

Entrepreneurial Interest in Product Innovation-Based Organic Processed Food in SMEs in Malang, Indonesia

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Abstract

The underlying reason for conducting the study is need for organic processed food. Producing innovative organic processed food is not an easy task since it requires creativity. The statement of the problem is how to create entrepreneurial interest to produce organic processed food. The study is a qualitative study of which purpose is to describe organic processed food SMEs behavior. There are 7 (seven) informants involved in the study. The setting of the study is SMEs in “Lily go to organic Group” community in Malang, Indonesia. Variables of entrepreneurial interest in organic processed food involve attitude, subjective norms and perceived behavioral control. The findings show that creativity influences entrepreneurial interest in organic processed food and it results in creativity. Creativity is also the result of spiritual entrepreneurship that takes understanding towards organic processed food material into consideration. In addition, Lily Group members also take time, capital, raw materials and marketing into account. Another finding reveals that sincerity and strong determination facilitates organic processed food entrepreneurs to work their best. Such determination needs reinforcement from other related party so that the product is accepted by customers.

Keywords

Entrepreneurial interest, product innovation, organic processed food, spiritual entrepreneurship, Lily-go-to-organic Group, strong determination, Malang

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Introduction

Based on (2006), world's organic product market sales for both food and beverages reached 38.6 billion US dollars in 2006. The number is twice the number of world's organic product sale in 2000 of 18 billion US dollars. European Union and the United States of America are the major target for organic products. In Asia,

organic product sale is estimated at 780 million US dollars in 2006. The largest organic product market in Asia is located in Japan, South Korea, Singapore, Taiwan and Hongkong. It is expected that world's organic product sale reached 70.2 billion US dollars in 2010. Basically, producers of organic product have yet been able to meet world's demand for organic product (Jolly, 2000).

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Indonesia has abundant resource of soil, water and tropical natural resources and receives sunlight throughout the year. In addition, Indonesia pays respect toward nature. These three makes Indonesia having huge potential for organic farming. Sale of organic product in Indonesia increases 20% per year and therefore, development of organic farming cultivation should emphasize on plants of high economic value to meet the needs of domestic and export markets (Agency for Agricultural Research and Development, 2005).

Organic farming provides considerable advantage to the development of agricultural community. That is because the price of organic agricultural product is higher and also in terms of resource conservation and environmental grounds. However, the establishment of organic farming is not an easy procedure and will face a lot of obstacles. Even though some farmers gave developed and run organic farm for a long time such as Agatho organic farming in Cisarua that has been running for the last 10 years, the development of organic agriculture in Indonesia began 4 (four) or 5 (five) years ago. In terms of organic agriculture, Indonesia is left behind other countries such as Japan, Netherland, Italy and the United States of America.

Organic vegetable has huge potentials in the next 10 (ten) years since public awareness of consuming pesticide-free products of agriculture especially pesticide-free vegetable is getting higher too. It is related to the health where developed countries supervise distribution of agriculture products grown using chemical products very closely.

Organic agriculture product potential in Indonesia is relatively small. Only do certain groups of people consume organic food. Some obstacles national organic

food industry encounter are 1) there has yet been adequate incentive for producers of organic agriculture product; 2) organic farming requires huge amount of investment at the beginning since it requires chemical free land and 3) farmer is hesitant to grow organic products due to very few customers organic agriculture product has (Agency of Agricultural Research and Development, 2005).

Despite the fact Indonesia has rich food diversity, the country is far behind other countries for example United Kingdom, USA, Japan and Malaysia in terms of organic product sale. Organic food can only be found in supermarkets located in big cities since there is small number of people becoming organic food customers (organic vegetable, fruit and meet). In addition, organic agriculture product farmers in Indonesia are pretty limited in numbers. Small percentage of national products can compete against products from other countries in the global market. One of Indonesian organic product that can successfully compete against products from other countries is organic arabican coffee produced by Arabican Coffee Farmer Group in Gayo, Central Aceh. Other organic products from Indonesia are organic vegetable and organic rice.

Organic product customers in Indonesia are those from middle class society or above because these groups of people have pretty huge awareness towards their health. They are willing to spend more money buying more expensive chemical-free products. On the other hand, organic product entrepreneurs starting from farmers to distributors/ suppliers and retailers compete against each other to give the most affordable price. They also compete against organic product importers that sell organic product to modern, upscale supermarkets.

Indonesia has a lot of potentials to be world's leading organic food producer. At the end of 2008, there are 89,190 hectares of land granted organic certification; the number increases twice compared to that in 2007 of 41,431 hectares of organic certified land. Coffee, cocoa, cashew, spices and medicinal plants, palm sugar, prawns, forest honey, coconut and its derivative products as well as essential oils are the national leading organic products. Coffee and cocoa are exported to other countries in the form of raw materials while other products are manufactured into organic food and exported to the USA, Europe and Japan (AOI, 2010).

Based on the elaboration, it is expected that more farmers are interested in growing organic and pesticide-free products of agriculture. Challenge the national organic industry has is to encourage small and middle scale industry to produce organic processed food. Therefore, the purpose of the study is to describe entrepreneurial interest in organic processed food in SMEs located in Malang, East Java.

Literatur Review

Organic Processed Food Entrepreneurial Interest

The object of the study is female farmers interested in organic processed food industry. In other words, it is related to the concept of farming entrepreneurship. The study is also related to intention green entrepreneurship that becomes one aspect in green economics and ecology economics that involve entrepreneurial behavior (Kahan, 2012). In order to combine the three underlying theories, the study adopts environmental management technique that

matches 14001 ISO (International Standard Organization) concepts. It is expected that the study gives positive social, economic and environmental contributions. Then, organics products that become the result should also bring competitive advantages for all stakeholders (Shcumpter, 1949 in Braguinsky et al, 2009). Competitive advantage principle cannot be separated from innovation with element of renewal. It is expected that outcome of the study increases farmers' households that adopt green entrepreneurship concept. The executor of the green entrepreneurship is female farmers. In order to do so, the female farmers should develop their entrepreneurial skills.

One method to analyze entrepreneurial behavior of the female farmer is through treatment (education and training) related to organic processed food. One topic the farmers should be familiar with is organic principle that refers to sustainable farming closely related to the environment, advantageous for increasing their income and makes organic processed food entrepreneurs out of them. It is related to the theory of planned behavior that is related to psychology and supported by entrepreneurial concept (Ajzen and Fishbein, 1980).

In order to encourage interest towards organic processed food, the researcher analyzes previous studies focusing on the factors affecting customers to buy organic and non organic products. A previous study the researcher used as reference is Michaelidou and Hassan (2010)'s study where customers from Island, Arran in Scotland, United Kingdom became the subject. The findings of Michaelidou and Hassan (2010)'s study is summarized in Figure 1.

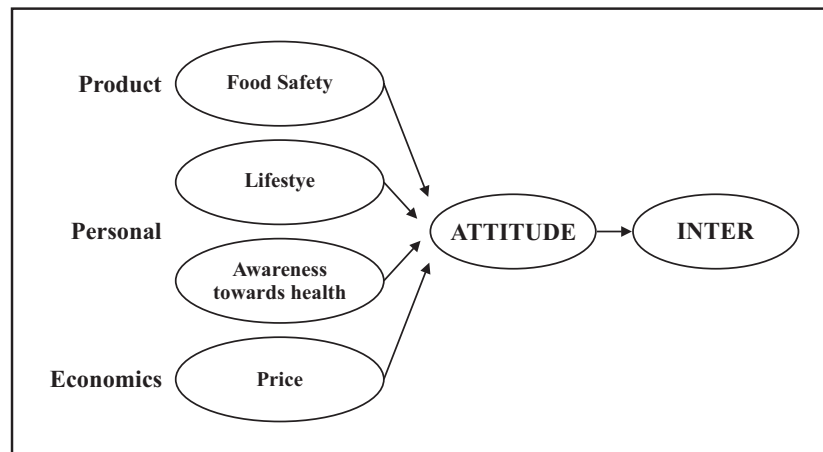


Figure 1 Product Preference Conceptual Model (Organic or Non-Organic)

Source: Michaelidou and Hassan (2010)

Based on the findings of Michaelidou and Hassan's study, customer's attitude affects intention for buying both organic and non-organic products. Michaelidou and Hassan (2010)'s study basically refers to the classic entrepreneurial intention model adopted by Elving, et.al. (2009). Entrepreneurial interest is derived from social norm, self-efficacy, desirability, and feasibility that treat exogenous factor namely personal and situational as the basis. On the other hand, Babalola (2009) explains that the internal factor is psychological capacity that influences innovation of Nigerian female entrepreneurs. The finding shows that female entrepreneurs who have high self-efficacy and internal locus of control are more innovative compared to those with low self-efficacy and external locus of control.

Schumpeter's Entrepreneurship Theory

Schumpeter is pioneer in describing role of entrepreneur during capital evolution. It results in economic innovation. General definition for economic innovation is to introduce current product and method, open new market or find new source of supply or establish organization from new industry. Economic innovation can also be related to definition of new products for environmental concern. Schumpeter's idea is continued by Michael Porter (1991)

who states that absence of technology reduces output and delays productivity. It is related to environmental policies. As the consequence, social cost that exceeds private cost causes relocation for the industry. Therefore, environmental friendly technology is needed (Roedigar and Schluga, 2004).

The Schumpeterian Hypothesis states that big companies have relative advantage in market innovation with limited scope. On the other hand, small companies have relative advantage to make innovation in competitive market. Furthermore, Porter's infamous hypothesis, in Roedigar and Schluga (2004), states that there are environmental rules that have economic consequences. Based on econometric analysis, the effect of environmental rules towards trade flow is polluted industrial location and productivity. In general, it gives significant impact.

Not only is organic product sold in the form of fresh product, but it also is sold in the form of processed product. As the result, customers have various choices of organic products. Post harvest treatment and processing are two vital steps in creating organic food with high quality. Organic food refers to any product resulting from organic farming. One product is considered as organic product when produc-

tion system is run based on organic food rules. In order to produce organic product, cultivation, harvest, processing, labeling and marketing should fulfill the principles of organic product that meets the requirement of SNI 01-6729-2002 about organic product system (OKPO,2008).

A study about female entrepreneurs in the rural areas of Greece reveals that successful business is closely related to skills, motive and attitudes of the entrepreneurs (Henry et.al,2005; Reijonen and Kompula,2007 as cited in Petridou and Glaveli, 2008). The purpose of the study is to evaluate entrepreneurship skills of female living in rural areas that runs cooperative. Thus, the respondents are members of cooperatives. In this case, there is intervention in the form of training adopted as response towards effectiveness of cooperatives by developing entrepreneurial skills and reinforcement of entrepreneurial behavior.

Entrepreneurial Intention Theory

Entrepreneurial intention theory is based on the theory of reasoned action and the theory of planned behavior by Ajzen and

Fisbein (1975).The theory of reasoned action is related to beliefs, attitudes, intentions and behavior. On the other hand, the theory of planned behavior is related to intention. Intention is influenced by attitude, subjective norms and perception about how easy or difficult something to do.

Basically, intention has strong correlation with behavior. Therefore, intention can be used to plan behavior. Attitude is affective in nature. In order to determine one’s attitude, representation of knowledge one has about an object should become the bases. Definition of subjective norm is one’s understanding towards agreement from trustworthy individual to perform an action. It means the trustworthy individual is considered as motivator. How difficult or easy for a person to conduct an action is based on belief that influences one’s intention.

Intention or interest is basically a trigger shown in path model. The model shows linear correlation between planned behavior and entrepreneurial interest/ intention. The planned behavior model is described in Figure 2.

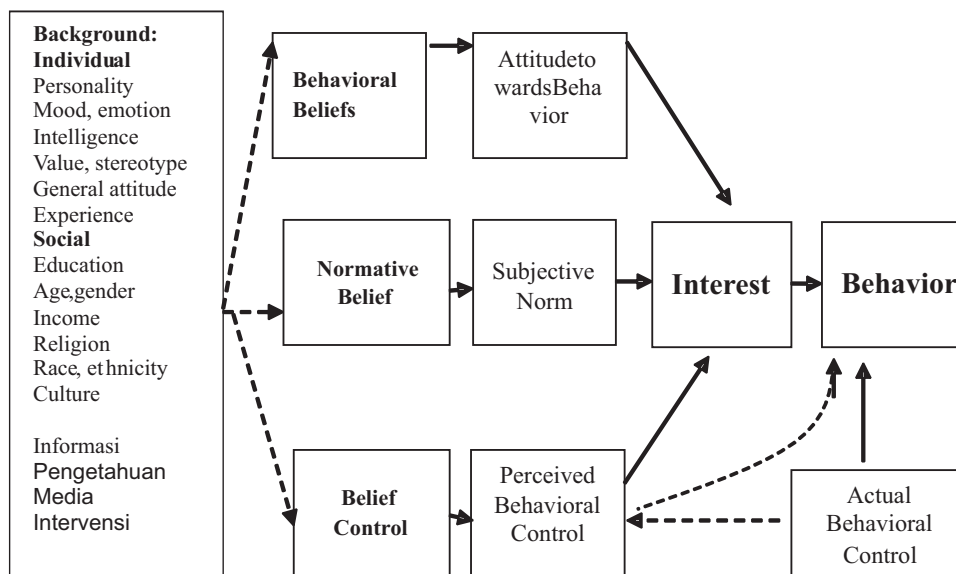


Figure2. Reasonable and Planned Behavior Theories

Source: adopted from Azjen and Fishbein (2000)

Note: Solid arrow shows direct control from intention to behavior while dashed arrows show the actual control used to conceptualize controlled behavior.

It is assumed that belief influences attitude, subjective norms, and perceived behavioral control. It results in intention and behavior. Therefore, behavior depends upon information one believes to influence the behavior. Behavioral theory is basically related to reasonable behavior theory.

Ajzen and Fishbein (2000)'s reasonable and planned behavior theories are developed by Elfing, et.al (2009). Elfing's conceptual framework focuses on the following questions such as what characteristics entrepreneurial intention have? and what triggers entrepreneurial intention? These result in structure of the model. The model describes process of developing entrepreneurial behavior but is mediated by entrepreneurial goal. As the effect, goal is very essential however it stops at intention. Therefore, the research does not evaluate in what time behavior is translated into actions.

Innovation and Creativity

Entrepreneur is an active and innovative human being and is the backbone of economic development of the society since they are able to think and act productively. Growth of entrepreneurship is strongly correlated towards economic growth since it provides more job opportunity, increases income of the society, increasing purchasing power and goods and service produced by the industry can be sold. In conclusion, entrepreneur generates growth of economy.

Entrepreneur focuses on actions rather than theory, is practical and prefers working to talking. In addition, an entrepreneur is not hesitant in talking about his/her dreams or goals. They are the fuel to increase his/her motivation and realize his/her vision. Entrepreneurs may have cutting-edge ideas that seem unrealistic for most people. However, they strive on making them reality.

Creativity requires the following process, namely:

- Preparation that can be gained through formal education, training and experience.
- Investigation that is to identify main components of a problem.
- Transformation that is to identify similarity and differences based on information or data that have been collected previously.
- Incubation that refers to amount of time needed to reevaluate various types of information. During the process, one can divert his/her mind from problems he/she encounters by doing his/her hobby. Creativity may come when someone exercises, gardens or does other leisure time activities.
- Illumination that happens during incubation is when new idea comes spontaneously.
- Verification is to validate accurate or suitable ideas and evaluate whether they are useful or not. In order to do so, simulation, market test and pilot project are conducted.
- Implementation refers to process of transforming ideas into reality and carries out the ideas into sets of actions.

The key to successful entrepreneur is intelligent failure. It is very difficult for a person to own the type of intelligence because most people cannot stand failure, give up easily and are traumatized by failure. Those characteristics are not attached to successful entrepreneurs. Failure is a learned lesson and therefore everyone should learn from their failures.

Failure can actually trigger innovation of products in terms of flavor and quality. In one of the studies that highlights the gap between demands and supply that is to reveal difference in culture when demand is not suitable with supply. Producers should create product of which flavor can be accepted by the customers. Hendro (2011)'s study reveals that McDonald changed its burger patty from beef to chicken because

se most people in the area prefers chicken to beef. In conclusion, product innovation takes place as the result of customer's attitude or demand from the customers. Therefore, the study can anticipate failure in business. Entrepreneur should be creative and ductile as well as keep doing some research.

Methodology

The study is qualitative research. The object is producers of organic processed food in Malang, East Java. It focuses on interest to create innovation for organic products. The entrepreneurs are members of Lily Groupin Malang that involves "La-Tanza," that produces some snacks, "Ewid Brain Energy," that produces herbal medicine, "Vigur O" that produces oil and organic product and "Sukaku Alami" that produces cake and owners of "Go to Organik" restaurant.

The study also analyzes previous studies with the same theme that is a study conducted by Banister and Booth (2005) of which title is "Innovative Technology to Explore Children Consumptive Behavior." The study is a qualitative research that explores children personal behavior and eventually describes how and why social structure and meaning can be accepted or is rejected. The sample used is relatively small where school becomes the object. Qualitative research and economic behavior science are similar in terms that goal of both of them is to gain analysis of human behavior that relates to understanding towards choice, preference and decision (Gordon, 2011). A qualitative study conducted by Santosa (2014) analyzed turnover intention of marketing staffs in "X" company. There are 5 (five) key informants in the study namely director, vice director, senior staff, non permanent staff, sales coordinator and a female non permanent staff.

Data Collection and Data Analysis

Using previous studies as reference, purposive sampling is the sampling method. The researcher gains more information until the point of saturation is achieved. Moleong (2009)'s study is adopted as data analysis technique that refers to analyzing data from all sources of data, reducing data by making summary, categorizing the data by giving labels, triangulation and describing the data.

Triangulation is carried out based on source of data, time and data collection technique (Sugiyono, 2011). Data collection techniques for the primary data are (1) interview, (2) observation, (3) documentation, and (4) visual image. The interview is conducted at organic processed food SMEs. Lily group sometimes arranged meetings. Survey of the market is carried out by distributing questionnaire and giving samples of the organic processed food. The researcher also interviewed customers from Malang, Bogor, Denpasar, and Jakarta during Indonesian Organic Alliance or other events related to organic product.

Methods to Measure Indicators

Azjen and Fishbein (2000)'s intention theory is the reference used to decide the indicators. The intention theory refers to attitude, subjective norm and perceived behavioral control. Gordon (2011)'s indicators of behavior are as follows:

- Personal factors such as level of education, attitude, habit and routine, past experience, sociodemographic factors and others.
- Social factors are related to other people's influence towards attitude, cultural and social norm, cultural group, geographical boundaries and others.
- Environmental factors should be done in relation to places where a person lives (urban versus rural area, city versus village), and other extensive factors such as economy, technology, and population.

Result and Discussion

Lily Group Community

Lily Group is a community of which vision is “Rahmatan lil Alamin,” that refers to spreading kindness towards the environment. All attempts aim at following syaria laws. Furthermore, their mission is to create go to organic product to meet public’s demand for health. The community also creates environmentally friendly.

The chief of Lily Group is Dr. Ir. Lily Agustina, MS and Lily Group was established in 2005. The community was once related to Agri Voice program in Andalus radio. The program is interactive dialog of which theme is environmental sustainability. In order to socialize the vision and products of the community, Lily Group conducts qoran recital that focuses on environmental sustainability and prevents people from damaging the environment. Most of the attendants are university students and adult female. The university students are members of student association related to organic farming and the adult female is small and middle-scale business owners.

Lily Group becomes participants in various events conducted by universities or Indonesian Organic Organization. Dr. Lily as the chief of Lily Group becomes the

speaker and members of Lily Group describes some products from organic products. It is the effort to introduce Lily Group products. Lily Group members try to meet customer’s demand. In one bazaar where Lily Group becomes participant, one of Lily Group members said that one customer order flourless, sugar-free cookies for children with special needs. Having received the order, members of Lily Group conduct a meeting and read some literature. They found out that flour contains gluten that is not suitable for children with special needs since gluten triggers erratic behavior for children with special needs. The following step is to find ingredients that meet organic standard based on various levels. Based on the explanation from the chief of Lily Group, there are several categories of organic products namely 100 %, 75 %, 50 % and 25 % organic.

Since organic materials are pretty expensive, Lily Group members find alternatives using organic rice, organic arrowroot flour and organic local products. In the end, creativity is what it takes to create product innovation. The innovation is introduced in various events held by Indonesian Organic Association, seminars conducted by some universities, family gathering and quran recital at Dr. Lily’s residence. Some products made by Lily Group members are shown in Figure 3 as follows:



Figure 3. Lily Group’s Organic Cakes and Cook

Source: Lily Group, 2011

Cake and cookies in Picture 3 are fried dumpling made from local root vegetable, black rice cake, cookies of which topping is spicy shrimp, cassava cakes and pump-

kin and potato cakes. Ingredients for cookies are mocav flour, potato, arrowroot, and carrot jam. Lily Group also produces other organic processed food such as cof-

fee from rosella seed, snakefruit dates, arrowroot chips, and soy sauce from coconut water. Supply for organic product is either hard to get or very expensive. As the consequence, price for organic processed food is higher too. To solve the problems, Lily Group members use natural ingredients that meet the requirement for organic food. Lily Group's soy sauce uses black soy bean as the ingredients but organic black soy bean is hard to get and pretty expensive. "Vigur O," one of the members of Lily Group community conducted an experience and produced soy sauce of which ingredient is coconut water. It can be categorized as product innovation.

The preliminary study aims at finding out preference of organic product customers and produces in major cities in Indonesia such as Jakarta, Bogor, Denpasar and Malang. The producers are members of Indonesian Organic Alliance. The respondents are the participants of Indonesian Organic Alliance events of which goal is socialization of organic products for the society. As an addition, the researcher gets further information related to entrepreneurial interest in product innovation-based organic processed food from Lily Group members.

Attitude

Dr. Lily gives some training and guidance about concept of organic food for Lily Group members. She conducted Quran reciting that explains the importance of environmental sustainability. The Quran reciting also focuses on the members' cognitive, affective and kinesthetic domain.

Members of Lily Group consist of people from different occupation such as teacher, lecturer, entrepreneur, medical doctor, and herbalists. The members teach each other for example the members who work as organic farming lecturer will give some explanation about the concept of sustainable farming. And those who work as medical doctor will explain impacts of non healthy

food towards health and the herbalists will explain types of plants that can cure some diseases. As the result, the members of Lily Group have some knowledge about organic processed food starting organic farming and the requirements to transforming raw materials into organic processed food (production). Having got some knowledge about organic food, the members can make some experiments based on their creativity to create product innovations. It is done by those making cakes and cookies described in Picture 3. Those are baked by Lily Group members. When Dr. Lily introduced organic black rice that is good for health, one of the members bake cake made from organic black rice. In the mean time, the cake made from organic black rice is sold to order.

Besides producing organic processed food, Lily Group also conducts some training. The participants are university students or the public and even caterer or baker interested in organic cake or cookies. Product innovation should also take flavor and packaging into account. Taste test is carried out by giving tester to the society. They are asked to comment based on the taste and packaging. Kinesthetic-wise, the members of Lily Group have been able to produce organic processed food as described in Picture 3.

Interviews, observations and documentation is conducted to gain some data for the study. The members reveal that they are very interested in organic products but they have difficulties to get the ingredients. They try to find substitution and conduct experiments. Sometimes the results of the experiments get positive feedback from the customer but some other times, the customers do not really fond of the result of their experiments. In other words, perseverance, hard-work and patience are what it takes to meet customer's demand. The members are optimistic that they can produce organic processed food.

The obstacle is public perception that price of organic food is fairly expensive. Price of organic food in major supermarkets in big cities like Jakarta can be very expensive since most of the organic products are imported from other countries.

Organic food is fairly expensive because the price of the raw material is pretty high. As the alternative, Lily Group members use natural ingredient to create organic food. They expect that organic product price is affordable by doing so. However, taste of their organic food may not be up to the par. It sometimes weakens Lily Group members' motivations.

Subjective Norms

Subjective norm is related to one's obedience to follow the requirements of organic products. It has been mentioned previously that Lily Group members have attempted to meet the requirements for raw materials using various efforts. In order to make sure that their products have met the requirements, some tests are carried out. When the products have met the requirements, they are ready to sell. Finding raw materials for organic products is indeed a hard work that requires strong willingness and perseverance. There has been a certified institution in Indonesia responsible for establishment of organic product requirements. "Vigur O" has been rewarded organic certificate. However, most SMEs have yet been able to obtain certificate. Basically, Lily Group has strived for finding appropriate raw ingredients that meet economics and technical requirements. Supervision should be done by organic food producers themselves using spiritual beliefs as the bases. Their faith to God and beliefs not to damage the environment become Lily Group members' motivation.

Developing the subjective norms of Lily Group members requires a relatively long process. It is started by Dr. Lily Agustinaas one of the pioneers of Organic Far-

ming Research in Brawijaya University. It is followed by dr. Agustinas the head of "BahrulMaghfirohCinta Indonesia," an Islamic-based health clinic. The mission of Lily Group is to raise environmental sustainability awareness. In order to achieve the mission, it conducts various events to spread the message directly through seminar and Quran reciting and indirectly through the products produced by the community. They may not be successful to create an organic product on the first attempt; however it is their perseverance and hardwork that count.

"Sukaku Alami" restaurant uses fish as main ingredients. The restaurant has some supervision prior to deciding which fish mongers become their suppliers. Criteria the restaurant uses to decide the supplier are quality and consistency in fulfilling food safety requirements. Even though some ingredients of Lily Group have yet been certified, it keeps following the standard of food safety and requirements of organic food. Lily Group conducts some studies before using particular ingredients for their products. "SukakuAlami" also carries out the same procedure in order to decide trustworthy suppliers. Cookie producers need organic arrowroot flour for the ingredients. They get the flour from arrowroot farmers in Bantur. The price is pretty expensive and supply is not always available. Organic farmers in Cangar have to deal with group of monkeys that raid their broccoli and carrots. Their vegetable farms are located near the forest. Those are some examples encountered by organic vegetable farmers.

Perceived Behavioral Control

Perceived behavioral control of Lily Group member is awareness to carry out any attempts based on the vision and mission of the community. Lily Group members use their knowledge and understanding towards the importance of consu-

ming healthy food as their belief system. Their product should be halal and halal product means good product. In 2012, Dr. Lily established “Halal-Thoyyib Science Centre” in Brawijaya University. She states that in order to bring advantage to the environment, one should be well-determined, patience, diligent and sincere. It is not easy to have those personality traits. They require constant hard work and perseverance. The members of Lily Group may experience some ups and downs but they consider them as challenge to create better products

The basis for the perceived behavioral control is that belief that being organic processed food producer is one form of devotion to God. Without the belief system, it is very easy for a person to give up. That is opinion of most Lily Group members. It cannot be denied that general business concept influences the sustainability of Lily Group business. As an example, one of the members produces a product without additional artificial flavoring. The customers do not have positive response for the product. She has to revise the recipe that meets the customers’ taste buds. She then comes up with flavoring that meets the requirements for organic food and is tasty at the same time.

Since not all products produced by Lily Group can meet customers’ expectation, their products is made to order. Products that can be widely accepted by customers are organic mushroom chips produced by “La Tanza” and organic snake fruit date produced by “Amanah,” group of female farmers in Wonokerto. Dr.NurKhusniyah et.al(2013) has conducted market research for the group. “Amanah” is the wholeseller of the snakefruit date and other member of Lily Group did the packaging. In this case, Lily Group becomes producers and distributors at the same time.

Based on the observations and interviews, Lily Group does not produce organic food regularly due to limited supply of raw

ingredients. In addition, there is inconsistent supply for organic products that are not categorized as staple food. Based on “Vigor O” members, their organic product can meet organic outlet demand. Organic certification facilitates “Vigor O” to reach wider markets and customers. “Vigor O” has achieved settlement even though sometimes they cannot meet customer’s demand. On the other hand, other groups experience over supply such as “Cangar” when they had ample supply of broccolis and carrots. At the same time, “Vigor O” experienced short of supply. Based on further analysis, there is lack of communication and interconnection among Lily Group members.

Behavioral principle of which basis is entrepreneurship should be maintained and developed. Self efficacy and internal locus of control are 2 (two) inseparable aspects of business. They are related to psychological state of the entrepreneurs. Thus, psychology can be considered as entrepreneur capital.

Findings

The organic processed food study used triangulation and the sources of data are Lily Group chief, members and customers. Based on the findings, it is revealed that organic processed food should take quality and taste into flavor. In order to meet customer’s demand, organic food entrepreneurs should be aware of customer’s preference as well as background knowledge about organic food’s quality. To get savory taste, salt and sugar are combined with natural spices. Organic processed food does not taste exactly like non organic food. Indicator of perseverance is constant experiments until products that meet customer’s demand can be obtained. Obstacles are still found especially for particular products, for instance there has yet been suitable packaging for the snakefruit dates based on observations conducted from 2005 up to the present. Eventually, the study can

describe strong willingness in entrepreneurial interest for organic processed food

entrepreneurs. It is described in Figure 4 as follow:



Figure4. Strong Willingness in Entrepreneurial Interest in Organic Processed Food

Strong willingness is a long process motivated by perseverance to commit good deeds constantly. Therefore, the key to successful organic processed food entrepreneur is sincerity and strong motivation or perseverance. Those personality traits come from within. They are considered as spiritual entrepreneurship.

Conclusion

The conclusion of the study is that organic processed food entrepreneurial interest is a long process that begins with spiritual and material learning that refers to introducing environmental sustainability through Quran recital. Having learned the concept, awareness to produce organic processed food will appear. The following procedure is to conduct some training to improve skills in producing organic processed food. In order to create a product, sincerity is needed. Sincerity would not mean a thing without perseverance in doing experiments. Creativity is inseparable part of making product innovation. They lead to strong willingness that means keep on trying and not to give up easily. Taking a closer look, sincerity and determination is internal, influential factors that influence organic processed food entrepreneurs.

Besides internal factors, there are some external factors that affect entrepreneurial interest in organic processed food. Lily Group members state that the external factors are time, efforts and money. Some members of Lily Group are not organic processed food entrepreneurs. Lily Group members interested in organic processed

food industry need some support from other parties in order to run their business. They need help in marketing or finding potential market in order to get market equilibrium. Market equilibrium refers to balance between producers and customers. Based on the observations and interviews, when Lily Group produced organic food, customers are not willing to buy them. Furthermore, when customers are interested in particular organic food, the community does not produce the type of organic food. It is the major obstacle in development of entrepreneurial interest in organic processed food for the members of Lily Group.

Note on Contributor

Sri Muljaningsih, Faculty Member, Faculty of Economics and Business Brawijaya University, Economic Sciences, Islamic Economics. Research interest is green economics for entrepreneurship.

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