

# Community Economic Recovery Strategy During The Covid-19 Pandemic Through Optimalization of Rural Economic Potential in Licin District, Banyuwangi Regency

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## ABSTRACT

The current covid-19 pandemic has an impact on various sectors of the economy. Licin subdistrict is one of the subdistricts in Banyuwangi regency that has considerable potential in the agricultural sector, small and medium micro enterprises (SMEs), and tourism. This potential can be used as an economic booster for the main community in Licin District in the current covid pandemic. This study aims, among others, a) to know the economic potential of the village in Licin District; b) identify the impact of covid-19 on the community economy in Licin District, and c) formulate a strategy for economic recovery during the pandemic based on the economic potential of the village in Licin District. The research uses the SWOT method to identify internal and external factors of economic potential, as well as the AHP method to determine the necessary strategy alternatives. Based on the results of the study, it can be seen that the impact on the agricultural sector, among others: almost no effect on demand, rising production costs, increased shipping costs, and the supply chain process is disrupted due to disrupted logistics distribution. Impacts on the SME sector include: weakening of public purchasing power, decreased turnover, increased shipping costs, rising prices of some business raw materials, reduced production of goods, and supply chain process disrupted due to disrupted logistics distribution. While the impact on the tourism sector is a decrease in the number of tourists so which causes businesses that support the tourism sector to be weakened (travel agents, tour guides, restaurants, hotels, homestays). The priorities of the proposed strategy from the most important to the lowest level of interest are to build cooperation with stakeholders, integrated agricultural management with sustainable technology, strengthening the institutions of BUMDES by optimizing the participation rate of productive age, Adaptation, and innovation of SMEs with the use of digital technology.

**Keywords:** Village potential, Covid-19 impact, Strategy, Economic recovery.

## 1. INTRODUCTION

Licin subdistrict is one of the subdistricts in Banyuwangi regency that has considerable potential in the agricultural sector, small and medium micro enterprises (SMEs), and tourism. It is this potential that can be used as the main economic booster of the community in the current covid pandemic. The impact of covid-19 is felt especially by SMEs and tourism because these two sectors have a great influence on the economic growth of the community that will support national economic growth.

In developing countries, the impact of the economic crisis could be more severe, if the government's financial capacity is insufficient to address the decline in investment, production, and exports. Large dependence on developed countries can

also exacerbate the impact of the crisis in developing countries because many crises occur in developed countries. The economic crisis will result in economic growth will decline. If it cannot be resolved, then the economic crisis in the form of recession will continue in a state of depression. Vigilance and the ability to stop the recession will be the key to successfully overcoming the economic crisis. The impact of the crisis can be a little withheld if there is a stimulus from the government. In developing countries overcoming the problem of crisis is relatively easier than in the economic complex in developed countries. With relatively little investment, the economies of developing countries can immediately writhe. When supported by government policy and coupled with appropriate stimuli, small entrepreneurs can move immediately [1].

The covid-19 pandemic has a significant impact not only on the health sector but also on the economic sector which in turn will affect the social life of the community. Efforts to restore the economy of the people of Licin District, Banyuwangi Regency can be done by optimizing the existing economic potential. Therefore, a strategy that can be used for such recovery is needed.

Optimizing the utilization of potential is one of the next steps in the self-sufficiency of people who utilize the potential and existing resources. These potentials include all existing potentials such as natural resources, human resources, social resources. One form of optimizing the utilization of local potential in empowering the community economy is through the utilization of human resource potential [2].

The objectives of this study are: (1) to know the economic potential that exists in Licin District, (2) to determine the impact of covid-19 on the economy of the people of the Licin District, (3) to determine the strategy of economic recovery in the pandemic period based on the economic potential of the village in the Licin District.

## 2. RESEARCH METHODS

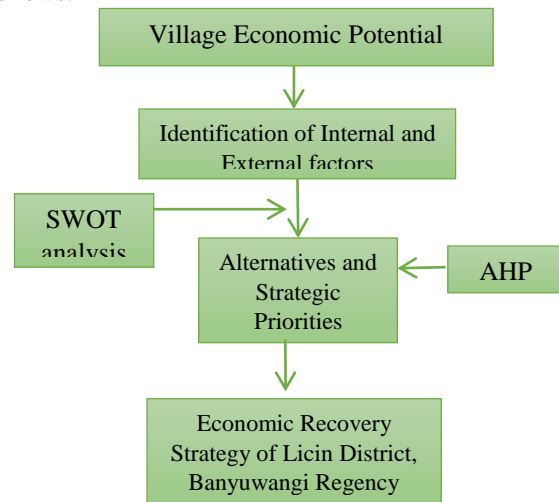
This study uses primary data and secondary data which are then analyzed by the internal and external environment to be formulated into a strategy. Primary data were obtained from direct interviews with respondents. The required respondent data is about the characteristics of the respondents of the Licin District. Secondary data include the general state of the research location as well as the physical environment, socio-economic community, population identity statistics data, and other literature books related to community income as well as other data related to research sourced from the library or related agencies.

Data collection was done by interviews and literature study. Interviews were conducted in an effort to obtain primary data. A literature study is a method of collecting secondary data by reading and quoting theories derived from books and other writings relevant to the research.

Research variables and operational definitions of variables used in this study are: (1) The Regional Government is the Regional Head and the regional apparatus that has autonomy in the implementation of the regional development of the Banyuwangi Regency, which has a role as a facilitator, accelerator, and regulator; (2) District Governments and Village Governments that play a role in providing economic support infrastructure; (3) Licin people are people who live and have a population identity card who live in the Licin District. Licin subdistrict has 8 villages, namely:

Banjar, Gumuk, Jelun, Kluncing, Licin, Pakel, Segobang, and Tamansari.

The conceptual framework in this study is as follows:



**Figure 1.** Conceptual framework of Community Economic Recovery Strategy During The Covid-19 Pandemy Through Optimization Of Rural Economic Potential In Licin District, Banyuwangi Regency.

## 3. RESULT AND DISCUSSION

### 3.1 Economic Potential of Licin District

Licin subdistrict is one of the subdistricts located in Banyuwangi Regency which is located on the slopes of Mount Ijen, included in the Ijen Geopark. The area of the Licin District is 169.25 km<sup>2</sup> which is divided into 8 villages consisting of Pakel, Kluncing, Segobang, Jelun, Gumuk, Banjar, Licin, and Tamansari.

Licin subdistrict has a lot of economic potentials, including the potential of agriculture (food crops, horticulture, plantations, livestock, fisheries), industry/SMEs, and tourism.

Based on data obtained from the Banyuwangi Regency Agriculture Office, the agricultural potential in Licin District includes food crops, horticulture, plantations, livestock, and fisheries. The largest potential food crop is rice as much as 34,292 tons. Other potential food crops are corn at 1,331 tons, cassava at 553 tons, cassava at 21 tons, and peanuts at 5 tons.

The potential of horticulture in the form of fruits and vegetables. The potential fruits in Licin District consist of durian, mangosteen, langsung, kepundung, banana, petai, and rambutan. While the vegetable potential consists of 768 tons of large chilies followed by 230 tons of tomatoes, 162 tons of small chilies, 103.64 tons of long beans, and 50 tons of cabbage. The

biggest vegetable potential is large chilies, followed by tomatoes, small chilies, long beans, and cabbage.

The potential of the plantations in the Licin District consists of 33,543 tons of coconut, 252 tons of coffee, and 1,245 tons of cloves. The biggest potential is coconut followed by cloves and coffee.

Potential farms in Licin District consist of dairy cows, beef cattle, goats, buffaloes, sheep, and rabbits. The population is 73 dairy cows, 3,562 slaughtered cows, 434 buffaloes, 2,725 goats, 1,350 sheep, 260 rabbits, 38,200 village chickens, 74,000 broilers, and 8,600 ducks.

Kecamatan Licin also has the potential to cultivate freshwater fisheries because the area has abundant water resources. Fishery cultivation is done on ponds, rice mines, and caramba. Based on data from the Fisheries Department of Banyuwangi Regency, there are 81 households that do fish farming in ponds scattered in Pakel Village as many as 5 households, Kluncing Village as many as 20 households, Segobang Village as many as 20 households, Licin Village as many as 20 households, and Tamansari Village as many as 9 households. Households that cultivate rice mines are as many as 15 households in Kluncing Village as many as 5 households, Segobang Village as many as 2 households, Licin Village as many as 2, and Tamansari Village as many as 6. Fisheries cultivation using caramba, done as many as 10 houses stairs in Segobang Village as many as 3 households, Licin Village as many as 3 households, and Tamansari Village as many as 4 households.

Licin subdistrict has various potential industries/SMEs, among them, are the food and beverage industry, handicrafts, textiles, homestay, transportation, tour guides, and trade.

Small and Medium Micro Enterprises (SMEs) are the lifeblood of the regional and national economy. The role of SMEs in the economy is:

1. as a major player in economic activity,
2. the largest employment provider,
3. important players in local economic development and community empowerment,
4. creators of new markets and sources of innovation,
5. its contribution to the balance of payments,
6. has an important role especially in the perspective of employment opportunities and sources of income for the poor, income distribution and poverty reduction, and SMEs also play a role in rural economic development.

The very good natural beauty, customs, culture, traditions, and arts of the area owned by the Licin District strongly support the existing tourism. In addition, Licin District is the Ijen geopark area.

Tourism developed in Licin District includes nature tourism and cultural attractions.

### ***3.2 Impact of Covid-19 on the Economy of the Licin Society***

There are several impacts of pandemic covid-19 on the economic potential of the village of Kecamatan Licin, including the agricultural sector, SMEs, and tourism.

Based on the data obtained in the field, there are several impacts of the covid-19 pandemic on the agricultural sector in Licin District, among others are:

- Almost no effect on demand
- the cost of agricultural production facilities rises
- Shipping costs increase
- The supply chain process is disrupted due to disrupted logistics distribution.
- The impact of the covid-19 pandemic on the SME sector in Licin District, among others, are:
  - Weakening the purchasing power of the community
  - Decreased turnover
  - Shipping costs increase
  - The price of some business raw materials goes up
  - The amount of production of goods decreases due to reduced demand
  - Supply chain process The supply chain process is disrupted due to disrupted logistics distribution.

Meanwhile, the impact of the covid-19 pandemic on the tourism sector in Licin District, among others, is a decrease in the number of tourists, causing businesses that support the tourism sector to weaken (travel agents, tour guides, restaurants, hotels, homestays).

The very existing tourist attractions in Licin District suffered losses due to the covid-19 pandemic. The enforcement of PSBB by the government, all tourist attractions in Licin District must be closed which is then restricted to visitors to these tourist attractions. With the closure of the tourist attraction, there is a decrease in the number of tourist visitors, causing a decrease in revenue from the tourist attraction, the loneliness of tourists also affects the income of residents around tourist attractions such as shops and food stalls. In the time before the covid-19 pandemic, this tourist attraction provided many benefits to the community and also increased the existence of Licin District which is famous for its various tourist destinations. After the covid-19 pandemic, all activities were stopped.

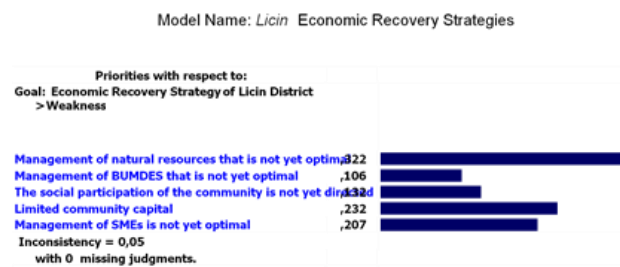
### 3.3 Economic Recovery Strategy during Pademi Covid-19 in Licin District

The analysis of the internal and external environment of the economic recovery of Kecamatan Licin due to the covid-19 pandemic is as follows:



**Figure 2.** Internal Factors of Economic Recovery Strength of Licin District

The biggest strength is the potential of abundant natural resources. This supports the growth of various SMEs that have been running and are mostly potential-based from the Licin District itself. Licin subdistrict also has an advantage compared to other areas that are that in every village has BUMDES. The designation as Ijen Geopark area is also a force that has various multiplier effects, especially in improving the community's economy if it can be optimized well. The growth of SMEs is also supported by the abundance of human resources (HR) that are productive age. It is also an important force because the youth play a role as a driver of various activities, including encouraging good social participation of the community.



**Figure 3.** Internal Factors of Weakness in Economic Recovery of Licin District

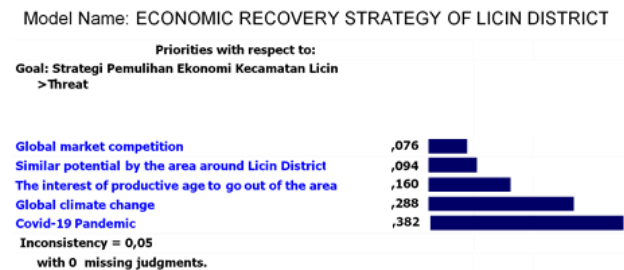
The biggest weakness is the management of natural resources that is not yet optimal, among the various potential natural resources of the Licin District. This is supported by further limitations, namely the limitations of financial resources or community capital that lead to a lack of community activity in the management of various potential natural resources in the Licin District that is abundant. Good community social participation but not yet supported by directed management.

Model Name: Economic Recovery Strategy of Licin District



**Figure 4.** External Factors of Economic Recovery Opportunity for Licin District

The biggest opportunity is the availability of accessible partner institutions. A large amount of Local Government support in the tourism, agriculture, and SME sectors can be used as a fresh breeze in the recovery of the economic condition of Licin District, especially during the Covid-19 pandemic. Another opportunity is that there are various community empowerment programs that can be accessed, whether from the Government or educational institutions, or other private institutions. Ease of access to information technology also supports in accessing partners that open up opportunities for cooperation in various fields.

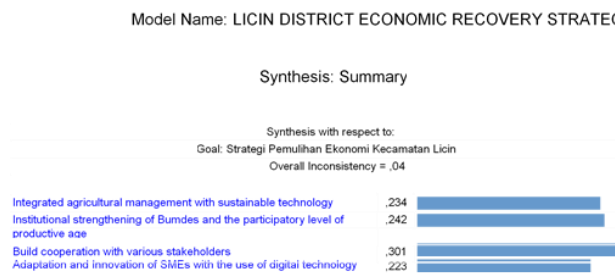


**Figure 5.** External Factors Threatening the Economic Recovery of Licin District

Obstacles that come from the external side is a threat that may occur in the economic recovery of Licin District, the biggest is the presence of Covid-19 Pandemic that impacts various sectors of community life. This has caused drastic changes in the economic sector of Licin District. The occurrence of global climate change is also a threat, where the biggest potential of Licin District is abundant natural resources and many community activities also depend on natural resource-based activities. Another threat is the trend of the younger generation working outside the region.

Analysis of the internal and external environment of Kecamatan Licin produced several strategy formulations based on the strengths, weaknesses, opportunities, and threats in the economic recovery efforts due to the Covid-19 pandemic in Kecamatan Licin. So many strategies are produced, then

formulated some strategies that are priorities seen from the level of importance.



**Figure 6.** Post-Pandemic Economic Recovery Strategy of Covid-19 Licin District

The priorities of the proposed strategy from the most important to the lowest level of importance are: (1) Build collaboration with stakeholders; (2) Integrated agricultural management with sustainable technology; (3) Strengthening the institution of BUMDES by optimizing the participation rate of the productive age; (4) Adaptation and innovation of SMEs with the use of digital technology.

The multidisciplinary development program as inclusive development. Inclusive development does not only look at one economic aspect but also looks at social aspects such as community involvement. In addition, there is a political aspect in inclusive development. This is related to political priorities in implementing development programs. Therefore, rural development strategies are expected to be based on the potential aspects possessed by the village [3].

The role of government is very central and decisive in the regional economic movement, especially to create economic equality and equitable regional development. The role of government is very necessary because not necessarily the theory of spread effects by Myrdal and the theory of trickling down effects by Hirshman can work well. Regional development must maximize the potential and business opportunities that exist in the region, as a local-based development strategy [4].

Form of an organization from the Village BUM, in accordance with the provisions in article 7 of the Regulation of the Minister of Village, Development of Backward Areas and Transmigration of Village BUM No. 4 of 2015 can consist of business units that are legal entities either limited companies that are capital alliances, formed based on agreements and conduct business activities with capital that is mostly owned by BUM Desa in accordance with the provisions of the legislation on Limited Companies. In addition, it can also be a microfinance institution with a share of BUM Desa Capital of 60% in accordance with the provisions of the legislation on microfinance institutions [5].

Utilization of online media is the right choice for SMEs to grow the business they run. The ease of

internet access today, the magnitude of the benefits obtained, as well as the low cost required are the main reasons for SMEs before they finally choose online media as the right solution to expand the reach of their business [6].

## 4. CONCLUSION

Based on the research results of the Community Economic Recovery Strategy during the Covid-19 Pandemic Through Optimization of Village Economic Potential in Licin District, Banyuwangi Regency, it can be concluded that:

1. The economic potential of the village in Licin District consists of the potential of agriculture (food crops, horticulture, plantations, livestock, fisheries), the potential of SMEs (food and beverage industry, trade, handicrafts, textiles, travel agents), and the potential of tourism.
2. Covid pandemics have an impact on the agricultural sector, SMEs, and tourism. Impacts on the agricultural sector include almost no effect on demand, rising production costs, increased shipping costs, and disrupted supply chain processes due to disrupted logistics distribution. Impacts on the SME sector include: weakening of public purchasing power, decreased turnover, increased shipping costs, rising prices of some business raw materials, reduced production of goods, and supply chain process disrupted due to disrupted logistics distribution. While the impact on the tourism sector is a decrease in the number of tourists so which causes businesses that support the tourism sector to be weakened (travel agents, tour guides, restaurants, hotels, homestays).
3. The priority of the proposed strategy from the most important to the lowest level of interest is to build cooperation with stakeholders, integrated agricultural management with sustainable technology, strengthening the institutions of BUMDES by optimizing the participation rate of productive age, Adaptation, and innovation of SMEs with the use of digital technology.

## AUTHORS' CONTRIBUTIONS

The author contributes from goal designing, objectives, data analysis, to strategy formulation as the result of this article.

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