection of places in Kediri is based on several criteria that are very potential to be used as pilot projects including: OVOB program aims to support local products or MSMEs to have a long-term strategy, namely ownership rights to a brand. Then in maintaining a long-term brand, it is necessary to have the role of various parties, namely: community leaders, government, and public actors to make a relevant law and policy. The availability of dominant products in one region, namely ducks, can be an icon of the village. Then the formation of farmer groups and BUMDes is a support system that is very possible to play a role in implementing the law and policy which will be agreed upon together. So far the process of implementing OVOB in BUMDes "independent works" is still in the assessment process stage and then becomes a village that has a brand of duck breeding centers. In detail the portfolio of brand implementation in BUMDes "independent works" is explained in the discussion chapter.

Building Brand on SMEs

Indonesia's SMEs has a relatively large role, reaching 99.9% and being able to absorb 97% workforce. Seeing the enormous potential of the government to encourage the umkm to continue to grow (Putra, 2018). Based on the results of world bank research, there are four first problems with no access to finance. Both have no access and opportunity (Indrawati, 2016). The third is the capacity of human resources and institutional MSMEs. The last is regulation and bureaucracy (APFC, 2018). In general, branding strategies are widely applied in relatively large business ventures. In the development, branding also has the potential to be applied at the SME level.

As an effort to reduce the existing obstacles, the idea of one village one brand emerged as a step in strengthening institutions, strengthening business access and facilitating access to finance (APEC, 2012). Heding, Knudtzen, & Bjerre (2015) mention some seven brand approaches, namely: economic approach, identity approach, consumer goals approach, personality approach, relational approach, community approach, and cultural approach.

This research focused on the context of economic, identity and relational approaches. In the economic approach, it is assumed that the brand can be controlled and managed by the company (Egziabher, 2000). The economic approach is built on basic concepts of marketing context, namely the right marketing idea will produce optimal sales.
The assumption of an economic approach is based on neoclassical microeconomics on how market forces allocate resources most efficiently through the 'invisible hand' principle and classical marketing theory. Consumers are assumed to be able to make rational consumption-based brand choices and focus on utility maximization, which is why they will always choose any brand that provides the best utility value compared to price (Mishra, 1969).

The identity approach brings focus on creating a unified visual identity and behavior. It is assumed that consumers attribute identity characteristics to companies and that people form company images based on the company's total experience. It places the corporation and its employees at the center of brand equity creation. The identity approach brings to focus the creation of a unified, visual and behavioral identity (Mishra, 1969). It is assumed that consumers attribute identity characteristics to companies and that people form company images based on the company's total experience. Brand must focus on finding out 'who we are' as an organization to facilitate the disclosure of a coherent identity to all stakeholders. Creating this coherent identity has often had a corporate focus rather than focusing on the product level and attention has shifted from focusing on the visual representation of product brands to being focused on how organizational behavior affects identity, and ultimately image and reputation (Heding et al., 2015).

The relational approach is based on phenomenology. Phenomenology is a qualitative constructivist research tradition that emphasizes accessing 'inner reality', as a consequence, the validity of 'experience experienced'. Phenomenological research assumes socially constructed reality as opposed to the assumed external and objective reality of the positivist tradition (Heding et al., 2015). In the relational approach, consumers are investigated as individuals and their inner and special reality is considered valid. Meaningful relational approach. The relational approach rests on the assumption of brand-consumer exchange as a 'diad process' and a cycle that resembles human relations (APEC, 2012). The meaning of the brand is based on this process in which both parties contribute equally. The relational approach is related to the phenomenological tradition that implies an existential human view (Heding et al., 2015). The inner reality of consumers becomes valid and valuable data material by applying this application of this perspective. The phenomenological perspective emphasizes the holistic view of consumers and thus takes interest in many aspects that are not directly related to actual consumption choices or behavior (Heding et al., 2015).

### Government Program to Drive the Rural Economic Development

Based on Law No. 23 of 2014, decentralization means the surrender of government affairs by the central government to autonomous regions based on the principle of autonomy (Pemerintah Republik Indonesia, 2014b). It reveals that decentralization includes two main elements, namely the establishment of autonomous regions, and the submission of government affairs to the autonomous region. Based on the two main elements, a local government was born. One of the government’s efforts to encourage Indonesia’s economic growth is to strengthen the village economy (Cahyani, 2013). In order to support the acceleration of village development, the Ministry of Village, Development of Disadvantaged Areas, and Transmigration (PDTT) has established four priority programs. The four programs are the development of the Superior Product of Rural Areas (Prukades), building village water reservoirs, and developing Village-Owned Enterprises (BUMDes).

Development of Village-Owned Enterprises (BUMDes) is the third priority program. BUMDes is projected to be the driving force of the community economy (Aswari, Darumurti, & Febrian, 2017). Prioritizing superior potential in the villages, BUMDes business units can consist of various types, such as Tourism Village managers, minimarkets, tent and chair rentals, waste recycling managers, and others. In the last three
years, there have been at least more than 20 BUMDes with revenues of more than 300 million rupiah.

One Village One Brand Description

One village one brand is a step to develop the concept of one village one product and try to maximize the BUMDes program that is currently developing in various villages throughout Indonesia. One village one brand” is initiated by APEC project of Korea Institute of intellectual property, it is kind of program that supports the economic growth and development in the region of Asia Pacific (APEC, 2012). OVOB tries to cover villages that have more than one business potentials but by carrying the same brand, this concept is similar to the concept of co-brand (Aswari et al., 2017).

There is no general academic definition of a co-brand. A co-brand is interchangeably used with a brand alliance and a composite brand. Sometimes it is interchangeably used with brand bundling, a cross brand, and so on (Mardiana, 2017). In this study, the meaning of a co-brand is limited as follows: companies lower their individual marketing and promotion expenses by adopting a single brand in a single or multiple industrial fields, and the single brand helps companies concentrate their resources on R&D and improvement in quality by cutting down the cost lapping (Nailufar, 2018). There are several advantages and disadvantages of co-brand; Strengths: - reducing marketing costs, can be perceived as a company entity that makes a brand on a variety of products, giving a positive effect under the same brand (Wahyudi, 2016). Weaknesses: - Adverse effects of failure of other products, Difficulties in maintaining a branded strategy for unequalled brands, cannibalization effects from new similar products (Arnould, 1985).

Based on existing weaknesses, this study identified several steps to minimize the existing weaknesses. It is used as a follow-up to government programs that have led to BUMDes in various villages (Cahyani, 2013). This concept can be used as one of the work programs in existing BUMDes. For a village that already has some business potential can be handled in a village forum to then bring up a brand that can accommodate into one big branding in various products produced in a village. Broadly speaking, the concept of thinking for the application of OVOB can be seen in Figure 1. OVOB is a strategy that encourages the strengthening of SME and BUMDes which are government programs to increase the economic strength of a country. The current study elaborated “one village one brand” in a rural organization such as BUMDes. The technique of building “one village one brand” requires cooperation of social capital teams formed in the rural organization. Then, making FGD to transfer knowledge, monitor and evaluation would be planned to make sure the strategy is able to work well.

Figure 1. Conceptual framework of OVOB

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Steps for Implementing OVOB in a Village

Initial observations were made to the existing village potential with village apparatus and/or parallels. Preliminary research is the stage for understanding economic targets and gathering information widely related to general data for product selection, such as state briefings, various economic indicators, local product targets, and basic information about the legal infrastructure to obtain rights evenly (Figure 2).

For state briefings and information on various macro-economic indicators, references can be found in international organizations; for example, the state report of the World Bank and the Asian Development Bank (ADB). Such organizations provide relatively detailed economic and development macro indicators. In addition, if cultural and/or geographical information from a particular area is needed, government officials, NGOs, local government or regional experts will provide consultation.

The next step after observation is approaching the existing social capital, for example the BUMDes management (if a village already has an BUMDes) or a group of farmers, UMKM groups, youth organizations or other communities that have been formed in a potential village. Then, a community that focuses on existing village potentials is set (It will be better if there is already BUMDes in the village or groups or communities). Social capital in a village is optimized so that the planned program runs well. The approach to existing social capital is intended to encourage and support communication between business owners and the authorities in relation to brand formation.

The existing community then held a Small Group Discussion (SGD) related to the brand which will be stretched and at the same time conceptualizing the vision and mission and the visualization of OVOB. Socialize existing business units, and offer co-branding in one village. Then, after a mature socialization and concept, it is ready to be applied by giving a price range to the business units incorporated in the OVOB program. Then training and monitoring will be held on awareness of the importance of branding on a regular basis, after the branding has been consumed, monitoring and evaluation will be conducted once a year or twice a year to see how the dynamics of branding are applied in one village. If there are deficiencies in monitoring, an evaluation and return to the SGD stage by the community or parties authorized in the OVOB program are evaluated.

![Figure 2. The Steps of OVOB Implementation](image-url)
Three stream theory is a theory that discussing a phenomenon based on the problem view, policy and politics part, which ultimately obtained a whole phenomenon and able to conducted the problem solving for the current phenomenon (Atupem, 2017; Kingdon, 2010). Based on the research and data processing stages, the results of the analysis of the implementation of Three Stream Theory in the Agenda Setting of the OVOB BUMDes "Karya Mandiri" program, consist of three theories. The first problem stream, based on the researcher's analysis of the Problem Stream in the Agenda Setting of the OVOB program, it is seen that the mapping of the problems carried out in the "independent work" of BUMDES which was carried out by the rural government DESA DAWUNG in Kediri Regency. Rural government found that the problem of resources is a problem that is a top priority in the "Mandiri Works" BUMDes that need to be addressed immediately. Mapping this problem is done after the evaluation results in rural government. Therefore, the issue of resources is the main issue that gets the allocation of public resources on BUMDes "Karya Mandiri".

After being appointed as a priority compared to other public problems, the rural government seeks alternative policies that can be implemented to improve the efficiency and effectiveness of the resource strengthening program. The alternative policy is to use OVOB to enhance performance and development of business in BUMDes "Karya Mandiri".

Second, policy stream - the issue arose from Dawung village, Kediri District OVOB BUMDes "Karya Mandiri" Program was the lack of resources. It was then reviewed jointly by the Secretary of the BUMDes together with the government rural of Dawung village. Then, the results of the study became a guideline for the formulation of the draft OVOB in BUMDES "Karya Mandiri ". Based on the results of the study, it was obtained. The objectives and indicators of the Kediri Regency OVOB BUMDes "Karya Mandiri" Program as stated in the OVOB draft concept include the establishment of working capital indicators as an element of increasing investment, tools and human resources as an increase in productivity, and institutions as a license or certification. Third, politics stream, this OVOB program received unanimous support during the program discussion between the headman, secretary, Farmer group, SME's GROUP, and BUMDes “Karya Mandiri” administrators. All parties agreed that OVOB program is rational in terms of urgency and concept. All PARTIES agree to this OVOB program. As long as a program is aimed at advancing BUMDes "Karya Mandiri", the rural government will definitely support. The OVOB program budgeting system starts from the bottom. First, a meeting is held to discuss the work the level of rural government Desa Dawung, Kediri District. Once the meeting results agreed, OVOB budget is processed into the APBD. The needs of OVOB groups such as production, packaging, and other tools will be recapitulated and included in the Budget Work Plan (RKA) which fosters the performance of BUMDes "Karya Mandiri".

Conclusion

OVOB is a new concept to encourage government programs to develop the country's economy through rural areas. This program follows up on BUMDes and OVOP programs which have several weaknesses such as BUMDes which are considered as existing SME's competitors, and villages that have various potential products. The implementation of the OVOB program is emphasized in three main brand approaches, namely: economic, identity, and relational approaches. The application of these three approaches can be more focused their application in villages that already have social capital and potential. The application takes the power of initial observation to see the potential in a village, then to approach the existing social capital. The next step is to conceptualize the brand that will be used by holding an SGD with the authorities appointed by the village. After that, socialization and monitoring related to the implementation of OVOB were held and an evaluation was held to see the sustainability of this program.
Based on the results of research conducted by researchers, it was found that the BUMDes “Karya Mandiri” OVOB Program Setting Agenda uses the Quick Decision Analysis method. Meanwhile, the Public Problem Priority Preparation Technique that is used is passing through the priority process of public problems, evaluating by stakeholders on policy alternatives, and inferring priority issues. The Agenda Setting process is according to Three Stream Theory, that is, in terms of the Problem Stream, it is known that problem mapping is done by the rural government. By Policy Stream, single-issue background is the problem of lack of skills and infrastructure which is then reviewed and produced in the OVOB program. If from Politics Stream, this program gets support from the village government and its budgeting is included in the APBD that supports what is then included in the village government work program and BUMDes.

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