



## Asset-Based Community Development in Kampung Mina Mangrove, East Wonorejo, Surabaya as a Community Economic Strengthening Effort

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### Abstract

The goal of this study is to use the Asset-Based Community Development approach to identify the assets of Kampung Mina Mangrove in Wonorejo. One of the research methods employed is action research using a qualitative approach. Document studies, field surveys, and in-depth interviews are used to collect data, which is then examined inductively and qualitatively. According to research findings, Kampung Mina Mangrove has a relatively high productive age based on human capital with the help of social assets. Mangrove fruit processing is a viable enterprise for the growth of the East Wonorejo area, thanks to strong population and a strategic position. In terms of material assets, the state of the current infrastructure must be considered. From the standpoint of economic assets, SME players will not only wait for financial or capital aid from the government in the future, but will also take the initiative to offer a collaboration or partnership with other business actors who can support each other. From the standpoint of environmental assets, they should pay closer attention to the environmental conditions around eco-tourism sites. East Wonorejo, the village's only access route, must have suitable waste disposal sites and sewers to prevent flooding during the rainy season. Based on the identification of all assets, future expectations are supported, in addition to assistance from different linked parties, so that current SMEs may expand more generally, not just in mangrove regions.

## Introduction

Small and medium-sized enterprises (SMEs) are one of the sectors that contribute significantly to Indonesia's economic growth. Small and medium-sized enterprises (SMEs) can absorb labor and spread development outcomes more fairly at the local level. The number of SME units has expanded by 4.2 percent per year over the previous 10 years, and the average contribution of SMEs to Indonesia's Gross Domestic Product (GDP) over the last three years has been more than 50 percent (Soetjipto, 2020). This indicates that SMEs can independently expand the economic sector and maintain Indonesia's economic development rate. In 2020, the situation has changed dramatically. When the government offered social isolation and recommendations to stay at home owing to the COVID-19 pandemic in mid-March 2020, the living circumstances of SMEs altered. According to the OECD (2020), micro, small, and medium-sized companies (MSMEs) are now in a catastrophic situation as a result of the COVID-19 pandemic. This is a worse position than the one that existed during the 2008 economic crisis (Rizal, 2021). In terms of supply and demand, the COVID-19 pandemic has had a tremendous impact on SMEs.

In February 2021, the newly elected Mayor of Surabaya announced his intention to gather data on MSME actors at the neighbourhood and hamlet levels. The goal is to collect reliable data on MSMEs in villages so that the City Government and other stakeholders may assist in their development (JawaPos, 28/2/2021). This situation emphasizes the need of designing SME strategies based on local resources.

There is a development plan for SMEs based on local resources in the governance research, entitled Asset-Based Community Development (ABCD). The ABCD method is a type of community governance that aims to connect the assets of SMEs at the micro level to their macro environment and identify chances for developing SMEs within it. The basis of this strategy is that in order to carry out community development, we must not only focus on requirements, but also capitalize on the potential that exists in SMEs. The requirement for an asset-based approach derives from the growth strategy of SME actors, which has thus far focused on present difficulties rather than assets possessed by and developable by SME actors. The purpose of building asset-based SME actors is to improve the quality of life of SME actors by extending their present assets, which include human capital, social capital, physical capital, financial capital, and environmental capital (Ali, 2019).

As a result, the author performed a thorough research in one of Surabaya's SME villages, Kampung Mina Mangrove, East Wonorejo. The goal of this study is to identify the assets of Mina Mangrove community in East Wonorejo using an Asset Based Community Development method and to provide a strategy for developing its potential.

## **Methods**

This study was carried out at the East Wonorejo Mina Mangrove settlement, Wonorejo Village, Rungkut District, Surabaya City. In this study, a descriptive method with a qualitative approach was adopted. Qualitative research is a research approach that examines the state of natural things and is founded on the philosophy of post-positivism. Where this approach is tied to Asset-Based Community Development, and offer alternatives for utilizing the potential of the Mina Mangrove settlement in East Wonorejo. This study's population consisted entirely of East Wonorejo village people. Purposive sampling was used to choose the sample, which included SME actors, village inhabitants, representatives of SMEs in Kampung Mina Mangrove, and socioeconomic institutions in Kampung Mina Mangrove. Document studies, field surveys, and in-depth interviews are utilized to collect data, which is subsequently examined inductively and qualitatively with an emphasis on meaning rather than generalization.

## **Results and Discussion**

Development is a joint endeavor that is meticulously planned in the context of positive change (Cummings & Worley, 2014). Of course, this endeavor is a collaboration of SMEs, which are a group or community with diverse traits and backgrounds. As a result, the essence of empowerment is a component of growth that focuses on all areas of persons and their environments, from intellectual aspects (HR), material and physical aspects, to managerial factors. These issues can be further subdivided into socio-cultural, economic, political, security, and environmental considerations.

The allure of Asset-Based Community Development stems from the concept that SMEs may drive the development process by finding and mobilizing existing, but often overlooked, assets, and thereby reacting to and generating local economic possibilities. ABCD focuses on assets already present in SMEs and mobilizes individuals, groups, and institutions to collaboratively grow their assets rather than focusing just on their requirements. Before they were mobilized to work together to create the identified assets of everybody engaged, individuals, associations, and ultimately institutions, spent a long time identifying their assets. The individual's recognized assets are then linked with persons or organisations that have an interest or need for those assets. The trick is to begin utilizing what is currently available in the community.

The purpose of asset-based SME development is to eliminate poverty in a sustainable way, so that poor SME actors may first get out of the issue and become independent because of the

potential that exists in SME actors, namely by exploiting the existing capital in SME actors. According to Gary Paul Green, the growth of asset-based SMEs is founded on five fundamental concepts: human capital, social capital, material capital, income capital, and environmental capital (Green & Haines, 2015). As part of an endeavor to develop the community's economy, the core idea theory based on Paul Green's assets becomes a reference for assessing and recognizing assets in Kampung Mina Mangrove, East Wonorejo Surabaya. The following is an explanation of each capital:

### Human Capital

Human capital is defined as the quantity, population, and composition of productive groups, as well as health, education, labor market skills, and other characteristics and skills that influence worker production (Acemoglu, 2012). The essence of empowerment must be examined, including skills and talents that impact community or SMEs production.

Basically, the region of Kampung Mina Mangrove, East Wonorejo, contains competent people capital. According to the field data from the interviews that researchers performed, the majority of informants from SMEs are of productive age and have been able to create and build their SMEs. This is demonstrated by the composition of the number of productive years and employment in table 1.1.

Table 1. Number of Productive Age, Working and Business Actors in the Mina Mangrove Wonorejo RW 7

Description	Quantity	%
Number of Work	350	68%
Merchants and Entrepreneurs	86	17%
Productive age	512	100%

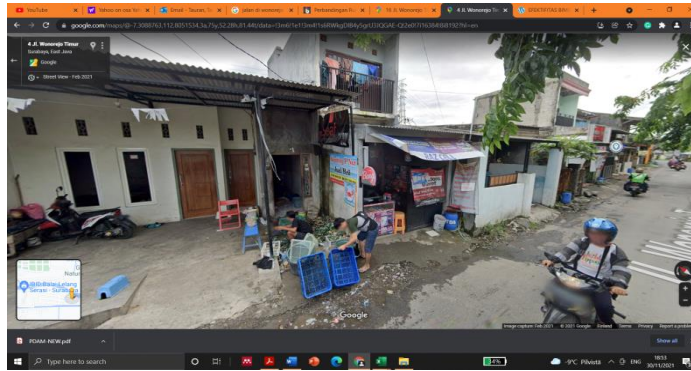
Source: Research Documentation, 2021

350 individuals, or almost 68 percent, of the total 512 persons of productive age work, in both commercial and government sectors. In different types of business, 86 persons, or 17 percent, become business actors. According to a survey, the types of SMEs that emerge in Kampung Mina Mangrove include culinary, fish and other marine product dealers, flower pot vendors, mangrove processing firms, and decorative plants. Documentation of community SME activities is provided below, including:



Figure 1. Resident SMEs in the Culinary field

Source: Research Document, 2021



*Figure 2. Small and Medium Enterprises in the Crab Sea Products*

*Source: Google Maps, 2021*

As shown in the picture, some of the locals start enterprises in towns or along the major route to the Mangrove Tourism Area. As a result, the majority of Mina Mangrove residents of working age support the creation of a more active economic activity. Particularly with the advent of a creative economy that may be used by the productive age population to leverage the assets of the surrounding community. Such as starting your own creative business based on the sort of business and experience. It also need government aid to receive comprehensive and suitable education, training, skills, and capital assistance.

As a result, scholars give an option for human capital development in the form of the requirement for continual socialization and training from the government and private sector, either directly or indirectly. SME players, especially inhabitants of productive age, are provided an awareness of processing, management, and marketing techniques, as well as methods for building their SMEs, through these activities. Furthermore, access to partnerships must be expanded in order to expand the development of SMEs more generally.

### **Social Capital**

The potential of a group and the ties between people inside that group in which there exist social networks, values, norms, and beliefs among group members are referred to as social capital. Community service, cleaning the village, maintaining village security, and participation in government initiatives are all examples of how social capital may be displayed (Bebbington et al., 2006). The government can also employ neighbourhood and hamlet institutions to ensure the success of its plans, such as the building of Figure 3.



*Figure 3. Gotong Royong to Build a Gate*

*Source: Research Documentation, 2021*



According to the findings of this study, the social capital of village managers, SME players, and village inhabitants is high. Social capital already has various organizations/associations that work to enhance connections and boost the economy on a daily basis. PKK, youth organizations, Arisan Group, Taklim Council, Mangrove Fruit Processing Group, and Mangrove Farmers Association are only a few examples.

There has been no SMEs organization in Kampung Mina Mangrove, East Wonorejo, in this capital. In reality, the existence of these organizations may be used to provide the necessary tools and cash to help SMEs strengthen their economies. Furthermore, members of the organization might devise a variety of activities targeted at forming a joint enterprise and reaping economic benefits by exploiting the natural resources available to them.

As a result, the development option provided to this capital takes the shape of an organization or association for these SMEs. Such as the processing of mangrove fruit, which may be a lucrative enterprise and engage local inhabitants. Residents may collaborate and compete in a healthy way in entrepreneurship as it is implemented. When one inhabitant makes flour from mangrove fruit, the other prepares jam from the same fruit. The two occupants can then collaborate to make processed flour and jam-filled cakes. And so on for other processed goods.

### Physical Capital

Physical capital is one of the most important assets of every SME. According to Green and Hainess, there are two major types of physical capital: buildings and infrastructure. According to data from researcher observations, the majority of people of Mina Mangrove community already own privately owned dwellings with permanent structures. However, there are individuals who do not have a well-maintained private residence. One of the facilities that continues to receive complaints is the main road in the Mina Mangrove settlement. This is the only way to get to a number of dwellings and mangrove tourist locations.

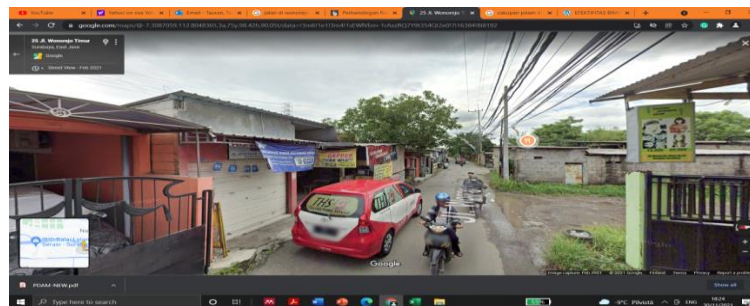


Figure 4. Main Street in Kampung Mina Mangrove, East Wonorejo

Source: Google Maps, 2021



Figure 5. Housing in East Wonorejo's Kampung Mina Mangrove

Source: Research Document, 2021

As a result, when residents' activities take place on the access road, it produces disagreements because there are no other options. Furthermore, the poor state of the road and the fact that it is the sole access produce a slew of other issues, such as traffic bottlenecks and air pollution. This, of course, must be a major priority for the government and private sector housing developers, such as the building of alternative housing and ecotourism areas.

On the other hand, the government or stakeholders must also pay more attention to the condition of the existing infrastructure. Of course, East Wonorejo, which is the access road to the Mangrove Ecotourism area, must have adequate road conditions, both in terms of road width and special paths to Mangrove Ecotourism, East Wonorejo.

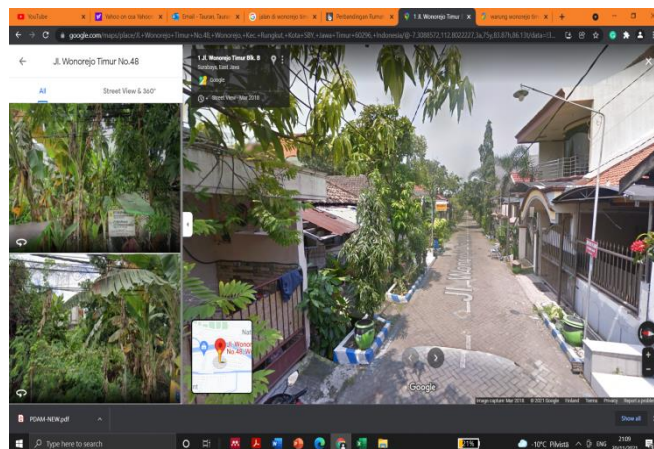
### **Financial Capital**

Financial capital refers to money used by business actors to purchase goods or offer services, or it refers to the currency of the economic sector based on its commercial activity, such as investment banks.

The majority of Mina Mangrove SMEs have good economic assets. Where they are able to meet their economic needs and have no difficulty accessing financial aid institutions when they need financial assistance. However, during the COVID-19 pandemic, there was a significant economic decline for SMEs. The majority of Mina Mangrove SMEs have strong financial assets. Where people can satisfy their economic demands and have easy access to financial help agencies when they require financial support. However, there was a considerable economic drop for SMEs during the COVID-19 epidemic. Furthermore, people of East Wonorejo village are not only waiting for government financial aid or extra cash, but are also taking the initiative to propose a cooperation or partnership with other economic players that may support one another.

### **Environmental Capital**

Environmental capital encompasses various fundamental characteristics of SMEs, such as air, water, soil, animals, and plants, which must be preserved and their function evaluated (Blundel et al., 2013). Kampung Mina Mangrove has a fast-increasing residential area, which has an influence on the expansion of commercial operations along the road, such as the use of the environment by the surrounding community for local processing goods such as shellfish, crabs, artisan dyes, and crabs. Furthermore, Kampung Mina Mangrove includes green open areas to protect local inhabitants' health from the blazing heat of the sun.



*Figure 6. Environmental Capital*

*Source: Google Maps, 2021*

According to the findings of the researchers' observations and interviews, the majority of the informants said that environmental management was fairly excellent. SME players are already concerned about environmental protection in their communities. However, numerous SMEs have complained that there are no sewers to dispose of residential garbage or collect and drain rainwater. Given that East Wonorejo is the only road access to the Mangrove hamlet, the government naturally reacts to residents' complaints by constructing ditches to prevent environmental contamination from trash from local SMEs and making waste disposal facilities available.

## Conclusion

According to the findings, development is all about coordinated, planned, and thorough efforts in the framework of improved transformation as a synergy of SME players with diverse qualities and backgrounds. As a result, the concept of empowerment is part of a development paradigm that focuses on all elements of persons and their environments, including intellectual aspects (HR), material and physical aspects, and management aspects. These issues can be further subdivided into socio-cultural, economic, political, security, and environmental considerations. Individual empowerment tactics can be used in specific contexts, but they are still linked to collectivity. Empowerment may be accomplished via three degrees or dimensions of empowerment (empowerment setting), namely micro, meso, and macro.

The appeal of Asset-Based Community Development (ABCD) stems from its notion that SMEs may drive the development process by recognizing and mobilizing existing assets, although this is often overlooked, and it reacts to and develops local economic possibilities. ABCD capitalizes on assets already present in SMEs and mobilizes individuals, groups, and institutions to collaborate on asset development. Before being mobilized to work together to grow the identified assets of everybody engaged, a lengthy period was spent identifying the assets of people, associations, and institutions. The individual's identified asset is then linked with the person or group who has an interest or need for the item.

The study's findings include the availability of complete and accurate information on the factual situation based on assets in Kampung Mina Mangrove, East Wonorejo, which identified and mapped the potential for human capital, social capital, material capital, financial capital, and environmental capital. The Kampung Mina Mangrove area in East Wonorejo has competent people resources in terms of human capital. It may be observed in SMEs that are able to establish and grow their businesses. However, it is regrettable that neither the government nor the private sector have offered comprehensive training for greater SME growth. In terms of social capital, the SMEs in the Mina Mangrove community are performing well. There are already a lot of organizations and associations in existence to encourage friendship and economic success among SMEs. If the material capital in Kampung Mina Mangrove continues to have poor road conditions and is not the sole access point, it will create a slew of issues such as traffic congestion, air pollution, and other social issues. Meanwhile, with financial capital, SMEs can satisfy their economic demands and easily contact financial aid organizations when they want assistance. Then, in terms of environmental capital, it is still important to develop the cooperation of all parts of society and local governments in waste management in order for the river ecology and surrounding environment to stay sustainable and harmonious.

Based on their findings, the researchers issued the following recommendations; (a) On a periodic basis, the Surabaya City Government offers rigorous training in the management, development, and distribution of SME goods; (b) With assistance, the Surabaya City Government has been undertaking digital marketing socialization for SMEs for several months; (c) The Surabaya City Government is open to receiving different critiques, recommendations,

or complaints from SMEs and will handle them in an active and responsive manner; (d) Surabaya City Government provides specific assistance for the growth of SMEs in Kampung Mina Mangrove, East Wonorejo; and (e) the need for additional research on the design of development plans for Kampung Mina Mangrove, East Wonorejo.

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