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Optimization of Village Fund Management Through Rural Area Development

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ABSTRACT: *Rural Area Development has been regulated in the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 5 of 2016. This concept combines the development of all villages in the sub-district and synergizes with one or more similar superior commodities from all villages in the sub-district. Researchers developing rural areas in Ende Regency are more focused on Kelimutu Sub-District. From the results of the analysis of leading commodities, there are 3 types of commodities that have the potential to develop the Kelimutu area, namely Tomatoes, Potatoes, and Ginger. After getting the commodity superiority ranking, an analysis of the business pattern of the Kelimutu area can be made. Of all the commodities that have been presented above, of course, the natural panorama tourism of 3 Color Lake has become an icon for priority rural areas in the Ende district, namely Kelimutu Area. The development of the Kelimutu area can be developed by developing several strategic assets: (1) regional local resource assets (natural and human) and (2) marketing resource assets (marketing strategies and customer assets). These two strategic assets will have the potential to differentiate the market by strengthening product attributes with a high level of positioning to gain a differential positioning advantage. Aspects of human resources also need to be developed (training) to support the concept of market differentiation. Aspects of natural resources owned by the Kelimutu area can be synergized by increasing the weight of the differential positioning which, when attached to the tourism aspect, will bring back the tourism area of derivative tourism areas that provide variations of charm in the Kelimutu Tourism area by developing more unique branding.*

KEYWORDS: *Rural Area Development, Analysis of Leading Commodities, Analysis of Business Patterns, Strategic Assets, Regional Differential Positional Advantages.*

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I. INTRODUCTION

Referring to the problem of poverty and regional inequality in Indonesia, it is very important to carry out development starting from the periphery so that rural development can catch up with urban areas, and this is certainly under President Jokowi's Nawacita as stated in the 2015–2019 RPJMN.

The poverty rate in Indonesia since March 2016 has decreased by 11.13% and in March 2016 it has decreased to 10.83%, 40% of the population is vulnerable to poverty, the Gini Inequality Ratio in 2015 was 0.41% and regional disparities were still high. Poverty conditions in the districts of East Seram, Aru Islands, Morotai, West Halmahera, West Manggarai, Ende, and Ngada are still high, which is still above 15%, and the 2014 IPD achievement is also still low, which is below 45% (below the respective national and provincial averages). The potential of these regencies is very large and has the opportunity to be developed into a mainstay sector, especially in the fields of plantations, agriculture, and tourism. A development approach that does not focus on location and does not focus on budget allocation will make it difficult for this region to catch up with other regions. This is because one big obstacle faced is the limitation of the APBD and on the other hand the village has the support of village fund allocations, so a development approach is needed that can synergize the utilization of the two resources. This condition shows and requires that there is a need for a focused approach, and a rural area approach is an approach that can synergize and integrate the use of these two resources to encourage the utilization of village potential, fulfill infrastructure, develop human resources and institutions and integrate with development in the surrounding area. Through this approach, there is optimism that these regencies can also participate in ensuring and contributing to the achievement of the national target in building 5000 developing villages and 2000 independent villages and reducing the poverty rate to a level of 7–8%.

It has been stated in the 2015–2019 RPJMN that poverty reduction and regional inequality can be started by encouraging: (1) village development and (2) rural area development. Its priorities include the development of education, health, transportation, communication, and energy facilities/infrastructure as well as local economic development, community and institutional empowerment.

In addition, development to fulfill basic services must pay attention to the condition of achievement of IPD indicators, starting from the provincial, regency/city, sub-district, and village levels as the center of excellence.

1.1. Objectives

This paper aims to develop the economic independence of the Kelimutu area by identifying the natural resources potential of the Kelimutu area, and develop strategic capital assets to generate positional advantage in the Kelimutu area.

1.2. Benefits

The identification of superior potential in the Kelimutu area.

Managing various business capital assets will provide benefits for the region's economic independence to prosper the community related to the economy of the Kelimutu area.

1.3. Methods and Approach

- Carry out an inventory and identification of areas, economic potential, population mobility, and village and rural area infrastructure facilities
- Conduct site surveys and collect technical data in the field, beginning with a study of conformity withthe Regional Spatial Planning (RTRW) and Regional Medium-Term Development Plan (RPJMD);
- Conduct studies and analyzes in a technocratic manner to draft the Rural Area Development Program, which includes, among others, regional aspects (basic physical and agrarian), economic potential, population (including mobility), and socio-cultural as well as infrastructure and services;
- Conduct business analysis, and analyze the income of community business patterns in the Kelimutu Rural Area
- Analysis of potential resources using investment feasibility calculations
- Comprehensive literature study of various empirical studies as well as data showing the situation that occurred with the problem.

II. LITERATURE REVIEW

2.1. Assets Strategic assets for regional development

Strategic assets are defined as some specific resources and capabilities that are difficult to imitate, assets that are valuable, rare, and very expensive to follow, and difficult to substitute. Strategic assets can achieve a competitive advantage if managed properly (Zheng, Wei, Zhang, and Yang, 2016). Strategic assets of an area can be in the form of business capital which includes financial capital, social capital, human capital, physical capital, and structural capital. In various studies in the field of management of a resource will produce a capability or ability in achieving performance.

Existing resources will not be something that produces a competitive advantage or position if it is not managed properly. Therefore, a new perspective is needed in establishing a far-sighted picture by taking into account aspects that occur in the global environment or other environmental environments around us and how much capability our region has which can be used as a full force in managing various aspects that are strengths or potentials that are already possessed in an area.

2.2. Business Capital Assets as a Source of Area Management.

Capital or Capital is a resource that supports the management of a business. Modals can be defined in various definitions and contexts. Capital can be understood as something that can be seen in the form of money or something that can be felt or abstractly can be felt. Financial capital is a resource used to finance a business, but other capital is used as a business driver (non-financial). There is social capital, structural capital, organizational capital, human capital, intellectual capital, knowledge capital.

2.3. Assets Social capital (social capital)

Social capital is a valuable asset to produce other assets. Social capital is visible compared to physical capital which can facilitate productive activities. Adler and Kwon (2002) identify the main differences of social capital from other forms of capital as found in relationships between individuals. Westlund and Bolton (2003) define social capital as norms, values, knowledge, preferences, and attributes or other social qualities that reflect human relationships. Fuller and Tian (2006) state that the term social capital was introduced by Jacobs (1961) to describe the functioning and survival of the environment in which the development of personal relationships provides the basis for cooperation in society.

Both view social capital in three dimensions, namely the first structural dimension (functional basis) which is a valuable source of the benefits of information, social networks, and their structures that embody aspects of social capital that affect the distance from the availability of information to participants in the network. Second, the relational dimension (trust, truth, and cooperation) describes social capital where responsibility to partners in the community enables organizations and companies to gain access to information, physical and emotional support in a business process. Third, the cognitive dimension (sharing resources and responsibility) is a dimension of social capital that represents the distribution of resources, interpretations, and systems of meaning among participants. Lorenzoni and Lipprini (1999) say that the key to the success of a company or organization in achieving a competitive advantage is not only focused on the company's internal resources but also the capabilities of resources that come from outside the company. Resources that come from outside the company can be obtained through good relations with partners. This confirms that the interfirm relationship is a specific organizational capability that can be used to increase the company's growth and innovation. This specific enterprise capability is a relational capability that is reflected in the ability to coordinate the competencies of partner companies and the ability to combine knowledge across organizational boundaries, which in turn accelerates access to enterprise knowledge relevant to growth and innovation. This relational capability is also able to become a key factor for SMEs in achieving competitive advantage. A company or a region does not only rely on its competitive advantage obtained from its internal strategic resources but also relies heavily on external strategic resources provided in the network. Some examples of social capital such as Ability to mobilize resources, networking, trust, engagement, social cohesion, customer relationship management, supply chain management, market relations, social relations, knowledge exchange, teamwork, relationships between organizations and external agents (distributors).

2.4. Assets Human Resources (human capital)

Human Capital is defined as several key elements combination of knowledge, skills, experience, attitudes, and competencies of human resources of all workforce. These elements must be rare, valuable, and difficult to imitate and replace (Resource-Based View). Human capital refers to the knowledge, skills, and experiences contained in a person (Coff, 2002). This includes not only "how" knowledge, skills, and experiences that can be made explicit, but also tacit (not implied) which can often be difficult to articulate. Human capital, especially the education and training of a person, plays an important role in organizations. Compensation for employees and leaders is closely related to the education and experience they have and investment in training designed to influence human capital on performance (Combs, Liu, Hall, &Ketchen, 2006). Overall, experience, education, and training have consistently been viewed as the main drivers of strategy and performance (Hambrick & Mason, 1984). Some examples of human capital are human resource values, experience, organizational maturity, knowledge, expertise, educated, technological competence, managerial talent, trained, business ability, leadership ability, internal organizational capabilities.

2.5. Customer Assets

Customer Capital is business capital that is more oriented towards reaching and retaining customers. In the current era, customers are the main trigger for companies by implementing strategic strategies in the marketing field which includes what is called the marketing mix. Market segmentation is understood as a process of classifying markets or customers based on certain criteria. This market segmentation is a shift from mass marketing (one product to all strata of customers) to target marketing of one product to one customer or various products to different customers. Segmentation is important to better understand the profile of customers/markets to be targeted. The segmentation process above, of course, will produce several segments that are built from various approaches.

We just have to choose which segment will be the main target. Each segment must have various advantages or strengths. The formed segment has its characteristics and can choose 1 (one) or 2 (two) target markets. Selecting this target market will help the company to provide products that are suitable and meet customer needs.

2.6. Assets Structural Capital

Structural capital is the infrastructure that supports human capital. It consists of organizational culture, management philosophy, organizational processes, systems, and information resources (Cotini and Benvene, 2010). Intellectual capital management requires an organizational culture that can create and store knowledge. Some typologies of structural capital which are competitive advantages are two dimensions, namely distinctive value and uniqueness. A resource's value is high when the organization increases effectiveness by increasing opportunities and neutralizing threats. How to increase value in strategic management? It is concerned with creating value by increasing share or profit. Structural capital for an area or a business is to create added value by reducing costs or improving services or product characteristics for customers. Structural capital can also contribute to the creation of differentiation advantage. From an economic perspective, structural capital can also achieve a competitive advantage when they have specific strategic assets that cannot be imitated by competitors. From the unique dimension, structural capital will encourage significant investment of resources in its capital management to reduce risk and capitalize on its potential productivity. Some examples of structural capital:

Internal processes, External processes, Organizational structure, Information procedures, R/D systems and programs, Business culture

2.7. Regional Differential Positional Advantage

Competitive Positional Advantages are a company's advantage in building its position in the competition, or it can also be interpreted as an advantage that is perceived in the minds of customers/other parties that a company has an advantage in product uniqueness/uniqueness or cost (Bharadwaj, et al. 1993).

The positional advantage perspective is the advantage that distinguishes them from the business and how that advantage is profitable. Two distinguishing approaches were identified; begin with a focus on customers and key competitors. The positional advantage of a business organization is directly analogous to the mobility barriers in a competition that can prevent companies from positioning themselves strategically. This positional advantage is the result of a firm's comparative advantage in resources, that is, "when firms have a comparative advantage in resources, they will occupy a market position of competitive advantage (Hunt, 2000). Positional advantage requires sources of advantage. Broadly speaking, Day and Winsley (1998) explain that there are several sources of positional advantage, namely adequate expertise from the company and adequate resources owned by the company. To achieve a company's positional advantage involves a combination of several factors. These factors are market orientation, entrepreneurship innovation, and organizational learning so that it is expected to be able to improve organizational company performance (Hult, Ketchen, David J, (2001)

2.8. Product Positioning

Positioning is a psychological concept related to how existing or potential customers can perceive the company and its products as compared to other companies. The rationale for positioning is to create the expected image, meaning that it is directly related to how customers in a specific market segment perceive the company's services or products. Positioning by Al Ries and Jack Trout (1981) is a method used as a tool to communicate to get or reach target customers. According to Kartajaya (2007), product positioning is a way of placing oneself so that customers will perceive it or a statement of the identity of a product, service, company, institution, person, or even country that can produce excellence in the minds of people to be achieved. According to Kotler (1997), product positioning is arranging a product to occupy a clear, distinct, and desirable place relative to competing products in the minds of target customers.

Positioning can be seen as a strategy that Doyle (1983) defines as a choice of target market segmentation that describes the business customers served and the choice of differentiation advantage and how to compete with competitors in a particular segment. This definition by Brooksbank (1994) contains the understanding that the positioning strategy has three dimensions, namely target customers, target competitors, and competitive advantage. The importance of strategic product positioning decisions in achieving success in the marketplace is well understood. However, development is relatively limited to the theoretical basis for the positioning options available to firms. Conceptual approaches that can assist marketing managers in making key positioning decisions: What kinds of comparisons should be emphasized to achieve brand association? This framework is derived from the psychological literature on categorization. Five sets of propositions link product positioning choices to the customer's processing of brand-level information (Marita Vos, 2009).

Positioning is considered as part of the marketing communication process (Tadevosyan, 2008: 17). Positioning shows a difference between one product and another in terms of brand attributes, usage benefits, and segmentation. It can be one or a combination of the three.

Shimp (2007) explains that positioning can be seen from the aspect of customer needs which consists of three categories, namely functional, symbolic and experiential. Positioning based on functional needs indicates that a brand that is positioned on functional needs seeks to provide a solution for consumption customers related to problems or potential problems by communicating that the brand has specific benefits to meet needs or solve problems. Positioning based on symbolic needs seeks to attribute or negotiate brand ownership to desired groups, roles, or self-images. Positioning based on experiential needs reflects the desire for products that provide pleasure, variety, etc.

2.9. Regional Differential Positional Advantage

Product excellence is an important determinant of the success of new products and services. The positional advantage possessed by the company results in market share and profitability that exceeds competitors. Customers must accept the added value that the company offers, both products and services. The result is that there will be a shift in bids/buys from competitors. Therefore, in terms of product innovation or differentiation advantages built into new products, these products must be better accepted in the market or have high performance (Nakata, Im, Park, Ha, 2005). Song and Montoya-Weiss (2001, p. 65) define a product's competitive advantage on a competitor's level as a product that is perceived as superior to a competitive product. Superior products focus on product technical performance and quality to meet customer needs with unique forms and capabilities. Meanwhile, Calantone and Di Benedetto (1988) attribute product excellence to customer needs referring to the customer benefits derived from the new product. Product advantages must reflect that the product must be superior to competitors. The product advantage that both of them meant in their research was a superior quality product. Superior quality products in the eyes of customers indicate that these products have high specifications, are reliable than those offered by competitors.

Sethi (2000) defines a quality product as a new product that can provide superior benefits compared to products offered by competitors which have competitive advantages in terms of product aesthetics, performance, life, workmanship, and safety. Product aesthetics is the extent to which a product attracts attention in appearance. Product performance refers to how far the product performs its expected function. Life is the life cycle of a product. Product workmanship is how well the product is produced. A safe product is an extent to which the product provides a sense of security in its use. This is also supported by research by Garvin (1988) and Juran and Gryna (1989) which strengthens a deep understanding of the positional advantage of differentiation.

2.10. Performance of the Independence of the Kelimutu tourism area

Performance is the result of implementing a strategy that is considered good and will become a standard for measuring performance in the future. If the indicators that become performance measures increase, it means that the strategy has been implemented properly (Anthony and Govindarajan, 2001). The performance of the Independence of the Economic Zone of the Kelimutu area is characterized by 3 (three) main aspects, namely the economic aspect, the social aspect, and the productivity aspect. The economic aspect is the increase in regional per capita income (GRDP). Aspects of social welfare as measured by the smaller income disparity and the low level of poverty. Aspects of profitability/profitability both at the farmer level and in export-oriented industries triggered by high consumption levels.

III. METHODOLOGY

Rural Areas are areas that have main agricultural activities, including natural resource management with the composition of the function of the area as a place for rural settlements, government services, social services, and economic activities. Rural Area Development is inter-village development carried out to accelerate and improve the quality of services and empowerment of rural communities through a participatory approach determined by the Regent/Mayor.

Certain rural areas are rural areas that have strategic value and spatial planning is carried out according to the provisions of the legislation (Permendes No. 5 of 2016).

Business model development is carried out after obtaining product profiles. At this stage, it begins with determining the initial business model hypothesis. This initial business model is then tested whether it is following customer expectations so that changes are obtained to improve the business model. Business development is a picture of a real business development plan following the best product profile and business model that has been obtained. At this stage, an analysis of market needs is carried out based on the business model. Furthermore, based on the obtained market needs, an analysis of the advantages and conditions of the large-small potential needed for industrial development is carried out (Blank and Dorf, 2012).

IV. RESULTS AND DISCUSSION

4.1. The Strategic Position of the Kelimutu Rural Area, Ende Regency

The method of determining Rural Areas is preceded by the establishment of TKPKP & RPKP through FGDs at the district level (Technocratic). After the FGD took place for the determination of Rural Areas, continued with the preparation of Potential and Indications of the program in the Sub-District/Village (Participatory), followed by Analysis and preparation of RPKP FGD materials in Ende Regency. The following steps were taken, namely the finalization of the FGD in Ende Regency and the preparation of the finalization of the activity report.

From the results of the technocratic FGDs at the Regency level and participatory FGDs at the District/Village level, the Kelimutu Rural Area of Ende Regency, which is located in the Kelimutu District, is designated as the Kelimutu Rural Area of Ende Regency. The following shows 9 (nine) villages with 1 IPD each: 1). Pemo Village (Regional Center) (38.37), 2). Woloara Village (54.23), 3). Koanara Village (63.01), 4). Nuamuri Village (48.22), 5). West Nuamuri (49.08), 6). Nduaria Village (56.21), 7). Waturaka Village (44.01), 8). Detuena Village (32.34) and 9). Wolokelo Village (37.31) (Decree of the Regent of Ende Regency Determination of the Location for Development of Kelimutu Rural Locations No. 557/KEP/HK/2016 and TKPKP No. 556/KEP/HK/2016 attached).

The condition of the sub-district IPD Score in Ende district is still in the condition that the IPD indicator achievement is far from the target of 13 sub-districts (Nangapanda, Ende Island, Ende, Ndona, Wewaria, Maurole, Lio Timur, Kota Baru, Kelimutu, Detukeli, Ndona Timur, Ndori, and LempebusuKelisoke) are marked in red. There are 6 (six) sub-districts (Detusoko, Wolowaru, Wolojita, North Ende, and East Ende) which are categorized as IPD Ende achievement indicators approaching the target marked in yellow.

Observing the Delineation Map (Figure 1), the Strategic Position of the Kelimutu Rural Area, Kelimutu District, Ende Regency, will be centered in the Kelimutu District area with an incredibly beautiful 3-color lake. Access is built with a tourism network to/from Bali as the center of world tourist destinations to Indonesia, the Komodo tourism area in West Manggarai, as well as easy-to-reach access to/from the city of Kupang as the capital of NTT Province.

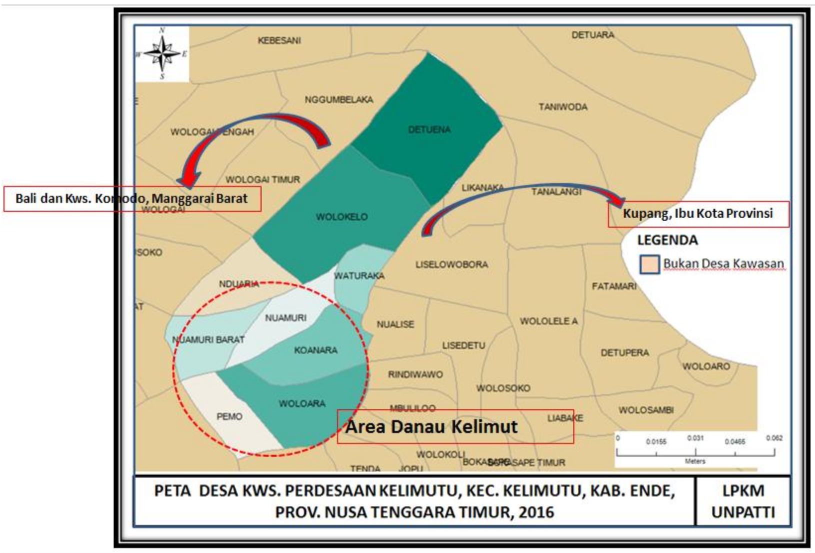

Figure 1. Map of the Strategic Position of the Kelimutu Rural Area

4.2. Potential of Kelimutu Rural Area

Potential agricultural commodities, especially food crops and their production (tons) can be seen in the attached table, where cassava has the highest production (1635), lowland rice (959), sweet potato (442), maize (213), upland rice (39) peanuts (3) and sorghum (0).For plantation crops and their production can be seen in the attached table, where commodities are candlenut (874 tons), cocoa (783 tons), pepper (371 tons), cloves (333 tons), family (266 tons), coffee (502 Kg/Ha), areca nut (500 Kg/Ha) and Nutmeg (500 Kg/Ha).The types of vegetables cultivated are long beans, cabbage/cabbage, Chinese cabbage/mustard, chayote, eggplant, cayenne pepper, large chili tomatoes, onions, carrots, potatoes, beans, and garlic.

Table 1. Commodity Potential in Kelimutu Rural Area

Jenis Komoditi	Luas Areal (Ha)	Produktivitas
Kopi	1.138	502 Kg/Ha
Cengkih	123	333 Ton
Kakao	41	783 Ton
Kemiri	318	874 Ton
Pinang	44	500 Kg/Ha
Famili	23	266 Ton
Pala	3	500 Kg/Ha
Merica	15	371 Ton

Based on the potential data in the table, after analyzing the advantages of commodities, it is found that the commodities that have the greatest value are those that are included in the first leading category. Thus the order of commodity advantages in the Kelimutu Rural Area can be seen in the following table. The superiority data of this commodity can be used as a reference for conducting a pre-feasibility study of investment development (analysis of IRR, NPV, B/C ratio, and Pb. Period) so that the development of this area can also be involved by investors.

Table 2. Results of Analysis of the Advantages and Conditions of Big-Small Potential in the Kelimutu Rural Area, Ende Regency

ENDE	Komoditi	Nilai	Rengking Keunggulan	Potensi
	Jahe			
		10.57	3	Potensi kecil
	Tomat			
		10.817	1	Potensi cukup
	Kentang			
		10.724	2	Potensi cukup

Main commodities and business patterns have two focuses. The first focus is a pre-feasibility study to encourage business activities (investment), then the second focus is the Analysis of Business Patterns in Kelimutu Rural Areas/Ende Regency. The main commodities in this area are Horticulture and Plantation. Details of each commodity, value, ranking of advantages, the potential to harvest analysis, number of yields, units, profits to units can be seen in the attached table.

The results of the income analysis of business patterns, as shown in the table below, show that the business pattern that provides the largest contribution to community income in the Kelimutu Rural Area is Clove business (Rp44,000,000 per year), followed by the Potato, Tomato, Ginger business, and the one that provides the smallest income is the Coffee business (Rp19,400,000)

Table 3. Income Analysis of Community Business Patterns in Kelimutu Rural Areas, Ende Regency

ANALISIS POLA USAHA KAWASAN PERDESAAN KELIMUTU, KAB. ENDE												
Plot/Crop/Comodite Season	Month : Planted	Harvest (umur tn)	Area (Ha) Planted	Jumlah Hasil	Unit	Market Price (Rp/unit)	Gross Income (Rp/KK)	Estimated Costd (Rp/KK)	Net Income Rp/KK	Net income per Ha atau KK (Rp/Ha)	Yield per Ha	Unit
Pertanian/Perkebunan												
Jahe	4 bln (2x)	4 bulan	2,5	3400	kg	10.000	34.000.000	11.000.000	23.000.000	23.000.000	1700	kg
Tomat	3 bln (3x)	3 bulan	0,5	4.000	kg	10.000	40.000.000	15.000.000	25.000.000	25.000.000	8000	kg
Kentang	4 bln (2x)	4 bln	0,6	4.000	kg	16.000	64.000.000	30.000.000	34.000.000	34.000.000	9000	kg
Kopi	3-4 thn	3 bulan	0,7	700	kg	32.000	22.400.000	3.000.000	19.400.000	19.400.000	800	kg
Cengkih	6 thn	1 x setahun	0,7	600	kg	115.000	69.000.000	25.000.000	44.000.000	44.000.000	900	kg
Peternakan												
Sapi (0.04 %)		2 ekor					20.000.000	1.000.000	19.000.000	**19.000.000**		
Ayam (30 %)		5 ekor					100.000		500.000	**500.000**		
									Total	**19.500.000**		
Potensi Pariwisata:Panorama Alam												

4.3. Rural Area Development Concept (Upstream–Downstream Synergism)

Talking about the concept of agribusiness means starting from the upstream sector to the downstream sector so that agricultural production commodities have added value that has competitiveness in the market, and in essence has the goal of prospering the lives of rural communities. The upstream and downstream sectors must be refuted by the upstream and downstream subsectors and of course, the estuary is in the supporting subsectors.

Upstream sectors such as ginger production to the downstream sector in the form of fresh tubers for PT Sidomuncul, tomatoes in the form of fresh tomatoes and candied tomatoes, potatoes into fresh potatoes, coffee into ground coffee and for tourism development on Lake Kelimutu, Natural Panorama becomes a craft, as well as a tourism climate (tourist conscious). For the upstream sub-sector, there are Roads, BUMDES (village-owned enterprises), Transport/Accessibility, Cottages, etc. accompanied by a downstream sub-sector in the form of packaged houses. Supporting sub-sectors are planning and monitoring training, musrenbang coordination, strengthening assistance, development of village information systems, and others.

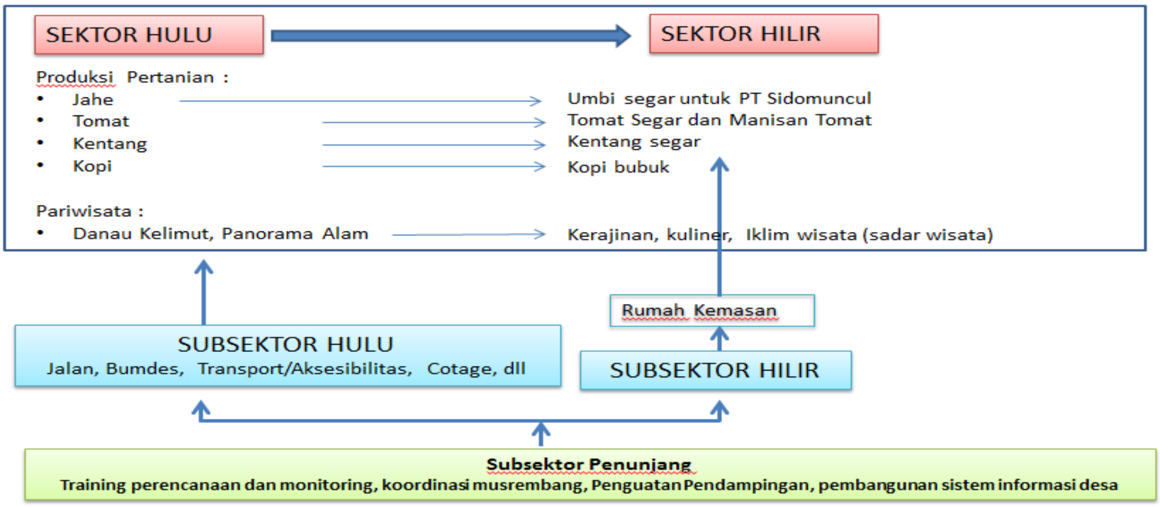

Figure 2. Kelimutu Rural Area Business Model Development Scheme

Because all villages in the Kelimutu Rural Area are highland villages, so the people have a business pattern of farming. Supporting sub-sectors that need to be considered are accessibility/transportation, online marketing systems, capacity building for human resources, BUMDES institutions, pre-musrenbang coordination of TKPKP, and village or regional information systems.

4.4. The main points of the Rural Area Development Program

There are 9 (nine) important issues/problems that need attention and solutions must be found in the Rural Area development program is to be successful. Each of the nine (9) issues/problems is 1). The added value of the agricultural sector is still low; 2). Access between villages and to the Kelimutu lake area is limited; 3). Availability and access to basic services are still limited; 4). The availability of electricity is still limited; 5). Weak governance and planning capacity; 6). Availability of data for planning is very difficult; 7). Post-harvest facilities and infrastructure need to be improved; 8). The capacity of farmers in the aspect of production and processing of agricultural products still needs to be improved; 9). Access to the marketing of agricultural products is still quite difficult.

Rural area development programs are centered on plantation production activities and then harmonized with the provision of facilities/infrastructure for processing agricultural/plantation products. The strategy and policy directions for the Kelimutu Rural Area Development are as follows: The strategy and policy directions for the Rural Area Development of Ende Regency are as follows; Procurement of public tourism buses from the district capital to the top tourist attraction of Kelimutu, Procurement of Pick-ups/Vehicles (Land Mode) to support villages in the Kelimutu area, Procurement of wet coffee stripping machines, Procurement of Dry Coffee Peeling Machines, Procurement of Ground Coffee Grinding Machines, Making hardening of the cliff access road to Kelimutu lake which is prone to landslides, Paving the access road (with cement) to the top of Kelimutu, Training for cottage managers, Carving craft training, Expansion and improvement of potato production (productivity 14 tons/ha), Expansion and improvement of tomato production, Processing of candied tomatoes (50% of production, 32.5 tons), Safety fence/Quadrille, Traffic signs (1 package), Improvement of SPAM, Development of Community-Based Environmental Sanitation (SLBM), Construction of Habitable Houses, Improvement of Roads to Kelimutu, Security of Cliffs/Brojongnization, Construction of Communal IPAKL (Wastewater Treatment Installation), Training on Cultivation and Development of Apples in Pemo village, Procurement of grafted apple saplings, Revitalization of KSU TiwuTelu (Ginger Cooperative), Construction of cottages and gazebos, Construction of carving and weaving craft kiosks, Construction of packaging houses in Ende Regency, Procurement of packaging logo printing machines, Procurement and training of packaging house management staff, Paragliding tourism development, Tracking development: Kelimutu National Park, Entrepreneurship Training, Preparation of promotional materials for off and online new Kelimutu tour packages, Implementation of Kelimutu cultural events, Monitoring and evaluation of the implementation of program packages, Pre-Musrenbang coordination meetings in the Kelimutu area, Pro-poor planning, budgeting and monitoring training, Community Based Monitoring Training, strengthening village fund monitoring, Implementation of socialization of basic service improvement, Coordination of planning and budgeting based on village indicator achievements (strengthening focus on village fund allocation), English Language Training for Tour Guide, Culinary Development Training, BUMDES office construction, Recruitment and training of BUMDES management staff, Formulation of rules for the management of BUMDES, Strengthening mentoring, Honors for BUMDES managers, Facilitation of SME Development (Adding local food shops, variations of local culinary) with details Pemo 5, Woloara 5, Policy Development and Weak Economic Improvement Programs, Development of the Ginger Business Unit, Development of the Coffee Processed Business Unit, Development of the Village Information System (SID) or village database, and Development of an online marketing system.

4.5. Strategic Asset Studies, differential positional advantages of the Kelimutu area

This study was conducted to develop business management and the potential of the area to produce independence in the Kelimutu area by developing its strategic assets.

A. Developing environment-based regional innovation capabilities to produce different products/services (differentiating)

Vicker and Bear (2006) define innovation as a term used to describe how organizations create value by developing new knowledge or using new knowledge in new ways. Drucker (1998) Innovation is an effort to realize a good perspective (orientation), towards changes in the economic or social potential of the company. This definition raises various possibilities, where innovation lies not only in the creation of new products or production processes but also in the creation of new business and management models, new services, distribution channels, and so on.

Heiko Gebauer, Anders Gustafsson, and Lars Witell (2011) explain that differentiation can strengthen the relationship between innovation and the business performance of a company. Product innovations that have been made directly will not increase profitability or performance without the innovation providing a real differentiation (degree of differentiation) from a product/service produced. These differentiating factors also have the potential to increase customer loyalty and satisfaction. Process innovation is an important contribution for companies and Small and Medium Enterprises to offer different products. Process innovation includes the characteristics of the use of new processes, speed in production methods, and improvement of business processes tend to be important factors for increasing differentiation by the company.

Companies must offer attributes that characterize something distinctive or different from the others. However, it should be noted that the natural environment is also an important factor in carrying out the production process with the latest technology. The use of new technology must be environmentally friendly technology so that exploitation and exploration activities carried out pay attention to the sustainability of the production process in the form of process innovation to be durable. The concept of differentiation refers to Chamberlin's (1933) competitive monopoly, which emphasized that customers may have different preferences between products available in the same industry. Differentiation or differentiation is a process of adding some different meanings and values to differentiate a company's offerings from those of competitors' Kotler (1997). Differentiation can be created depending on the capability or ability to explore product development and the capacity to exploit the market which ultimately increases something the company expects (Lisboa, Skarmeas and Lages, 2011).

The company adopts a differentiation strategy to seek uniqueness among other industries with various dimensions that can be assessed by customers. Thus, the company can choose one or more product attributes that are very important for all its customers. Tsamenyi, Sahadev, and Qiao (2011) describe the characteristics of differentiation in several groups, namely: (1) from the input side, differentiation is a product of technology, creativity, or innovation. (2) from the process side, differentiation is flexibility and quality, (3) from the product/service side, differentiation is a service technique, uniqueness, choice of quality/reliability, product image variations, (4) from the service side, differentiation is the availability/delivery, financing, guarantee, new ideas for improving usability, market research, (5) from the distribution side, differentiation is credit, sales support, and after-sales service.

The relationship between product differentiation and product differentiation has been widely tested and has given varying results as well as in various contexts. Boehe and Cruz (2010) found that product differentiation consisting of innovation product differentiation, CSR product differentiation, and product quality differentiation can improve export performance.

Another result is Mohamad and Aliqah (2012) who researched product designs that have specific characteristics that will improve the performance of new products. Likewise, product form or features, product capabilities, and product technical performance make a major contribution to the marketing performance carried out. (Callantone, Chui and Chan, 2006). Meanwhile, products that get a touch of technology or attractive packaging technology will be able to provide a positive stimulant to the customer's desire to buy. (PinyaSilayoi, Mark Speece/2007).

B. Develop human capital asset investments that support market-oriented businesses

Human capital indicates that individuals with high-quality human capital such as skills, expertise, the knowledge that can be developed through education and personal experience will be able to improve performance (Barney, 1991). Many research studies have shown that investing in human capital will improve entrepreneurial performance. Human Capital is defined as the level of skills and abilities and developed through formal education and training and work-related experience can be a strategic resource for competitive advantage (Safu and Ahumattah, 2008) or in short, human resources must create skilled, intelligent, hardworking, and resilient human resources with a bounce-back spirit, where the more you are pressed, the more creative your human resources will appear. Human capital must be someone who can work hard and able to work smart so that it will produce maximum business performance.

Human capital can (1) improve business capability in its ability to exploit business opportunities. (2) Human capital is closely related to the planning and management of new business ventures. (3) The knowledge possessed helps to obtain other useful resources such as financial resources and physical resources and can partially compensate for financial limitations which are limitations of corporate entrepreneurship.

The implementation of human resource management practices is also a trigger in developing a market-oriented culture. The implementation of human resource management practices in the form of patterns of planning, recruitment, and human resource development is an important factor. (Harris and Emmanuel Ogbonna, 2001). In addition, the role and support of top management/leadership are very much needed to encourage a market-oriented culture.

The development of industry, both products, and services (tourism) requires a market-oriented perspective. Market orientation is one of the business philosophies developed by Narver and Slater (1991) which focuses on customers and not on factors of production. Market orientation is a measure of behavior and activities that reflect the implementation of the marketing concept. The main pioneers were Kohli and Jaworski (1990, 1993) and Narver and Slater (1990). The concept and measurement of market orientation are based on two perspectives, namely the cultural perspective and the behavioral perspective. The cultural perspective focuses on organizational norms and values that encourage behavior consistent with market orientation (Deshpande, Farley, and Webster, 1993; Narver and Slater, 1993). Narver and Slater (1990) define market orientation as a business culture that can effectively and efficiently create employee behavior in such a way as to support efforts to create superior value for customers. They identified three main components of market orientation, namely customer orientation, competitor orientation, and inter-functional coordination. The behavioral perspective concentrates on organizational processes or behavior which consists of three (3) main activities (1) systemically gathering market intelligence regarding current and future customer needs; (2) dissemination of market intelligence to all organizational units/departments; and (3) designing and implementing an organization's response to market intelligence in a coordinated and comprehensive manner (Kohli and Jaworski, 1990).

Market orientation has a strong enough impact on organizational innovation. An organization or business that always focuses on and makes customers the focal point will tend to innovate processes as a result of efforts to meet customer needs. The market orientation which includes customer orientation, competitor orientation, and inter-functional coordination will certainly focus on innovation (implementation of several new product ideas or processes) to improve the desired performance in a highly competitive situation.

Vasilis Theoharakis and Graham Hooley (2008). Benjamin R Tukamuhabwa, Sarah Eyaa, Friday Derek (2008) companies that always focus on customers (Market focus) will be able to improve company performance through organizational learning, supply chain innovation, supply chain management strategies, trust, and commitment in supplier relationships.

C. Develop different product communications (positioning differentiation) that can generate regional differentiation advantages

The concept of differentiation refers to Chamberlin's (1933) competitive monopoly, which emphasized that customers may have different preferences between products available in the same industry. Differentiation or differentiation is a process of adding some different meanings and values to differentiate a company's offerings from those of competitors' Kotler (1997). Differentiation can be created depending on the capability or ability to explore product development and the capacity to exploit the market which ultimately increases something that the company expects (Lisboa, Skarmeas and Lages, 2011). The company adopts a differentiation strategy to seek uniqueness among other industries with various dimensions that can be judged by customers. Thus, the company can choose one or more product attributes that are very important for all its customers. Tsamenyi, Sahadev, and Qiao (2011) describe the characteristics of differentiation in several groups, namely: (1) from the input side, differentiation is a product of technology, creativity, or innovation. (2) from the process side, differentiation is flexibility and quality, (3) from the product/service side, differentiation is a service technique, uniqueness, choice of quality/reliability, product image variations, (4) from the service side, differentiation is the availability/delivery, financing, guarantee, new ideas for improving usability, market research, (5) from the distribution side, differentiation is credit, sales support, and after-sales service.

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D. Develop Social Relationships to Synergize Assets of Natural Excellence and Human Resources

The ability to manage social capital in which it can build relationships or relationships, both customers and suppliers must reflect the ability of intelligent relationships in which describe a common solution orientation, mutual knowledge sharing, and the quality of two-way relationships can produce what is called relational advantage, this relational advantage in nature includes the ability to synergize in the value chain, the quality of partnerships, etc. Market orientation provides an environmental environment for relationship development. Relationship development and management begin with developing commitment, trust, a culture of cooperation, and reducing conflict between companies. Trust is the desire to rely on an exchange of partners who have trust (Moorman, 1993). Siguaw et al. (1998) argue that market orientation contributes to trust through information sharing and voluntary benefits with distributors, good motives and intentions to distributors, open communication, and responsiveness to customer needs. A collaborative culture reflects the belief that both parties in a relationship must combine their cooperation and support to succeed (Cannon and Perreault 1997). Mcneil (1978) argues that the function of a cooperative culture is as a mechanism for resolving conflict. If suppliers are market-oriented and work together to fulfill, then distributors and distributors tend to see a cooperative culture in dynamic relationships.

Commitment creates certain conditions, which will then drive action to ensure the continuation of the relationship. Thus, commitment in the relationship must be long-term oriented. (Ganesan 1994, pp. 2–3). Commitment to a long-term relationship is defined as the complexity of attitudes and behavior that creates a close relationship between two parties that brings them closer together into a single unit (Ross, 1997). A relationship based on commitment is a relationship between two parties who believe that an ongoing relationship with the other party is important. Management of the relationship between companies and SMEs or industry with the surrounding community is a social capital that can reduce the occurrence of an enclave system or the management of this relationship can be more efficient in attracting customers (Customer Relationship Management) as well as relationships built with suppliers (Supply Chain Management).

Social Capital, which in this case is relationship management, must be able to synergize the relationship between customers and suppliers. Research conducted by Shirkouhi, Keramati, and Rezaie. 2015 Explains that in a process or new product development, companies must be able to synergize two-pole points, namely customers and producers. The complexity in managing this relationship must be able to produce relational advantages which include synergies in product development, synergies in product marketing, and synergies in resources. Furthermore, Sitaniapessy, 2001) explains that in developing relationships on distribution channels, it is necessary to prioritize the quality of communication between channels which is largely determined by the frequency of communication, two-way communication, relationship formalities that will result in relationship satisfaction.

E. Develop Specific Branding to get a degree of differentiating positioning.

Developing a specific brand will result in a high enough positioning level so that the brand created will be easy to remember. For this reason, it is necessary to increase the level of brand awareness of what will be communicated, both products and services in one area. For this, efforts are needed to:

First, create a level of brand awareness. Brand awareness refers to whether customers can recall or remember a brand or simply whether or not they can recognize a brand (Keller, 2008). Brand awareness is a determinant of building brand equity. Brand names provide a sign of memory in the minds of customers (Aaker, 1991). Customers may attribute brand knowledge to brand names which in turn strengthen brand equity (Aaker, 1991; Keller, 1993). Therefore, brand awareness provides several learning advantages over a brand (Keller, 2008). Brand awareness affects customers, especially on products with very low levels of involvement. The brand that is understood by customers is a form of involvement that includes a set of customer considerations (Hoyer and Brown, 1990). Customers use brand awareness as a heuristic buying decision (Hoyer and Brown, 1990).

The second create brand associations. Associations include functional qualities, benefits, purchases, and situations of consumption (Keller, 1993). Brand associations can support the tendency of customers to consider and buy a brand. From the perspective of information processing, brand association increases the chance that the brand will be able to meet the needs of customers at a given time (Bettman, 1979). Meanwhile, Keller (1998) explains that brand association language can be created through the association of attitudes, attributes, and benefits in sequence.

Third, highlighting the brand image (brand image) can be considered as a type of association that appears in the minds of customers when remembering a particular brand. The association can simply appear in the form of certain thoughts or images associated with a brand association. According to (Kotler, 2008: 346) brand image is the perception and belief made by customers, as reflected in the associations that occur in the memory of customers. Brand image is related to associations with brands because when brand impressions that appear in customers' memories increase, it is caused by the increasing number of customer experiences in consuming or buying the brand. Customers more often buy products with well-known brands because they feel more comfortable with familiar things, there is an assumption that well-known brands are more reliable, always available and easy to find, and have undoubted quality so that more well-known brands are more often chosen by customers than brands that are not well known (Aaker, 1991).

Kotler (2000:341) defines positioning as the act of designing the company's offer and image so that it occupies a differentiated position (among competitors) in the minds of its target customers. Positioning that is done must create something unique and different in the minds of customers. Strengthen brand equity. Develop a memorable brand that customers can trust. This is important because brand power can properly manage customer perceptions or influence their behavior. Each stage carried out must adapt to changes that occur in the external environment so that it can be reformulated according to the changes that occur.Based on the various studies above, the development model can be seen as follows:

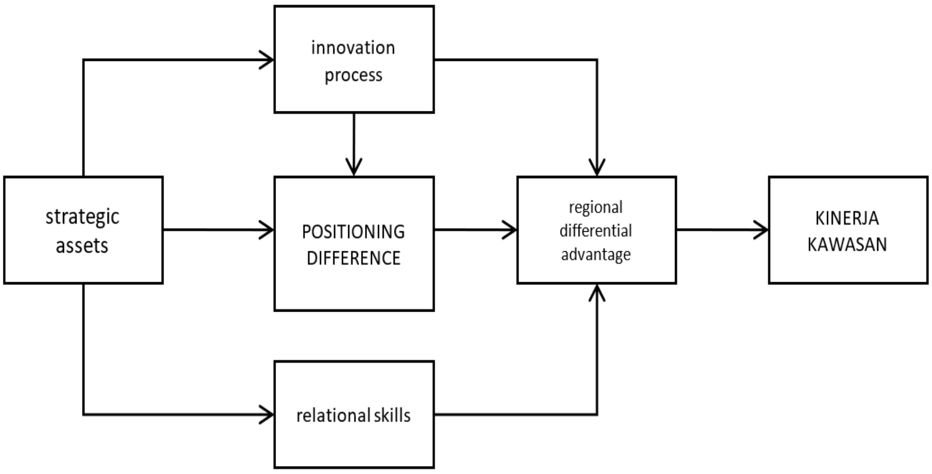

Figure 3. Kelimutu Rural Area Development Model

V. CONCLUSION

1. The development and synergy of various strategic assets (physical capital, social capital, structural capital, human capital, and customer capital) need to be carried out so that the economic development of the Kelimutu area can be achieved.
2. It is necessary to strengthen existing institutions in the community, both local wisdom institutions, and cooperatives that are synergized with existing industries to avoid an enclave system in the Kelimutu economic area. The community needs to be involved in the industry being built.
3. It is necessary to develop the capability to manage the internal environment (business actors) and the external environment (government and stakeholders) as well as entrepreneurship and market orientation).
4. It is necessary to develop process innovation by utilizing various research institutions to produce different products that meet market needs (domestic and export).
5. It is necessary to develop and manage good quality relationships between the industry and the target market (customers) as well as between the industry and suppliers.
6. In the production process, it is necessary to pay attention to the natural environment so as not to damage the natural resources of other Kelimutu areas.
7. It is necessary to create a conducive investment climate (regulations and facilities) as well as assistance in financial capital management for relevant departments.
8. Creating a tourism area branding by exploring the 3-colored lake as an icon of the Kelimutu area.

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