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Enhancing Community Economic Development through MSMEs of Ginger Chip Enterprises in Racek Village, Tiris Subdistrict, Probolinggo Regency

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Abstract

Ginger chips are foods made from sugar, ginger, coconut and sesame. Making ginger chips using the traditional way and requires patience, because the manufacture is quite difficult and requires painstaking, so many people prefer to buy rather than make it themselves. However, this is a big opportunity for ginger chip makers, especially during the month of Ramadan. One of the villages that produces ginger chips is Racek Village. The ingredients for making ginger chips themselves are almost self-harvested, such as coconut and ginger, compared to buying them at the market so that local people use their land. The type of research used in this research is descriptive research using a qualitative approach. The results of this study can be concluded that the business of making ginger chips is reducing unemployment for housewives, and can increase the economy of the people of Racek Village, besides that the natural resources found in Racek Village can be put to good use. and the existence of a ginger chip business in the village of Racek not only improves the economy experienced by the ginger chip makers, but also improves the economy of the surrounding community.

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INTRODUCTION

In 2013, the number of Micro and Small Enterprises (MSEs) in Indonesia reached 57,895,721 units. Among them, 57,189,393 units—or approximately 98.77%—belonged to the micro-enterprise sector. During the period of 2012–2013, there was an increase in the number of MSEs by 1,361,129 units, representing a 2.41% growth. The contribution of MSEs to national income was reflected in the increase in Gross Domestic Product (GDP) at constant 2000 prices by IDR 85,458.5 billion or approximately 5.89%.

In the same year, employment absorption rose by 6,486,573 individuals, or about 6.03% (Hamzah, 2024)

In today's modern and digitalized era, society plays an increasingly active role in the business sector, particularly in MSMEs (Micro, Small, and Medium Enterprises). Village-based MSMEs are viewed as having promising future prospects. Their benefits for regional economic development include increasing income, empowering communities-especially women, gaining entrepreneurial experience, reducing unemployment, strengthening community bonds, developing local potential, expanding existing businesses, and fostering a spirit of progress. These efforts are supported by increasingly better connectivity networks year by year. Business, as an organized individual activity, aims to generate profits by selling goods and services to meet public needs. Consequently, numerous business opportunities have emerged, producing diverse products, including food, beverages, and goods. Moreover, people are increasingly initiating product development themselves (Kharissidqi & Firmansyah, 2022).

Indonesia, as an agrarian country located in a tropical region, possesses rich plant biodiversity. This diversity provides numerous benefits, which explains why many Indonesians work as farmers. According to Amar Mahmud (Purnomo, 2020) the agricultural sector continues to be developed to meet food and nutritional needs while enhancing public welfare. The factor of natural production involves all naturally available resources that humans can utilize based on their sacrifices. This factor also relates to the sourcing of raw industrial materials from both land and sea. These natural resources are not present by chance but are ordained by Allah SWT. Weather, climate, rainfall, and drought are all part of His divine arrangement (Saksono, 2013).

Ginger is a well-known plant in Indonesia, widely used both medicinally and as a spice. It has a shape resembling finger joints and a warm, spicy taste, offering several benefits, including warming the body. According to Santoso (2008), ginger can treat conditions such as impotence, cough, muscle pain, dizziness, rheumatism, back pain, and flatulence. Furthermore, ginger can be processed into food and beverages, one of which is ginger chips. Ginger chips are made from granulated sugar, ginger, coconut, and sesame seeds. The preparation process is traditional and requires patience and precision, making many people prefer buying rather than making them at home

(Cordova & Celone, 2019). However, this presents a business opportunity for ginger chip producers-particularly during Ramadan when demand spikes, with daily sugar usage reaching up to 50 kg. One village known for producing ginger chips is Racek Village, where nearly every household is involved in production, albeit with varying marketing methods. The ingredients, such as coconut and ginger, are mostly sourced from local harvests rather than purchased from markets, enabling the community to utilize their land effectively. This situation provides significant opportunities for local ginger chip producers. Typically, five months before Ramadan, some villagers begin planting ginger, anticipating price increases due to rising demand for ginger chips. Thus, residents of Racek Village continue expanding production each year (Safitri et al., 2022).

A study by Shorea Khaswarina (Mulyana, 2020), titled “Analysis of Ginger Chips Agroindustry in Kota Raya Village, Rengat District, Indragiri Hulu Regency,” stated that the “Jaheku” ginger chip agroindustry has proven resilient amidst rising ginger prices and can meet market demand, especially in nearby regions. The business earns a net monthly income of IDR 2,434,000, with a monthly production of 360 packs and total revenue of IDR 5,400,000. Based on the aforementioned background and the limited research on ginger chips and their economic implications, this study aims to explore the role of ginger chip production in enhancing the local economy. Thus, the author is interested in examining how the ginger chip business contributes to community economic development in Racek Village, Tiris Subdistrict, Probolinggo Regency (Zamroni et al., 2022).

Ginger chips are made from ginger and have a sweet, mildly spicy flavor, producing a warming effect when consumed. This ginger chip business is a traditional MSME that has been passed down through generations and is considered a signature MSME product of Probolinggo Regency/City. These chips are commonly found approaching Eid celebrations and are still produced traditionally. One popular brand is “Fajar Ginger Chips,” produced by Fajar Anisa, priced at IDR 13,000 per pack. Over time, this MSME has become a significant income source for local residents, who produce and supply them to prominent vendors selling Probolinggo specialty products. In some regions, these chips are known as “sesame ginger chips” due to the sesame topping. This MSME operates in the traditional culinary sector, leveraging the health benefits of ginger and promoting spice-based food innovation. Local, easily available ingredients

include ginger, wheat flour, cornstarch, eggs, powdered sugar, baking powder, and sesame seeds (Febrianto et al., 2022).

The strengths of this MSME product include limited market availability and the health benefits of its main ingredient, ginger, which aids digestion, relieves pain, assists detoxification, prevents skin diseases, protects against cancer, fights infections, improves circulation, and alleviates stress. Another advantage is affordability, making it accessible to all community levels due to its use of local materials. MSMEs are small enterprises owned and managed individually or by small groups, with substantial assets and income in both rural and urban areas. Facing today's dynamic advancements, MSMEs must adapt to survive, grow, and remain competitive (Kurniawan et al., 2023, pp. 54–55). The role of MSMEs as a strategic sector in Indonesia's people-based economy is evident from their contribution to national GDP from 2009–2013:



Figure 1: MSME GDP Contribution from 2008 to 2013

Source: Annual Report of KKUKM 2015, compiled by the researcher

The data show a consistent increase in MSME contribution to GDP, both in nominal terms and at 2000 constant prices. Micro-enterprises saw higher growth in contribution compared to small businesses. However, GDP growth alone does not imply that MSMEs are always thriving. The GDP growth rate is a crucial indicator of how well MSMEs are contributing to public welfare. As labor-intensive rather than capital-intensive industries, MSMEs play a strategic role in stimulating economic growth during and after crises. According to Singgih (2007), MSMEs play critical roles as: (1) key players in economic activities; (2) major job providers; (3) significant agents in local economic development and community empowerment; (4) creators of new markets and

innovation sources; and (5) contributors to the balance of payments (Rizanta & Arsanti, 2022).

Rohmad Hadiwijoyo, Chairman of CIDES (Center for Information and Development Studies), identifies three reasons why MSEs are resilient during crises: (1) they mainly produce consumer goods and services closely tied to people's daily needs, so falling incomes during crises do not significantly reduce demand; (2) they utilize local resources, including labor, capital, raw materials, and tools, minimizing reliance on imports; and (3) they are generally self-financed, so they are less vulnerable to banking sector disruptions or high interest rates. MSMEs, rooted in the people's economy, often harness local resources. This aligns with government policies aimed at strengthening local economic resilience, such as the development of Agropolitan and Minapolitan areas. Agropolitan areas focus on integrated agriculture with value-added activities using local products, while Minapolitan areas emphasize integrated marine and fisheries development. Both aim to reinforce economic foundations in potentially marginalized rural areas (Allen et al., 2018).

Effective enterprise management is key to successful MSME development. One challenge is the lack of professional business management, often due to limited managerial knowledge. Therefore, well-educated labor is essential for effective and efficient operations, including separating business finances and operations from household needs. Innovation is necessary for MSME products to remain competitive and aligned with market trends (Yuliasari, 2017). Without professional capabilities, local product-based MSMEs may struggle against imported goods offering diverse innovations and competitive prices. The lack of innovation is often due to insufficient or absent research and development (R&D) funding. High R&D costs are a major reason MSMEs rarely engage in innovation (Demirgüç-Kunt et al., 2020).

In the digital age, information technology and social media greatly benefit MSME owners by expanding business reach and increasing income. Innovation is critical for developing consumer-attractive products. MSMEs can grow rapidly through creativity, innovation, technology integration, and effective use of social media (Rachma et al., 2021, p. 236). Several studies have addressed ways to enhance local economies through community empowerment via MSMEs, often operated traditionally by their owners. For example, Risca Nur Fadhilah et al. (2023) aimed to improve MSMEs in Ambulu Village,

Sumberasih Subdistrict, Probolinggo, through financial bookkeeping training. This study focuses on local economic development through the ginger chip business.

RESEARCH METHOD

This research, titled *"Enhancing Community Economy through Ginger Chip Enterprises in Racek Village, Tiris Subdistrict, Probolinggo Regency,"* adopts a descriptive research design using a qualitative approach. Qualitative research aims to explain phenomena experienced by research subjects—such as behaviors, perceptions, motivations, and actions—in a holistic manner through narrative descriptions expressed in words and language, within a natural context, and by utilizing various naturalistic methods. Data collection techniques employed in this study include observation, documentation, and interviews. According to Sugiyono (2016), data analysis is the process of systematically searching and organizing data obtained from interviews, field notes, and other materials to facilitate understanding and to present findings that can be communicated to others.

This study uses purposive sampling in selecting informants. The purposive technique involves selecting data sources based on specific criteria—such as individuals presumed to possess the most relevant knowledge related to the study. Interviews were conducted with several informants to obtain information related to the existence and impact of Micro, Small, and Medium Enterprises (MSMEs) in Racek Village, Tiris Subdistrict, Probolinggo Regency. The key informants included the village head and three ginger chip producers, as detailed below:

Table 1: Key Informant Data

Tabel 1

Data Informan Kunci

No.	Nama Informan	Keterangan
1	Bpk Hosnadi, S.H	Kepala desa Racek
2	Bpk. Wahyudi	Perangkat desa
3	Ibu Jun	Pembuat kripik jahe
4	Ibu Sulastri	Pembuat kripik jahe
5	Ibu Tuyati	Pembuat kripik jahe

FINDINGS AND DISCUSSION

Racek Village is located in Tiris Subdistrict, Probolinggo Regency, and consists of 11 hamlets, one of which is Kluwangan Hamlet. Residents of Kluwangan Hamlet are involved in several MSMEs that contribute to the economic development of Racek Village. These MSMEs operate on a relatively small scale, processing local products. Among the products produced are ginger chips, *rengginang*, cassava crackers, banana chips, and cassava chips. These small-scale industries serve to support the sustainability of local businesses.

The ginger chip enterprise in Racek Village—particularly in Kluwangan Hamlet—has been in operation for several years. According to Mrs. Jun, one of the ginger chip producers interviewed by the researcher, she has been engaged in ginger chip production for approximately five years. She only produces during the Ramadan period, while the rest of the year she works as a farmer. Despite its seasonal nature, this business significantly contributes to her family's income, allowing the enterprise to remain sustainable to this day. Similar experiences were shared by other producers, such as Mrs. Tuyati, who stated: “Yes, in my opinion, our economy has improved because previously coconuts and ginger had no market, but now they do. The presence of ginger chip production has increased demand for these previously unsold items.”

The ginger chip business has had a positive impact on local producers. Its sustainability is largely due to the seasonal demand during Ramadan and Eid, when ginger chips are commonly purchased as gifts for relatives during homecoming. However, outside of Ramadan, demand tends to drop. Challenges faced by producers include price competition among sellers and unattractive packaging, which affects consumer interest. Supporting findings from Shorea Khaswarina (2016) show that ginger chip agro-industries can remain viable despite rising ginger prices. For instance, with a production of 360 packs, the net monthly income reached IDR 2,434,000. This supports the notion that ginger chip businesses can increase income, thereby improving the overall economy and welfare of the community. The success of ginger chip enterprises in Racek Village has led to reduced unemployment among housewives and improved local economic conditions. Moreover, local natural resources—such as coconuts and ginger—are utilized effectively to produce marketable snack products.

Conclusion

Racek Village in Tiris Subdistrict, Probolinggo Regency, is home to several MSMEs, one of which is the ginger chip business. Based on the background and research findings, it can be concluded that the ginger chip enterprise not only enhances the economy of its producers but also positively impacts the surrounding community. Furthermore, the existence of this enterprise promotes the optimal use of local natural resources, such as ginger, for food processing, and empowers housewives. This ultimately contributes to the improved welfare of village residents. The local government and community should consistently strive to enhance the quality of ginger cultivation to ensure competitive prices. Villagers are encouraged to start planting and cultivating strong, spicy ginger varieties such as *jahe emprit*. Lower production costs will yield higher profit margins for MSME owners. Additionally, MSME owners should leverage social media to promote their products and revamp packaging to appeal to higher-income consumer segments and modern market demands.

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