

The Role of Wongsorejo Integrated Industrial Estate Agglomeration in Banyuwangi Community Welfare Method of Content Analysis

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Abstract

The purpose of this study is to examine the impact of agglomeration in the Wongsorejo industrial area on economic growth and income generation in Banyuwangi using news sources related to industrial areas and literature studies related to the impact of industrial estates on economic growth in general in various regions using reputable journals. We started our research by exploring using qualitative methods of content analysis using sources from reliable news related to industrial estates, economic growth, and the welfare of communities around the industry. Furthermore, conducting a literature review to understand the impact of agglomeration and industrial estates on economic growth and community welfare. We found that the Wongsorejo integrated industrial area in Banyuwangi opened up MSME business opportunities so that around the Wongsorejo integrated industrial area new MSMEs emerged that absorbed informal workers in Banyuwangi. The Wongsorejo integrated industrial area opens new job opportunities for tens of thousands of Banyuwangi residents, of course, economic activities in the Wongsorejo integrated industrial area have an impact on increasing taxes in Banyuwangi which is government revenue to increase infrastructure spending which also absorbs labor in Banyuwangi and increases social assistance. Where social assistance encourages consumption which has an impact on economic growth and infrastructure development also has an impact on economic growth. The increase in economic productivity as a result of the absorption of labor from the informal sector (MSMEs) and the formal sector Wongsorejo integrated industrial area encourages economic growth so that this push has an impact on improving the welfare of the people of Banyuwangi.

Keyword : Agglomeration, Industrial Estate, Community Welfare, Banyuwangi, Content Analysis Method

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Introduction

Prayer (2000), explains that the company's functional area is a grouping of activities, which are homogeneous and coordinated, which are carried out to achieve organizational goals. Management, production, finance, marketing, and human resources are usually referred to as basic functions but are not the only ones due to the special characteristics of each company. Since functional areas are specialized units within the company, it is important to know and define which tasks and processes each one is responsible for, only in this way will it be possible to achieve a high level of efficiency that ensures the best organizational performance.

The functional areas of the enterprise are a set of related activities and processes, through which work can be better divided, therefore, they catalyze specialization, promote greater efficiency, and, at the same time, the achievement of organizational goals. In each functional area of the company, activities are grouped that by their nature belong to the same area of competence, that is, a specific set of tasks that seek to achieve a common goal, the strong relationship of which allows them to act as if they were alone. It is common to think that functional areas and business departments are the same, but the difference is that the former consists of functions or groups of activities whereas the latter consists of jobs. It can be said that the functional area is concerned with what is done, while the department can be associated with the organizational structure that serves as the basis for coordinating the efforts of the people who compose it (Priyono, 2016).

Imagine that the same entrepreneur from the previous example is an excellent designer, carpenter, and installer, with whom the product becomes of high quality and according to the tastes of his client, but who systematically fails to meet the final delivery and also with the payment of materials. In this case, his outstanding production skills are overshadowed by his non-compliance with deliveries and payments, by which he will be able to see the number of new orders decrease, as his clients will not provide him with good references (there will be no word of mouth), as well as their cash flow, by having to pay more to their suppliers, which ultimately translates into a loss of business objectives.

By understanding the functional areas of the company, it can be understood that when companies with various functions gather in an area, it will create efficiency and increase profits and build a more conducive business atmosphere and environment. Generally, this area is called an agglomeration.

One of the industrial areas as a form of agglomeration in Banyuwangi Regency is the Wongsorejo integrated industrial area. The beginning of the Wongsorejo industrial area was the Kapok Plantation in the Wongsorejo District which developed into an industrial area in the form of a factory and warehouse area capable of accommodating the operations of more than 200 industries on an area of 300 hectares (Wongsoredjo, 2022).

The development of agglomeration in Banyuwangi has an impact that needs to be studied considering that the manager of the industrial area is a private party that is certainly profit-oriented. What is the impact on economic growth and per capita income for the people of Banyuwangi?

Literature Review

The concentration of people and resources in the city made possible, among other things, the birth of a market. This is because the economic and political system has developed around it. In this context, agglomeration and economies of scale emerge, making urban governance present a different kind of challenge. Most notable is reconciling increased demand and mobility with the need to reduce costs associated with them and to deal with technological and demographic changes (Pan, Zhang, Wu, & Tian, 2021).

An agglomeration economy expresses the benefits that can be derived from the proximity of resources or services. This happens because of the population density associated with cities. On the other hand, economies of scale emerge, which show the profits that firms gain from increased production due to increased demand. Faced with this need, companies react, for example, by investing in any machine or resource that speeds up the production process. These costs will be amortized over time to cover investment costs and benefit from increased demand served. In this context, economies of scale and agglomeration allow cities to concentrate jobs, wealth creation,

and, with that, household consumption and spending. Urban concentration supports increased activity and requires a series of positive effects that are the basis of economic growth (Yu & Liu, 2021).

One effect is the overflow of knowledge and learning, which helps the creation and accumulation of human capital in urban areas. This is because learning results from interactions between individuals, which causes agglomeration that supports the flow of ideas and streamlines the process. The same thing happens with technology. The agglomeration economy brings with it the high specialization of the metropolitan area in technology and knowledge-intensive sectors, such as electronic products, medicine, and financial services. In this sense, this specialization, together with the exchange of ideas, creates a favorable environment for the development of innovative products (Liang & Goetz, 2018).

Technological and human resource innovations in turn support the greater spread of technology in cities, compared to smaller populations. In particular, in urban areas, the use of digital technology is greater, and such is the impact. This set of factors is defined as the 'capital effect', an effect developed in urban areas that acts as a "point of gravity for the economy and employment, being a facilitator of innovation and growth, as well as an educational, socio-cultural, and scientific center". These negative factors associated with the urbanization process are almost like a chain effect, triggered as proximity to the core of activity centers increases (Ai, Wang, Zhang, & Zhu, 2022).

Agglomeration in cities causes selling prices and rental prices to increase. High house prices make people tend to move to the outskirts of the city, which in turn increases travel time and congestion. Travel times and population density lead to increased levels of pollution in the largest cities. Finally, due to the greater inequality in income distribution observed in cities, proximity to wealth and a greater density of possible victims, conflict, and crime rates are, without a doubt, higher in urban areas (Okamoto & Sato, 2021).

Increasing demand from a growing population will pose challenges to sustainability, such as waste management and available resources, pollution reduction or accessibility to housing, and so on. Something that will help find a better balance between the positive and negative factors of urbanization for this reason this research needs to be done to see the impact of agglomeration on society.

Research methods

We aim to examine the impact of agglomeration on the wongsorejo industrial area on economic growth and income generation in Banyuwangi using news sources related to industrial estates and literature studies related to the impact of industrial estates on economic growth in general in various regions using reputable journals. We refer to trusted online news and scientific articles from reputable journals as the data we review with a content analysis-based literature review

We started our research by exploring using qualitative methods of content analysis using sources from reliable news related to industrial estates, economic growth and the welfare of communities around the industry. Furthermore, conducting a literature review to understand the impact of agglomeration and industrial estates on economic growth and community welfare. The results of this qualitative study are the flow of influence which is presented in Figure 1 and the formulation of the hypothesis as a study of this study which is presented in Table 1.

Results and Discussion

The results of the study of news and literature related to the Wongsorejo industrial area in Banyuwangi are presented in table 1 and the flow chart in Figure 1.

Table 1. Content Analysis

Theme	Content Analysis
Wongsorejo integrated industrial area has an impact on economic growth in Banyuwangi	Wongsorejo integrated industrial area provides economic potential for economic growth in Banyuwangi (Ripto, 2019).
Wongsorejo integrated industrial area increases the income of Banyuwangi residents and reduces unemployment	The Wongsorejo integrated industrial area opens up job opportunities for tens of thousands of Banyuwangi residents and increases new economic centers so that it has an impact on increasing income (Muzayin, 2019; Suara Merdeka, 2019; Utama, 2019)
Industrial Estates have an indirect impact on increasing people's income through taxes and increasing economic productivity	Industrial Estates create new economic centers that have an impact on increasing economic productivity which has a multiplayer effect as well as increasing tax revenues in the business sector so that increasing welfare through social assistance and increasing public goods has an impact on people's welfare (Zhang, Wang, & Strager, 2022; Zhang, 2002). Liu, Zhou, Chen, Liu, Cheng, Xue, & Zhang, 2022)

The development of industrial areas will certainly open a new business center that becomes the center of economic activity. The opening of a new industrial area in Banyuwangi is a positive thing as a driver of economic growth, opening new jobs and increasing people's income through the multiplayer effect of new economic activities born around the expanding industrial area. For example, the creation of new SMEs to fulfill employees and non-employees in the center of industrial areas, increasing demand for materials needed for SMEs created in new industrial areas, thus encouraging demand for food ingredients which are agricultural products so that the agricultural sector is also moved.

The impact of the new industrial area in Banyuwangi has an impact on reducing unemployment due to the existence of a new center of economic activity that absorbs labor. However, another impact is the increase in migration to the center of the new industrial area in Banyuwangi, namely the Wongsorejo integrated industrial area. In general, industrial estates have an impact as a driver of economic growth and have an impact on tax revenue which in turn encourages infrastructure development which automatically absorbs new workers and provides a multiplayer effect on the people of Banyuwangi. The increase in taxes also has an impact on increasing social assistance so that with direct cash assistance the level of public consumption increases and has an impact on boosting economic growth.

From the results of content analysis obtained through reliable news related to the Wongsorejo integrated industrial area and journals related to agglomeration and industrial areas, it is mapped into the flow of the impact of the creation of the Wongsorejo integrated industrial area on the people of Banyuwangi which is presented in Figure 1.

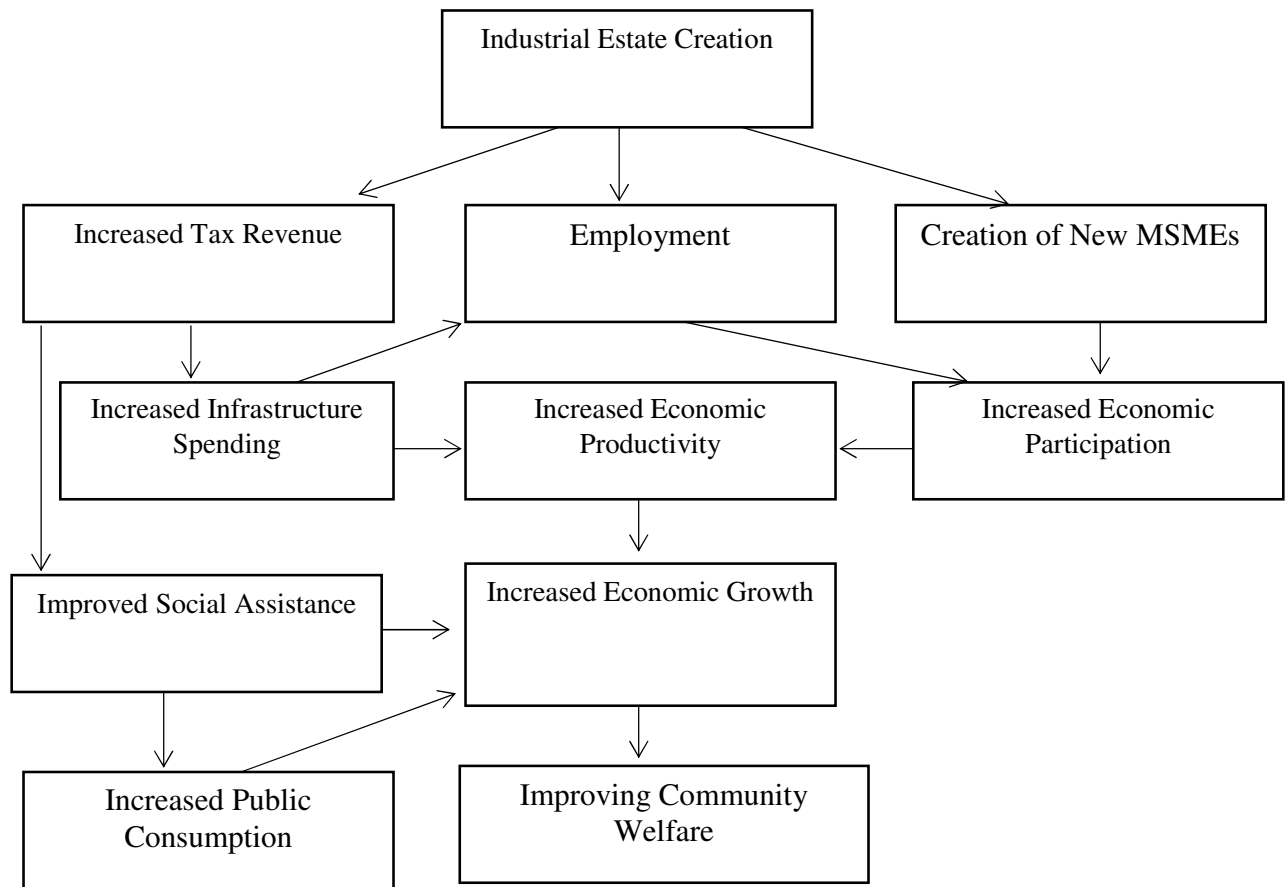


Figure 1. Impact Flow of the Creation of the Wongsorejo Integrated Industrial Estate on the Banyuwangi Community

The creation of industrial areas has an impact on the creation of new MSMEs around industrial areas which has an impact on increasing demand for MSME supporting resources including the agricultural sector. The creation of new industrial areas also has an impact on the creation of new jobs that affect employment. Absorption of labor has an impact on economic participation which affects economic productivity. Of course, the creation of new industrial estates increases the tax revenue derived from business taxes and other legal taxes. The increase in tax revenues will of course have an impact on increasing social assistance and increasing infrastructure spending. Where the increase in infrastructure spending has an impact on increasing labor absorption and has an impact on increasing economic productivity. Where the increase in productivity has an impact on economic growth. The increase in taxes also has an impact on increasing social assistance to the community which has an impact on consumption. Where increasing public consumption has an impact on economic growth and economic growth has an impact on people's welfare.

Conclusions and Recommendation

The Wongsorejo integrated industrial area in Banyuwangi opens up MSME business opportunities so that around the Wongsorejo integrated industrial area new MSMEs emerge that absorb informal workers in Banyuwangi. The Wongsorejo integrated industrial area opens new job opportunities for tens of thousands of Banyuwangi residents, of course, economic activities

in the Wongsorejo integrated industrial area have an impact on increasing taxes in Banyuwangi which is government revenue to increase infrastructure spending which also absorbs labor in Banyuwangi and increases social assistance. Where social assistance encourages consumption which has an impact on economic growth and infrastructure development also has an impact on economic growth. The increase in economic productivity as a result of the absorption of labor from the informal sector (MSMEs) and the formal sector Wongsorejo integrated industrial area encourages economic growth so that this push has an impact on improving the welfare of the people of Banyuwangi.

Suggestions for stakeholders, based on the findings of this research, it is appropriate for the flow of funds from economic activities to be properly monitored for the greatest prosperity of the people, especially the people of Banyuwangi. For other researchers, they can use the flow of influence from this study to be tested causally because this research is limited to a literature review by reviewing the literature using content analysis. In conducting content analysis, researchers use skimming and scanning techniques to capture the topic of each supporting scientific news article so that they can carry out content analysis and build the flow of relationships presented in this study.

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