

**INDUSTRIAL CLUSTER DEVELOPMENT AND
COMMUNITY CAPACITY
(Case Study Of Embroidery And Apparel Cluster
Program In Padurenan, Kudus)**

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ABSTRACT

Small medium enterprises (SMEs) has a significant contribution to the national economic growth, and the Government has been trying to enhance the competitiveness of SMEs by using industrial cluster approach. This approach is also employed for enhancing the competitiveness of embroidery and apparel industries in Padurenan Village, Kudus regency. This paper aims to describe how the embroidery and apparel cluster program is implemented in through collaboration framework of different institutions, and also to explore how the program changes the community capacity of entrepreneurs. The research employed a descriptive research method with the qualitative approach. The result showed that many activities conducted through a synergy among stakeholders have been implemented successfully and proven to provide a positive impact for the development of embroidery and apparel entrepreneurs in Padurenan.

Through community-based organizations that have been formed in Padurenan during the implementation of the program, which is the cooperative of KSU Padurenan Jaya and Paguyuban Kampung Ndorenan, there were significant changes to the development of community capacity of embroidery and apparel entrepreneurs in terms of characteristics and strategic elements of community capacity. Therefore, enhancing the commitment of all stakeholders and formulating new strategy need to be addressed for further development.

CHAPTER 1

INTRODUCTION

1.1 Research Background

Small and Medium Enterprises (SMEs) in Indonesian is a prime mover on the economic growth and has a significant contribution to the national economy. They become an important factor on social and economic perspectives in Indonesia, due to a great number of industry, Gross Domestic Product (GDP) contribution, and total employment. Based on the data comes from the Ministry of Cooperatives and SMEs, it is said that the number of SMEs currently about 51.26 million units or 99.91% of the total number of entrepreneurs in Indonesia, contributing to Gross Domestic Product (GDP) of Rp. 2.609,4 trillion or 55,6%, absorbing employment of 91.8 million or as much as 97.33% of total employment in Indonesia, and give a contribution to non-oil exports as much as Rp. 142,8 trillion or 20% of total non-oil exports (Badrudin, 2012). Moreover, after Asian crisis hit the country, evidently, it was found that SMEs could survive trough the crisis due to the quick and flexible response in adjusting their production. In the other world SMEs is proven resilient facing worsening economy during the crisis (Tambunan, 2005).

Regretly, to date there are several problems faced by SMEs. According to the results of research Organization for Small & Medium Enterprises and Regional Innovation (Kementarian Perindustrian, 2012), among others are lack financial resources and limitedness in accessing

financial institutions, low productivity, lack of competent human resources. Lack of technology adoption, and economic systems and the organization has not been able to produce a healthy business climate.

The future industry development strategy takes into account the current and ongoing thoughts to develop industries by adopting cluster approach to achieve collective competitiveness of industries (Kementerian Perindustrian, 2012). It is hoped the industry structure will become national economy's main driver and the backbone of the future national economic resilience, making the economy more competitive and strong in the international market.

In order to actualize the policy direction, the Ministry of Industry has set two approaches to build a national industrial competitiveness which integrated and has a synergy between central and local government . First, through a top-down approach by developing road maps for 35 industrial clusters by design of central government and followed by local participation. Secondly, through a bottom-up approach, local governments is encouraged to take action by the determination of core competency of regional industry as a local excellence, where the central government is assisting the development to has a competitive advantages. It is important to determinate the industrial development through these two approaches in providing a certainty and of course not to mention the support from all sectors of the economy including banking support.

Furthermore, according to (Tambunan, 2005), In the perspective of

public policy, small medium enterprises development using clustering approach is more significantly effective and efficient for government in giving technical and management supports, coaching, and general facilities to a group of firms in particular area rather than to individual enterprises in dispersed locations. It is also easier for the university or development institutions, local banks, and large enterprises to provide supports, loans, and conducting subcontracting web with firms in a cluster. The involvement of these institutions in promoting SMEs will help the government in implementing its SME cluster development policies. Therefore the government can promote their participation by providing them fiscal or incentive. Hence, cluster is not merely a number of companies existed in a certain location. The closeness of location provides savings in common resource utilization (external economies). However, the presence of external economies are not necessarily bringing a dynamic industrial clusters out, it is still require a collaborative action among stakeholders.

In Kudus Regency, based on The Regional Medium-term Development Plan for Kudus Regency of 2008 to 2013, the industrial sector is a core sector. In 2003 the number of large scale industries were recorded 69 units and absorbing man powers as much as 67,400 people, in 2006 increased to 79 units with the absorpsion of employment 85 895 people. In 2003 the number of medium scale industries were recorded 88 absorbing employment 2,908 people, in 2006 increased to 130 units and employed 5,151 people. Types of large industries such as cigarettes, printing, publishing and paper, garment,

electronics / machinery, and food and beverages.

While the number of small industries in 2003 recorded 13,096 units, absorbing man powers as much as 47.801 people, in 2006 were decreased to 10.239 units, providing employment for 122.365 people. The decreasing small industries due to a variable change decrease in the variable changes codification small industry, but when viewed from the employment provided by small industries is quite high. Types of this industry such as garment and embroidery, food and beverages, tobacco products, metal crafts, wood furniture and others. Furthermore, Productivity of the industrial sector in 2003 recorded 65 million rupiah / person while in 2006 is rising to 88 million rupiah / person.

Refer to the research of Central Bank of Indonesia (Bank Indonesia, 2009) on basic research of regional economy potency for the development of eminent commodity for SMEs, it can be concluded that industrial sector is the main support for regional economy in Kudus Regency with its prominent commodities are cigarettes, embroidery and apparel.

Furthermore, the economic structure in Kudus Regency is mainly supported by industrial sector. The rapidly shifting economic structure led by the industrial sector and encouraged the development of the financial sector and services. Contribution of manufacturing sector to GDP is 65.07% in average.

In realizing the mission of Kudus Regency on empowering the Micro, Small and Medium Enterprises (MSMEs) in order to increase the welfare of the citizens, policy direction undertaken in industrial sector is geared to enhance

the competitiveness of Small Medium Industries through policy in boosting a competitive core sector of industries in facing global competition.

As an effort to implement the policy on enhancing the competitiveness of Small Medium Enterprises particularly in embroidery and apparel industries as core/basis industries in the region, there was a collaboration among Kudus Local Government and other stakeholders to develop the embroidery and apparel industrial cluster in Padurenan village, Kudus regency, by signing a Memorandum of Understanding (MoU) Number 11/37/DKBU/SM, 563/6298, B.17.3/lattas-BBPP/VII/09, 59/2009, 4525/HT.01.02/2009. The MoU is involving five parties which are Kudus Local Government, Provincial government of central java, Balai Besar Pengembangan Produktivitas (BBPP) Ministry of Manpower and Transmigration, Central Bank of Indonesia Semarang, Bank Jateng, for cooperation in developing cluster of embroidery and apparel industry in padurenan village, kudus regency and therefore launched “The Development Program of Embroidery and apparel Industrial Cluster” in Padurenan Village, Kudus Regency on August 5th, 2009 by Regent of Kudus.

As a policy, The MoU is based on the effort to develop the regional economic through the development and management of the local potencies of in the rural area to be able to contribute positively to society. As a set out in the MoU, the program is aimed to develop the local potencies of in Padurenan by enhancing the productivity and quality of embroidery and apparel industries as the local potencies in Padurenan by using cluster approach.

The development of industrial cluster in Padurenan village is in accordance to the mission of Kudus Local government as covered in the development planning of Kudus Regency and is stated in regional regulation of Kudus regency No. 5 year 2009 on The Regional Medium-term Development Plan for Kudus Regency of 2008 to 2013. in it development, Kudus regency has a vision "To realize the prosperity of Kudus Regency's citizens in a whole community completely" (Kabupaten Kudus, 2009). Thus this one of the policy implementation in promoting the competitiveness of embroidery and apparel industries as industrial basis sector/industrial core competency of Kudus Regency for extending job vacancies to achieve the main goal that is the citizen's prosperity of Kudus

It is expected, through this program the village will be productive and able to improve its competitive advantages on embroidery and apparel products. Furthermore, the synergy which has been attempted among stakeholders will attract investors and financial institutions to participate in the development. Some of assistances and facilities have been given in upgrading the cluster. Such facilities related to capital aids, technological improvement of product, increasing skill and knowledge, and capacity building of cluster. Those all those effort is aimed to ensure the development and sustainability of the cluster in driving the local economy. It is believed that the development of industrial cluster in Padurenan village is important and will give positive impacts on regional economy in Kudus Regency.

However, according to Tambunan (2005), regarding the

implementation of cluster development policy in Indonesia, it has found that in many cases the development of clusters have not been successfully implemented. He said that most failures are result from: (1) pay no attention to the linkage between cluster and markets; (2) ignoring the potency of SME's to develop by their own capabilities; and (3) lack of support coming from local government and private organizations.

Furthermore, According to the research conducted by Udianto (2012) on embroidery and apparel industries in Padurenan Village, Kudus regency, it is said that small medium industries on embroidery and apparel not yet have a competitive advantages in the market. These industries also were not ready to be innovative due to the lack of skill and technology adoption.

Based on the background aforementioned, I am interested to study about the policy implementation of embroidery and apparel industrial cluster development in Padurenan village and its effect to the development of community capacity of entrepreneurs in Padurenan Village. Therefore, the researcher is interested in presenting the topic “Industrial Cluster Development and Community Capacity”

1.2 Research Problem

As it was previously aforementioned, the program of embroidery and apparel cluster development was implemented based on the agreement for cooperation among the different actors in terms of organizational level and functions. However all of those actors have the same goal, to develop potencies owned by

Padurenan village, which is embroidery and apparel products, through the community capacity development of entrepreneurs in the village to manage their resources.

Considering the complexity of actors involved in the program implementation, then it raises a question on how they perform activities cooperation among them. Furthermore, related to achievements result from the program it is also raised a question on the extent to which that the program has effected to the change or the development of community capacity in Padurenan especially entrepreneurs in improving their ability to manage the embroidery and apparel products as their potential resources.

1.3 Research Questions

The research is conducted to answer these following formulated questions:

1. How is the program of embroidery and apparel cluster development implemented by the government ?
2. To what extent that the program contribute to the development of the community capacity in Padurenan village?

1.4 Research Objectives

The research study is focused on the implementation of embroidery and apparel cluster development program in Padurenan Village, Kudus. The aim of this research to describe, analyze and interpret things as follow :

- a. The implementation of the embroidery and apparel industrial cluster development program in Padurenan Village as well as the influenced factor.
- b. The change of community capacity as a result of the implementation of the program.

1.5 Research Benefits

Based on the background of study described above, the benefits of this research are:

- a) Practically, findings obtained from this research will share valuable information to all involved stakeholders in improving the implementation of embroidery and apparel cluster development program in Padurenan Village, Kudus, particularly regarding its effect to the improvement of community capacity in Padurenan.
- b) Theoretically, this research will contribute in enriching the substantive scope and method of public administration and community capacity, especially related to the study of industrial cluster development policy and its impacts related to community capacity development.

CHAPTER 2

THEORETICAL REVIEW

2.1 Previous Research

There are some previous journals that closely related to the topic of this research. The journals' summary are listed as follows (sort by year of publication):

Table 2.1. Previous Research

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
1.	Aries Susanty, Naniek Utami Handayani, Prima Andidya Jati /Analisis Faktor-Faktor Yang Mempengaruhi Pertumbuhan Klaster Batik Pekalongan (Studi Kasus Pada Klaster Batik Kauman, Pesindon Dan Jenggot) /2013/ Semarang	analyzing the factors that influence the growth of Pekalongan Batik Industry Cluster, in 3 location these are: the Cluster Kampoeng Batik Kauman, Cluster Tourism Village Pesindon and cluster Batik Jenggot by using Porter's Diamond Model as analytical framework method :	there are three factors that equally affect the growth of clusters. Those 3 influencing factors are the existence of related and supporting industries, Firm strategy, structure and rivalry, and the role of government. Among these three factors, the most influential factor for the growth of the cluster is Firm	It is important to increase the role of government in developing the growth of industrial cluster through policies that support the competitiveness of clusters

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
		Quantitative	strategy, structure and rivalry, while the role government is the least significant factors.	
2.	Chuthamas Chittithaworn, et.al./2010/ Factors Affecting Business Success of Small &Medium Enterprises (SMEs) in Thailand	The study intended to see the relationship between 1. entrepreneur characteristics, 2. characteristic of SMEs, 3. management and know-how, 4. products and services, 5. the way of doing business and cooperation, 6. resources and finance, 7. strategy, and 8. external environment towards business success. Method : Qualitative	result shown that the most significant factors affecting business success of SMEs in Thailand were : 1. SMEs characteristics, 2. customer and market, 3. the way of doing business, 4. resources and finance, and 5. external environment. Most of the Thailand SMEs adopted Porter's Generic Strategies by Michael Porter; they are cost leadership, differentiation, and focused. External Environment	It is necessary take a lesson learnt from another country in adopting cluster development program by using porter's model.

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
			<p>hypothesis accepted as social network help entrepreneurs in Thailand to reduce risks and transaction costs, improve access to business ideas, knowledge and capital. Government support in Thailand has help to foster SMEs development and legal aspect is used in selection operating decision in order to ensure SMEs future business success</p> <p>use of outside professionals and advisors should continue to be practiced by Thailand SMEs.</p>	
3.	Rinku Das and Ashim Kumar Das/ 2011 / Industrial Cluster: An	cluster development initiatives in North East India and their consequence to rural economic and	Cluster plays a very important role in an economy. It works as a vehicle for rural poverty alleviation,	Industrial policy based on cluster approach will give benefits to the rural and regional

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
	Approach for Rural Development in North East India/ India	industry development.	rural income generation and regional economic development	development. Therefore, the various institutional framework and governmental policies can play a very important role in the field of cluster development.
4.	Tulus Tambunan / 2005 / Promoting Small and Medium Enterprises witha Clustering Approach: A Policy Experience from Indonesia / Indonesia	reviewing government policies on SME development with a clustering approach, in Indonesia. There are two main questions: 1) what are the critical success factors of development of SME clusters? 2) to what extent have these policies contributed to the dynamics of SME clusters in the country Method: qualitative	according to their level of development, there are three types of clusters in Indonesia. 1. “artisanal” cluster which dominated clusters in Indonesia, 2. “active” clusters, 3. “advanced” cluster. that SME development policies with a clustering approach are important from a public policy perspective. This strategy makes it	This study revealed that support and strong commitment from local government and private sector hold a significant role in ensuring the success of cluster development policy.

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
		and descriptive	more effective and more efficient for government in one place than to individual firms in dispersed locations to provide technical assistance and general facilities to a group of firms. Also, from a regional economic development policy perspective, this approach is important, as development of a cluster in a region will also promote development of other local sectors in that region, and hence economic growth of the region	
5.	Hesti Puspa Rini / 2011 / Strategi Pengembangan Industri Kreatif Di Sumatera	describing creative industries subsector embroidery and weaving in west sumatra	The creative industries in West Sumatra has grown well Based on SWOT Analysis, these	It is necessary to build a good collaboration among academia, government and private sector,

No.	Researcher, Year, Title, Location	Objectives and Method	Result and Conclusion of Researchs	Relevance to this research
	Barat (Studi Kasus / Industri Kreatif Subsektor Kerajinan: Industri Bordir/Sulaman Dan Pertunenun)/ Universitas Andalas	Identifying the value chain in the industries in cluster Analizing proper policies for industrial. by using SWOT analysis Exploring the role of 3 actors (expert/academia, private sector& government Method: Qualitative and descriptive	industries have a great opportunity and could employ its power to seizy all chances. To get a better result in developing the cluster, it need collaboration among those 3 actors	related to the industrial cluster development.

2.2 Public Policy

Actually, there are many definitions about what is meant by public policy. Each of these definitions gives different emphasis. Thomas Dye (1972) as cited in (Howlett & Ramesh, 1995, p.4), offers a definition of public policy, describing it as “anything a government chooses to do or not to do”. This definition may be too simple and fails to provide the means for conceptualizing public policy.

Dissimilar with Dye who defines it as a choice, William Jenkins (1978 as cited in Howlett & Ramesh, (1995, p.5), views public policy-making as a process. According to him, public policy is defined as a series of interconnected decisions taken by a political actor or group of actors in relation to the selection of objectives and the way to achieved them in the certain situation where those actors have the power to achieve the results.

Lester and Stewart (2000, p.56) define public policy as a process or a series or pattern of governmental activities or decisions that are designed to remedy some public problem, either real or imagined. Furthermore, public policy is characterized by the process of formulation, implementatin, and evaluation by government in a political system.

According to Islamy (2009, p.10), public policy is defined as: *“a series of chosen actions, and legally allocated by government/ state to all members of the public that have a spesific purpose in the public interest”*. He further explained that this definition has the following implications :

1. Public policies that shape governmental actions choices.
2. Government actions that are allocated to the entire community so that it is binding.
3. Governmental actions have specific purposes.
4. Governmental actions are always oriented towards the fulfillment of the public interest.

Providing contribution on the effort to explain the subject regarding public policy, James Anderson (1984) as cited in Howlett & Ramesh (1995,

p.6) proposes a more general definition. He described public policy is a purposive course of action performed by an actor or a set of actors to overcome the concerned problems. This definition notes that policy decisions are often taken by sets of actors, rather than a sole set of actor, within a government. It also highlights the link between action and perception of government, whether real or not, of the problem exist or concern requiring action.

2.3 Policy Process

In the public policy process, Howlett and Ramesh (1995, pp.50-51) argued that a critical role is played by both actors and institutions, even though one of them play a more important role in specific occasion. Every actor no matter they are Individuals, groups, classes, and states have their own interests in interpreting and participating in the policy process. However, institutional factors shaped the way they interpret and pursue their interest and the outcome of their efforts.

In public policy process, there are five steps in which there are some keys within each step to be answered to understand (Anderson, 1979, p.24), these steps can be divided into various stages as follows:

- a. Problem identification: What is a policy problem? What makes it a public problem? How does it get on the agenda of government?
- b. Formulation: How is policy alternatives for dealing with the problem develop? Who participates in policy formulation?

- c. Adoption: How is policy alternative adopted or enacted? What requirements must be met? Who adopts policy? What processes are used? What is the content of the adopted policy?
- d. Implementation: Who are involved? What is done, if anything, to carry a policy into effect? What impact does this have on policy content?
- e. Evaluation: How is the effectiveness or impact of a policy measured? Who evaluates policy? What are the consequences of policy evaluation? Are there demands for change or repeal?

In his book, *Studying Public Policy*, Howlett and Ramesh (1995, p.52) mentioned 5 (five) actors participating in the policy process: elected officials, appointed officials, interest groups, research organizations, and mass media. The elected official consist of two categories, member of the executive and the legislature. The executive is one of the key players in the policy sub system. Its central role derived from its constitutional authority to govern the state. On the other hand, the task of the legislature is to oversee governments accountability to the public rather than to make or implement policies.

The appointed officials in the public policy and administration are often usually referred to the bureaucracy. Their function is to support the executive in performing its tasks, they are usually described as civil servants or public servants. The realities of modern politics enable interest groups to perform a significant role in the policy process. One of the most important resources of interest groups is their knowledge: specifically information that may be unavailable or less available to others.

Researchers at universities and think tanks also become another important set of societal actors in the policy process. They often have theoretical and philosophical interests in public problems that may lead to research results, which is then, translated into knowledge that may be usable for policy purposes. And the last but not least, the mass media's role in the policy process is presented in the fact that when they are reporting problems, they combine the roles of passive reporter with active analyst as well as an advocate of a solution.

In dealing with a policy problem, the variety of instruments (policy tools or governing instruments) was identified and classified them into meaningful categories. According to Howlett and Ramesh (1995, p.82) has proposed a list of ten major types of policy instruments. In ascending order of the level of state intervention, they are Family and Community, Voluntary Organization, Private Markets, Information and Exhortation, Subsidy, Auction of Property Right, Tax and User Charges, Regulation, Public Enterprise, and Direct Provision. The characteristic feature of voluntary instruments is that they entail no or little involvement by government; the desired task is instead performed on a voluntary basis. Compulsory instruments compel or direct the action of target individuals and firms, who are left with little or no discretion in devising a response. On the other hand, mixed instruments combine the features of both voluntary and compulsory instruments. They permit the government varying levels of involvement in shaping the decisions of non-state actors, while leaving the final decision to private actors.

2.4 Policy Implementation

Mazmanian and Sabatier (1983) as cited in Tomé (2010, p.6) give us a good explanation in understanding policy as the carrying out of a basic policy decision, usually incorporated in a statute but which can also take the form of important executive orders or court decisions. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and in a variety of ways, structures the implementation process.

Furthermore, Van Meter and Van Horn as cited in Tomé (2010, p.11) give a definition in understanding policy implementation as: “Those actions by public or private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions”.

2.5 Public Policy Implementation Models

According to Pulzl & Treib (2007, p.89), there are three type of implementation models that could be utilized to study policy implementation:

- a. Top-down models. This model mainly concern on the ability of decision makers’ to produce obvious policy objectives and on handling the implementation steps.
- b. Bottom-up model. The model proposes an alternative view of local bureaucrats become the main actors in policy execution and perceive of implementation as compromise processes within implementers’ networks.

- c. Hybrid theories. As the latest model, try to harmonize the difference between the two other approaches by integrating elements of top-down, bottom-up and other theoretical models into a more comprehensive model.

Study of policy implementation is critical for the study of public administration and public policy. Policy implementation is the phase of policymaking between the establishment of policy – such as the passage of a legislative act, the issuing of an executive order, the handing down of judicial decision, or the promulgation of regulatory rule - and the consequences of the policy for the people to whom it effects (Edward III, 1980, p.1).

Moreover, He told that implementing public policy may include a wide of actions: issuing and enforcing directives, disbursing funds, making loans, awarding grants, signing and hiring personnel, creating organizational units, proposing alternatives, planning for the future, and negotiating with private citizens, business, interest group, legislative committees, and bureaucracy units. And even other countries (Edward III, 1980, p.2).

Below is the model of public policy implementation that will be used to analyze the implementation of public policy.

2.5.1 Edward III Model of policy Implementation

Edward III (1980, p.10) argued there are four factors or variables that influence the effectiveness of policy implementation, these are: communication, resources, dispositions, and bureaucratic structure.

1. Communication

The information of public policy should be given to policy actors in order to make understand what the content, goals, directions, and target groups of policy is. Further, policy actors could make preparation what must be done in implementing public policy, so, the aims of policy could be reached.

2. Resources

Resources are very important thing in implementing the policy. Edward III (1980, p.11) said that even if clear and consistent implementation orders have transmitted accurately, It is said that even implementation orders were clear and consistent, and they are accurately transmitted, but the personnel who are responsible for executing policies lack of resources for doing an effective job, then the implementation will not be effectively perform. Important resources include adequate size of staff, the necessary expertise; information which is proper and sufficient to implement policies and on the compliance with others actors involved in implementation; the power to ensure that policies are performed as they are intended; and facilities such as equipment, land, buildings, and supplies, in which or with which to provide services. Insufficient resources will mean that law will not be executed, services will not be supplied, and reasonable regulations will not be developed (Edward III, 1980, p.11).

3. Dispositions.

Disposition is the motivation and attitude of implementers. If implementation is to proceed effectively, it means that implementers should know what they have to do and have capabilities to perform it, also they have to possess a desire to implement a policy. Most implementers can practice significant discretion in the implementation process. One of the reasons is their independence from their nominal superior in formulating the policy. Yet, another reason is the policies' complexity. The way in which implementers exercise their discretion, however, greatly depends in their disposition toward the policies. Their manners, in turn, will be influenced by their interpretations toward the policies and by how they realize the policy in affecting their organizational and personal interest (Edward III, 1980, p.11).

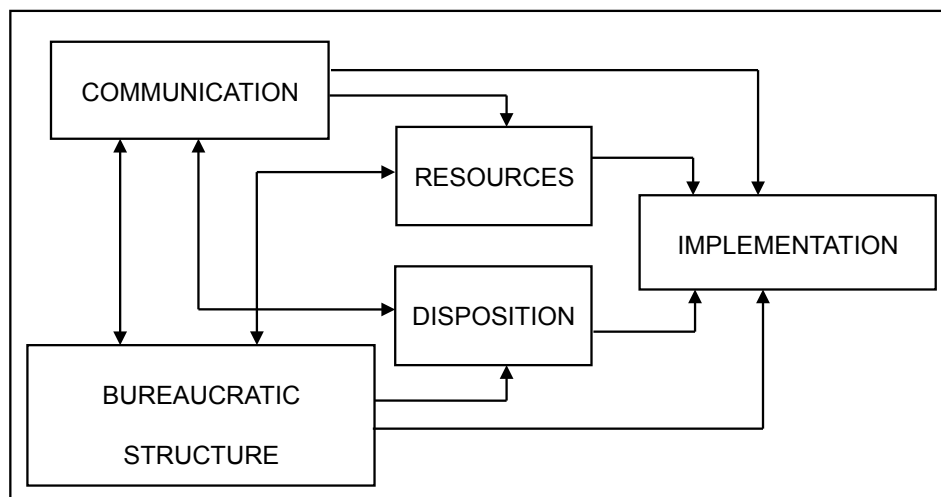
4. Bureaucratic Structure

Even though an adequate resources to implement a policy is provided and implementers understand know how to do as well as willing to do it, however, if deficiencies in bureaucratic structure are exist, then the implementation may still be hindered. Organizational fragmentation may hinder the coordination needed to implement a complex policy successfully, it requires the cooperation among many actors, and it may result in wasting scarce resources, restrain change, create confusion,

lead to policies working at cross-purposes, and result in important functions being ignored (Edward III, 1980:11).

Schematically, the model of public policy process from Edward III could be depicted as the figure below.

Figure 2.1. Edward III Model of Policy Implementation



(Source: Edward III, 1980, p.148)

2.6 Industrial Cluster

There are several definitions regarding the terminology of cluster. A simple definition proposed by Schmitz & Nadvi (1999), defined cluster as sectorial and spatial concentrations of firms. Almost similar to this definition, porter (1998) on his book entitled the competitive advantage of Nations introduced the concept of *clusters* as “groups of interconnected firms, suppliers, related industries, and specialized institutions in particular fields that are present in

particular locations”. By this concept, porter expanded the actors in a cluster involving suppliers, related industries and related institutions in the cluster activity.

The “Industry” term, based on Law number 5 of 1984 on Industrial Affairs defined as an economic activity that processes raw materials, semi-finished goods, and/or finished goods become a higher valuable goods for its use, including design activities and engineering industry. While the Law no. 20 of 2008 on Micro, Small and Medium Enterprises classify industrial enterprise based on its net worth value. Therefore the industrial enterprise can be classified as micro-sized enterprises with a value of up to Rp. 50.000.000, -, small businesses with a net value of more than Rp. 50.000.000, - to Rp. 500.000.000, -, medium-sized businesses with a value of more than Rp. 500.000.000, -up to Rp. 10.000.000.000, -, and large enterprises with a value of more than Rp. 10.000.000.000, -.

Furthermore, in Indonesia the definition of industrial cluster is clearly defined based on Presidential Regulation of the Republic of Indonesia number 28 of 2008 on National Industrial Policy. Industrial cluster is defined as a group of core industry concentrated regionally and globally which is interconnected or socially interact dynamically, either with related industries, supporting industries and supporting services, economic infrastructure and related institutions to improve efficiency, creating collective assets and encouraging the creation of innovation in order to create a competitive advantage.

The core industry is an industry that became the basis of the national

industrial cluster development while supporting industry is an industry supporting the development of core industries integratively and comprehensively.

Compared to large scale enterprises, small and medium scale enterprises (SMEs) generally have drawbacks (Andersson et al., 2004) in terms of:

1. Raw and supporting materials. The dependency of SMEs on local suppliers or disability to fulfill input from a broader source.
2. Funds. There is distinction by the bank institutions.
3. Technology. Large initial investment is needed for the technology.
4. Marketing. The absence of networking to market and inability to promote effectively.
5. Government. The limitedness of political influence.

Therefore, by using cluster system, the SMEs will be able to cover the weakness caused by the scale of enterprise or industry in the cluster and be able to compete in a global competition as well as compete with great industries. With the cooperation, SMEs will benefited from collective efficiency. A collective efficiency is a competitive advantage resulting from a local economic process due to the similarity of location and the business cooperation in the cluster (Schmitz & Nadvi, 1999).

Furthermore, Schmitz argued that collective efficiency, which is caused by external economies, is essentially passive. Through the linkage of

existing enterprises are not only competing between each other, but also doing cooperation. This cluster character could be seen as potency in the regional economic development.

According to Porter (1998), the superiority of Industries in a region/country is not derived from its own success, but rather a success of an enterprise group in that area with the relationship between firms and supporting institutions. A group of firms and institutions in an area of industry is exactly what is called the industrial clusters.

Furthermore, Porter (1998) in "Clusters and the New Economics of Competition" said that clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or common inputs. Finally, many clusters include governmental and other institutions--such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations.

It is believed that in a cluster a group of firms will get many benefits. The most fundamental analytical insight regarding the importance of a cluster, according to Schmitz, is came from old theory proposed by Marshall (1920) as cited in Schmitz & Nadvi (1999)) showed why clustering could help enterprises especially small scale enterprises to compete. Marshall noted that

the agglomeration of firms engaged in similar or related activities generated a range of localized external economies that lowered costs for clustered producers. Such advantages included a pool of specialized workers, easy access to suppliers of specialized inputs and services and the quick dissemination of new knowledge. Therefore, the cluster approach is an effective tool for the development of SMEs. This is because the industrial cluster will stimulate the growth of new businesses, new jobs, new entrepreneurs.

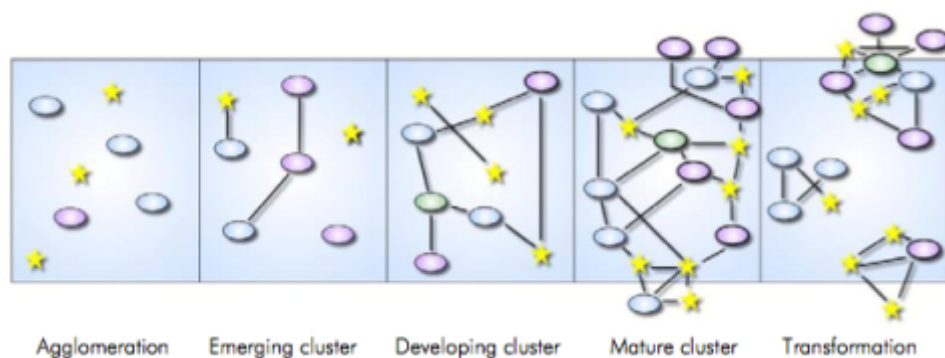
Clusters have a structural character as an organization with long-term perspective. Even they are not identical and may varied in their pace of evolution due to circumstances (Andersson et al., 2004), the life cycle of a cluster could be said as illustrated below :

- a) *Agglomeration*: the growth of a number of companies and other actors a region.
- b) *Emerging cluster*: As an embryo to the cluster a number of the actors in the agglomeration start to cooperate around a core activity, and realize common opportunities through their linkage.
- c) *Developing cluster*: As new actors in the same or related activities emerge or are attracted to the region, new linkages develop between all these actors. Often a label, website, common connotation, tied to the region and activity, starts to appear.
- d) *The mature cluster*: A mature cluster has reached a certain critical mass of actors. It has also developed relations outside of the cluster,

to other clusters, activities, regions. There is an internal dynamic of new firm creation through start ups, joint ventures, spin-offs.

- e) *Transformation*: Clusters changed over time as time goes by with markets, technologies, and processes change. The cluster has to innovate and adapt to these change In order to be survive, be sustainable and prevent from stagnation and decay. This can take the form of transformation into one or several new clusters that focus around other activities or simply a change in the ways those products and services are delivered.

Figure 2.2. The Cluster's Life Cycle



(Source : Anderson, at.al, 2004, p.29)

2.6.1 Diamond model of cluster

In the cluster concept, in order to promote the competitiveness of industries Porter (1998) introduced the concept of industrial cluster as the interlinkage of group of firms, suppliers, related industries and supporting institutions. With this concept, there will be an increase of competitive advantage which is

strongly influenced by the interrelated activities which include:

a) Firm Strategy, Structure and Rivalry

The way in which companies are created, set goals and are managed is important for success. But the presence of intense rivalry in the home base is also important; it creates pressure to innovate in order to upgrade competitiveness.

b) Demand Conditions

In Porter's *diamond*, the home *demand conditions* for the industry's product or service is another determinant of national competitive advantage. When the market for a particular product is larger locally than in foreign markets, the local firms devote more attention to that product than do foreign firms, leading to a competitive advantage when the local firms begin exporting the product. A more demanding local market leads to national advantage. A strong, trend-setting local market helps local firms anticipate global trends

c) Related and Supporting Industries

Those industries can produce inputs, which are important for innovation and internationalization. These industries provide cost-effective inputs, but they also participate in the upgrading process, thus stimulating other companies in the chain to innovate

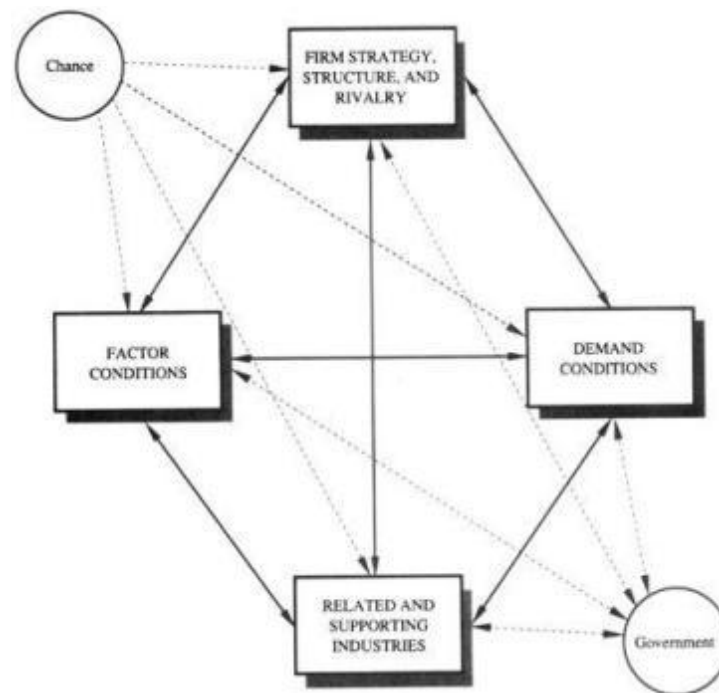
d) Factor Conditions (Input)

Factors in the competitive advantage of a nation are important and can be grouped into a number of broad categories such as: human resources, physical resources, knowledge resources, capital resources and infrastructure. The mix of factors employed differs widely among industries. Firms gain competitive advantage if they possess low-cost or uniquely high-quality factors of the particular types that are significant to competition in a particular industry

While the role of Government in Porter's Diamond Model is "acting as a catalyst and challenger"; and is in influencing the factor determinants. Government can influence (and be influenced by) each of the four determinants either positively or negatively. Governmental bodies establish local product standards or regulations that mandate or influence buyer needs. Government is also often a major buyer of many products in a nation. The way this role as a buyer is played can either help or hurt the nation's industries (Porter, 1998).

Therefore, the interrelation of four factors activities that become known as Porter's Diamond Model and could be pictured in the figure below.

Figure 2.3. Porter's Diamond Model.



(source: (Porter, 1998, p.18)

2.7 Community Capacity

Community capacity is defined as the ability of the community in achieving it's shared goals and promoting and sustaining the richness of the community by individuals and organizations in the community through the utilization of human, organizational and social resources they have (Stenning & Miyoshi, 2012, p.52).

Gaps between rural area and urban area are become one of the main concern in many countries. People in rural areas are still left behind and hard to compete with the development in urban areas. Unfortunately, the traditional approach of development is still emphasized on the economic and formal

market perspective (Miyoshi, 2012, p.40). Only employing the monetary economy as the main indicator for measuring development in rural areas is not a wise judgment.

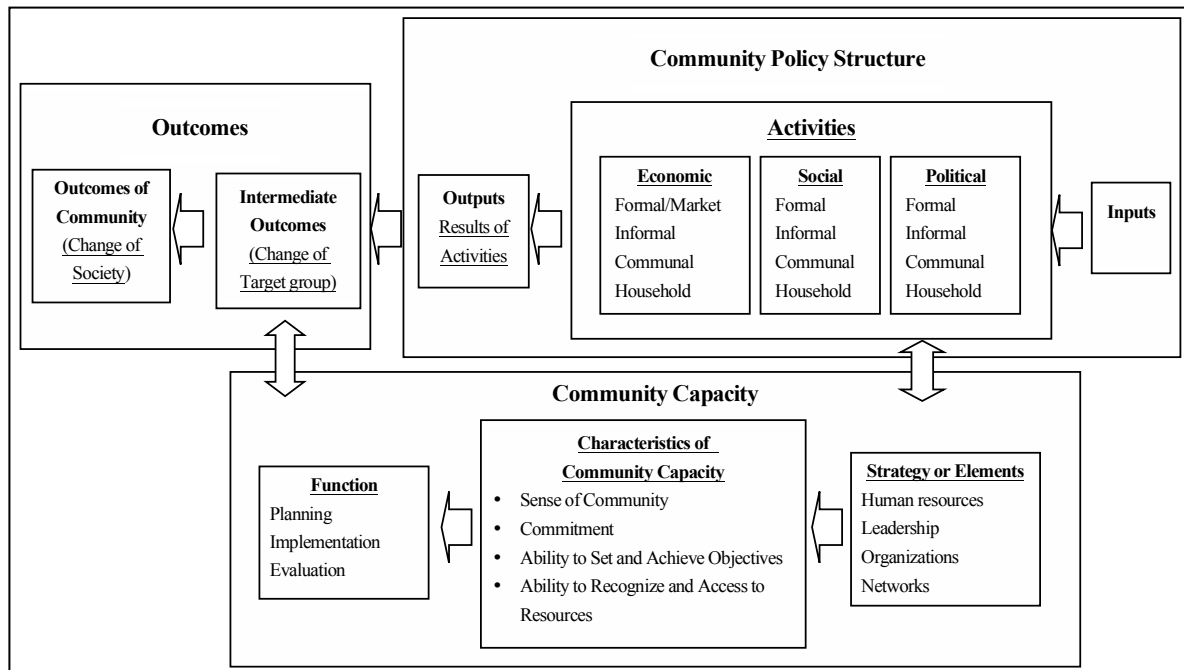
Furthermore, Miyoshi (2012) explained that development is about people's behaviors and activities that may differ in every location depend on their own situation and context. Therefore people in rural areas should conduct development based on the values, visions and norms applied in their community

Then, an alternative development approach is introduced for a better development approach in rural areas. The model of this approach tries to seek a dual purposes, which are community capacity, as well as introducing and implementing a higher value added and better well-being policy structure, which is created by economic, social and political activities to change the life of the community's population (Miyoshi, 2012, p.42).

The model explain a connection between rural community capacity and community policy structure, where the more the community capacity is improved, the more complex and sophisticated community policy structure will be. In this alternative model of development, the community capacity development is one of the two pillars of this alternative development model and defined by the interaction of three basic elements: strategic components, characteristics of community capacity, and functions of the community (Miyoshi & Stenning, 2008).

Figure 2.4. Community Capacity Development and Community Policy Structure

Structure



Source: (Miyoshi & Stenning, 2008)

The model in the figure.4 above shows the relationship between the development of community capacity and changes in policies. The policy structure is created by economic, social, environmental and political activities happened in the community. All those activities were performed continuously and also collectively involving individuals and organizational in the community to achieve a better change in the community as a shared goal. the community policy structure exhibits activities in the connection of economic, social, environment and political activities using available resources such as human resources, equipment, facilities, capital, specialized skills, time. All these activities generate capitals and service as outputs that will result in actual

effects that change the target group as an intermediate outcome. Finally, the end outcome is expected to happen as actual effects that will change the target society.

The community capacity is structured by the community's strategic elements, the characteristics of the community capacity, and functions of the community. Development and mutual interactions of these elements result in improvements of community capacity, eventually, when the community capacity is improved, then the community policy structure established by the economic, social, environmental and political activities of the rural community will be changed into a more complex and advanced policy structure.

2.7.1 Characteristics of Community Capacity

Community capacity is constructed by its characteristics. In this regards, according to Miyoshi and Stenning (2008), there are four characteristics of the community capacity, among others are :

1. **Sense of Community:** is the extent to which connections or sense of belonging among members in the community is tied. If they could enhanced their shared norms, values and future visions, then the community capacity will continue to develop.
2. **Commitments:** is about the awareness off community members and their willingness to take the responsibility in realizing values, norms and future visions.

3. Ability to set and achieve objectives: is the capability for setting the values, norm and visions into a particular goals, when they achieve the goals than the community will be developed.
4. Ability to recognize and access to resources: when the community is able to recognize and then utilize all resources such as social, human, economic, physical or environmental, political) that exist within or beyond the boundaries of the community, then the capacity of this community will be developed. This characteristic is also include the ability of the community to create and utilize linkages with systems in the wider systems where the community is a part of, such as a community in the village with the larger system such as city or province government.
5. Since the community is a part of broader socioeconomic system of the area around them, their ability to access resources mainly depend on policy being made and implemented beyond their borders (Chaskin et al., 2001, p.16).

CHAPTER 3

RESEARCH METHOD

3.1 Type of Research

The research employed a descriptive research method with qualitative approach. Therefore the aim of the research is to describe the exact nature/something was happening and took place on the research conducted, explain the facts and the relationship between phenomena and then making any recommendation to enhance for betterment of the future implementation. In this case, research is aimed to analyze the implementation of Industrial Cluster Development Program In Padurenan Village and its contribution to the development of entrepreneurs' community capacity in the village.

There are two qualitative research methods that frequently used in the social and administrative sciences; those are ethnography and the case study approach. Ethnography method were developed by researchers in anthropology, then picked up and expanded upon by sociologist and administration researchers, among others. Case studies are greatly used in public administration and business management research (McNabb, 2002, p.21), therefore, this research used case study model.

Furthermore, McNabb said that, the qualitative research is a set of non-statistical analysis techniques and processes used for gathering data about social phenomena. Qualitative data refers to some assortments of symbols, pictures, words, and other non-numerical records, materials, or artifacts, which

are composed by a researcher and have significance with social group under study. The usages of those data go beyond simple description of the phenomena since they are used for creating understanding, for subjective interpretation, and for critical analysis as well (McNabb, 2002, p.267).

3.2 Research Focus

Determining the focus on research, the researcher will focus on both relevant and irrelevant data that could be decided based on the research questions and research purposes. Focus of research will lead researcher to conduct the research effectively. Hence, this research will focus on:

- a) The implementation of embroidery and apparel cluster development program in Padurenan village. The research will analyze factors such as:
 1. Framework the program.
 2. Role and activities of actors involved in the program.
 3. Influencing factors in the implementation
- b) The change of community capacity that happen to the entrepreneurs' community in Padurenan as result from the program implementation. This study will analyze the characteristic of community capacity from two level case study, in the organization level and in the individual level.

3.3 Location

This research will be conducted in Padurenan Village, Kudus Regency as the place where the cluster program is implemented. A side from the stakeholder in

the Padurenan village, the research will be conducted, dealing with data and interview that will be explored to other stakeholders involved in the program such as involved agencies (SKPD) in Kudus Local Government, officer of Padurenan Village, Entrepreneurs of embroidery and apparel in padurenan.

There are some reasons why the research will be conducted in Padurenan village:

1. Embroidery is a Pre-eminent Commodity in Kudus Regency, and particularly, Padurenan Village is one of the central of Embroidery Industry, moreover this commodity could be enhanced its value added in the future.
2. The Program of Embroidery industrial cluster development is spesifically implemented in Padurenan Village.
3. It is for the first time in Kudus Regency, a cluster model officially employed for industrial development program and involved other actors in an MoU.

3.4 Sources of Data

In this research, the data used can be divided as primary data and secondary data that can be collected from informant, phenomenon on the location, and related documents. Conducting the research, researcher use some sources of data as follow:

- a) Informant. The informant is chosen from involved stakeholders such as officers of involved agencies in the program, while in Padurenan village are

officer and people in Padurenan village who involved in the implementation of Cluster development program

- b) Phenomenon. The phenomenon is gotten from the process of planning, implementing, and activities in Embroidery and apparel Cluster development program.
- c) Documents. Documents will be collected from relevant sources (Government regulations, photos, proceeding, books, journals, shop drawing, Reports, browsing internet, etc.).

3.5 Data Collecting Process

For data collecting, the technique of field research is used. Researcher goes directly to research sites to observe the actual events and circumstances For this research, the writer conducts data collection into two types of data;

- a) The primary data is collected by interviewing with capable sources who are responsible for implementing cluster program, and community in Padurenan
- b) The secondary data is collected from the beginning of this research; includes many documents such as text books, photos, proceeding, journals, reports, browsing internet, etc).

There are three stages in collecting data:

a. Getting In

The first step of gathering data is getting in. It includes the efforts of researcher to create conducive situation in order to be accepted by the research object.

b. Getting Along

In this stage, researcher will try to make good relationship with informants. It is important because researcher need cooperative informants in order to obtain accurate information easily. It needs good attitude and respectful behavior to make informants feel comfort and happy to give information that researcher need.

c. Logging The Data

Gathering data can be done by using three methods as follow:

1. In-depth interviews

In-depth interviews, is a data collection technique whereby researcher will deal directly with the resource persons to conduct in-depth questions and answers technique in order to obtain data and information according to the issue being investigated.

Researcher will do some interviews with relevant officers related with the implementation of industrial cluster development program in Padurenan village, also interview with members of community in Padurenan viilage consist of Padurenan government, entrepreneurs, members of Cooperative, member of Paguyuban Kampung Ndorenan, and entrepreneurs.

2. Documentation

Documentation, is a data collection technique in a way to collect / gather materials from various documents such as book reports or

other written documents related to the problem in this research, and can be used later to analyze in deeper exploration.

3. Observation

Observation is done through non-participant observation. This means that the researcher will observe and making note about the result.

In a practice, researcher observes and processes the data. In addition, to acquire data and possibly accurate information, researcher tries to occupy herself on a neutral position.

All results of interview and perception are reconstructed to become the bundles of field note, and later the researcher conduct in data processing and interpreting.

3.6 Data Validity

To see the degree of the truth from research results, researcher conduct a technique of inspection by checking off the field data, theory, and technique of data analysis. These steps lead the data to be trustworthiness.

According to Lincoln and Guba in Trochim (2006), there are 4 (four) criteria to scrutinize the validity of data:

1. Credibility, it refers to the reception of both the reader and the respondent regarding the research's outcome.

2. Transferability, refers to the effort to simplify the research outcome to the broader population. the empiric problems rely on the equal perception of contributor and acceptor is taking into consideration.
3. Dependability. refers to the preciseness of the data, reinforced by the evidences explored from the research locus.
4. Conformability, refers to the neutrality of the research based on ethnics as a habit of qualitative research. It will be attained by assessing and scrutinizing all components as well as the process and outcome of the research.

3.7 Data Analysis Technique

In this step, the model of qualitative data analysis proposed by Miles and Huberman will be employed. According to Miles and Huberman (1994, p.10) defines analysis as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing / verification.

a) Data reduction

Data reduction involves selecting the most salient themes and constructions emerged from the data. It covers the process of selecting, focusing, simplifying, abstracting, and transforming the data that emerge in writing up field notes or transcription. Data reduction is a method of analysis that sharpens, categories, focuses, discards, and organizes data in such a particular manner that final conclusion can be drawn and confirmed or can be seen as data condensation.

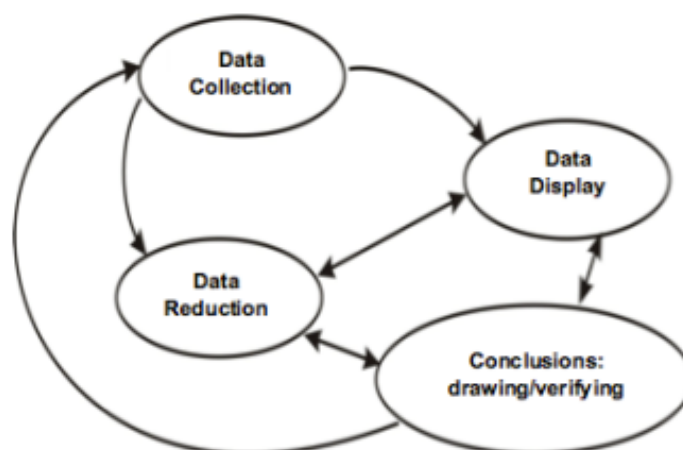
b) Data display

In data display phase the writer presenting the information of the most salient themes that have been selected in the first phase. Data display is an arranged, compressed assembly of data and information that allow conclusion depiction and action. The data could be displayed in many forms such as charts, graphs, matrices and networks.

c) Conclusion Drawing

In this phase the researcher is forced to interpret the results of the study. Not only enough to simply present the data as it appear even the data has been effectively organized, categorized and well structured, but also the researcher has to explain what is the meaning of the data in conjunction to the study design and purposes and related to their contribution to theory.

Figure 3.1. Component of Data Analysis: Interactive Model



(Source: Miles & Huberman, 1994, p.12)

3.8 Force Field Analysis

Force Field Analysis is a general tool for systematically analyzing the factors found in complex problems. It frames problems in terms of factors or pressures that support the status quo (restraining forces) and those pressures that support change in the desired direction (driving forces)¹. The factor can be people, resources, attitudes, traditions, regulations, values, needs, desires, etc.

As a tool for managing change, Force Field Analysis helps identify those factors that must be addressed and monitored, therefore the change will be successful. Lewin suggested that modifying the influence which provide the restraining force may be easier than enhancing the forces that support the change.

¹ <http://bipinstrategy.blogspot.jp/2013/05/week-18-journal.html>

CHAPTER 4

BACKGROUND AND FRAMEWORK OF THE PROGRAM

4.1 General Description of Kudus Regency

Kudus as one of the regency in Central Java province, located between 4 (four) sub-province that is in the bordering north side Jepara regency and Pati regency, in the east side with Pati regency, south side with Grobogan regency and Pati regency and bordering west side with Demak regency and Jepara.

Even Kudus is the smallest regency in central java province, however, Kudus become one of major economic power in central java and among the highest average of income level among in the region. The city was well known as “Kota kretek” or city of cigarettes because Kudus became the place where the “kretek” or clove cigarette was invented for the first time by Haji Djamari in the 1880. To date Kudus still remains as a major tobacco industries.

The regency’s economy development is supported by several economic sectors such as cigarette industries (Djarum Kudus, Sukun, etc), fashion industries(embroidery, apparel, clothes), and trading activities as well as food and beverages.

Figure 4.1. Kudus Regency Area.



Source: <http://kuduskab.go.id> (accessed on May, 10th 2013)

While demographically, Kudus Regency is divided in 9 Districts, 123 villages and 9 political districts, 707 Citizens Pillars (RW), 3698 Neighborhood (RT) and 434 Hamlets. The total area of Kudus is about 42,516 hectares or about 1.31 percent of the area of Central Java Province. Total population of

Kudus in 2010 stood at 746,606 people, consists of 379.020 of men (49.57 percent) and 385,586 female (50.43 percent). The density of population within five years (2006 - 2010) tends to increase along with an increase in population. In the year 2010 stood at 1,798 people per one square kilometer. On the other hand still has not been evenly spread population, Kota district is a densely populated district of 8,738 inhabitants per km².

4.2 General Description of Padurenan Village.

Padurenan is one of villages located in Gebog District, Kudus Regency which is the smallest village in the District Gebog, has an area of 163.116 Ha consist of:

- | | |
|-------------------------------------|-------------|
| 1) Technical irrigation paddy field | : 52.850 Ha |
| 2) Rainfed paddy field | : 50.370 Ha |
| 3) Settlement | : 50.525 Ha |
| 4) Facilities General / Other | : 9.371 Ha |

Based on its zoning, Padurenan village is divided into two (2) working area of the hamlet, 5 sub hamlet, 23 RT, 6 RW. While the boundaries of its jurisdiction as follows:

- 5) North: Daren village, Nalumsari district of Jepara Regency
- 6) East: Karangmalang village, Gebogdistrict.
- 7) South: Klumpit and Getassrabi village, Gebogdistrict.
- 8) West: Getassrabi Village, Gebog district.

Figure 4.2. Padurenan Village.



Source : <http://kecgebog.blogspot.com/p/sekilas-desapadurenan.html>

4.2.1 Demography

The population of the village Padurenan by the end of February 2009 was 4,819 people, consisting of:

- 1) Male : 2,390 people
- 2) Female : 2,429 people
- 3) Head of Family : 1,163 KK

While the population of labor force age (15-55 years) are: 3,107 people.

Organizational framework of the Padurenan were determined as set in village rule of Padurenan Number 2 of 2008 as follows:

- 1) The village government consists of 12 (twelve) including Head of village, secretary, and 10 other officials.

2) Village Consultative Body consists of six people.

From a population of $\pm 4,819$ people, all Muslims. therefore to maintain a balance to economic activity, religious activities in a regular meeting held in every hamlet. While based on the level of education, the majority of villagers is graduated from primary and secondary school and all are free of illiteracy.

Villagers of Padurenan belonged to labor workforces are about 3,107 people, and based on their livelihoods consist of:

- a. Agricultural Laborers: 220 people
- b. Cigarette Workers: 225 people
- c. Building Workers: 303 people
- d. Embroidery / Embroidery labors : 1,627 people
- e. Traders: 168 people
- f. PNS / TNI / POLRI: 40 people
- g. Garment / embroidery Craftsman: 200 people
- h. Jacket / uniform Craftsman: 78 people
- i. Other: 198 people

The data mentioned above show that most of the livelihood of Padurenan villagers areas embroidery and apparel Labors which are equal to 1,627 people or around 52.3% of total labor workforce in the village. Furthermore, from around 200 SMEs of Embroidery and apparel in the Padurenan village are spreading throughout most of hamlets in Padurenan.

4.3 Embroidery and Apparel Products

4.3.1 History of Embroidery

Embroidery ornament has very long journey from the long past days. The embroidery ornament art nowadays has been found in everywhere with its own distinctive marker. Each country in the world will always have its own distinguishing history and folktale about embroidery ornament art. When firstly introduced to community, embroidery product is a luxurious commodity and only possessed by certain people. Byzantium from 330 After Century to 15th Century has witnessed the compilation between embroidery art and gold.

Indeed, embroidery is a work art which uses needle and yarn to integrate an embroidered decoration into a fabric. In ancient Egypt, embroidery ornament is already known and it is proved by the painting, which indicates the presence of embroidery ornament in the cemetery. For example, embroidery ornament has been set up in other objects such as clothes, seat cushion, hanger, and tent. Ancient Greece has also acknowledged such embroidery ornament. The painting on the flower vase found in 7th and 6th Before Century has shown the presence of this embroidery ornament. The development of Greece embroidery is involving the fuse of embroidery ornament into fabric.

Meanwhile, in Asia, the history of embroidery ornament is recognizable during Tang Dynasty (618-907 After Century). Moreover, embroidery ornament has reached its peak during Ching Dynasty. At that time, royal robe that has been made from silk begins crowded with embroidery ornament, and that becomes the finest embroidery work in China. Such work

art is becoming so popularly worldwide during 1644 until 1912. In Asia Continent, besides China, there is also India with its own marker of embroidery ornament art. In India, embroidery is one of ancient handicraft works. The embroidery even cannot escape from East Indian trade. India-based embroidery ornament has entered Europe in 17th and 18th Century. During this century, embroidery ornament pattern is not far away from the emphasis on plants, flowers, and blooming trees. This beautiful pattern is then learned by English person who is also helping this pattern distributed to cheer up the development of embroidery ornament art into their own country and other European countries. Started from 17th and 18th Century, Holland is introducing embroidery ornament into silk fabric.

The skill of embroidery making is already known in Indonesia from 18th Century. Some people say that embroidery handicraft has been made since 16th Century. At that time, embroidery is introduced by China visitor and other type of embroidery is then presented by merchants from India. Embroidery making skill is then spread and taught throughout whole region of Indonesia. At that time, the variety of embroidery ornament is only used for the kingdom initial and for the ornament of cloths for royal members and nobles.

Recently, embroidery artisans are very few. It is understandable because this skill is identified with fine art that includes high level of talent, concentration, spirit, patient, and enthusiasm and interest that must be had by an embroider. However, the embroidery lovers have been increased in number, and therefore, the sellers and artisans of embroidery start to offer various

attractive design and pattern of embroidery. Indonesian embroidery artisans that still keep their existence are those in Tasikmalaya, Cirebon, Indramayu, Kudus, Pamekasan and Padang.

4.3.2 Embroidery and Apparel Products in Kudus Regency

In Kudus, embroidery handicraft has been known before the independence of Indonesia. However, at that time, this work is only an extension of hobby or a work during leisure time. In the beginning of 1970, it is developed into household industry and this industry is concentrated at Kudus Kulon where the wealth, the successful merchant and the cigarette entrepreneur are settled.

Now, embroidery is widely distributed throughout Kudus region and this becomes a leading commodity, as asserted in Bank Indonesia Semarang's research titled with "Local Economic Potential Base for MSMSEs Leading Commodity Development" (2009). Result of this research indicates that embroidery industry is positioned in second rank in the list of Kudus leading commodity across sector after cigarette industry.

Compared to embroidery product from other city, embroidery artisans in Kudus have a unique habit because they use manual sewing machine to make the product, and it is known by name *bordir ichik*. It is an expensive product because it involves a complex work with a longer period of time to accomplish, ranging from two weeks to couple months.

Image 4.1. Process and Products of Embroidery



(Source : Industry, Cooperative and MSME Agency of Kudus)

The special quality of bordir ichik is that it is stronger and less damaged than product made from modern or computerized embroidery machine. The confused embroidery pattern and great variety of color mixture in bordir ichik is distinguishing this embroidery product from that is made by computerized embroidery. Because of this superiority, the artisans are still enthusiastic in their business and not afraid to face free trade of Asean-China which will flood the market with computerized product.

Embroidery artisans in Padurenan Village, Gebog Subdistrict, 7 kilometers northward from the government center of Kudus District, are new player. This village is called as the center of embroidery handicraft and

therefore, greater number of Apparel business and Apparel entrepreneur is easily found. Embroidery entrepreneur itself is counted to more than 100 entrepreneurs. Of 100 artisans, all are concerned with small and medium levels.

Industry is the main pillar that supports the economic of Kudus District. Its contribution to PDRB is the biggest compared to other sector. Its industry sector is dominated by cigarette, Apparel and paper which can absorb greater number of worker.

It is consistent with the result of Bank Indonesia Semarang's research titled with "Local Economic Potential Base for MSMEs Leading Commodity Development" (2009) which shows that industry and Apparel trade are ranked at third and fourth in the list of Kudus leading commodity across sectors.

Image 4.2. Apparel Products



(Source : Industry, Cooperative and MSME Agency of Kudus)

Various finished clothes in Kudus are made on demand of community. The product is sold to other cities such as Semarang, Surakarta, Surabaya, Jakarta, and even out of Java Island.

4.4 The condition of embroidery and apparel industries in Padurenan

Padurenan Village in Gebog District of Kudus is located 5 km from the center of Kudus City. Its site at north side of Kudus District. There are about 200 small-middle enterprises of embroidery and Apparel in this village. These enterprises are developed from scratch and have absorbed 1,627 workers. Of this business population, 60 % represent Apparel business unit and 40 % are embroidery business. Most products are marketed into Central Java, East Java, Bali and other regions.

Related to production aspect, there is no meaningful barrier against raw material procurement, production process, and production equipment. However, there is still a problem, which includes product marketing and capital deployment. For product marketing, the embroidery and Apparel entrepreneurs are still in the lower bargaining position against the merchant in the destination market. Therefore, they cannot determine freely the sale price of their product. However, they admit that this less advantageous position still give them profit between 10 % and 25 %. For the product with new design, the profit rate can reach 100 %. This different profit rates have given them more established or wealthier household economic as shown by their house which is quite finely built. Some of them have a car for public transport. In relative with capital or

finance, these entrepreneurs are difficult to collect fast capital because they must pay in cash for raw material (sometimes with down payment) or for paying worker wage. The outcome of product sale, however, is paid by the customer or their sales person after 1 month, or even through credit manner and will be settled during Great Day of Islam (Ied Mubarrok). Although this industry center contains many entrepreneurs, it is still important to improve capital social and collectivity to empower the center into a cluster.

Recently, the development of this center into a productive cluster is supported by the government through its officers including the Regent or the high officer of Kudus District and all Local Apparatus Work Units (SKPD – Satuan Kerja Perangkat Daerah) with their commitment to upgrade the cluster of embroidery and Apparel at Padurenan in term of social capital, infrastructure and competence of MSMES / business actors. In addition, strong commitment is also found among the village officer or the community at Padurenan and other stakeholders around the village.

4.5 The framework of embroidery and apparel cluster development program in Padurenan

As an effort to implement the policy on promoting the competitiveness of Small Medium Enterprises particularly in embroidery and apparel industries as core/basis industries in the region, several government institutions has collaborated to develop the embroidery and apparel industrial cluster in Padurenan village, Kudus regency,

Initially, this program is a cooperation between Bank Indonesia and the Provincial Government of Central Java. Therefore, the synergy between Bank Indonesia and Provincial Government of Central Java with its jargon "Bali Ndeso Mbangun Deso" is aimed to develop the MSME's in Central Java area. The cooperation is contained in a memorandum of understanding on March 19, 2008 No.077/04440 and No.10/1/DpG/DKM/SKB. Concerning on Partnership for Economic Development of Central Java. As the implementation of this MoU, then Bank Indonesia and Provincial Government of Central Java continued to cooperate with other other stakeholders namely: Man Power, Transmigration and Population Agency of Central Java Province, BBPPTK (Balai Besar Peningkatan Produktivitas Tenaga Kerja) Ministry of Man Power and Transmigration, Kudus Local Government and Bank Jateng. This agreement is embodied in a Memorandum of Understanding with No11/37/DKBU/BPBU/SM, 563/6298, 3/lattas-BBPP/VII/09 B.17, 59 of 2009 and 4525/HT.01.02/2009 on the development of Productive Viilage Embroidery and Apparel Cluster in Padurenan Village, Kudus Regency.

The MoU was signed by five government institution which are Kudus Local Governement, Provincial government of central java, Balai Besar Pengembangan Produktivitas (BBPP) Ministry of Manpower and Transmigration, Central Bank of Indonesia Semarang, Bank Jateng and officially launched on August 5th, 2009 by Regent of Kudus.

The MoU is based on the effort to develop the regional economic through the development and management of the regional potencies of

industries in the rural area to be able to contribute positively to society. As a set out in the MoU, the program is aimed to develop the local potencies of in Padurenan by enhancing the productivity and quality of embroidery and apparel industries in Padurenan by using cluster approach.

While the goal of this policy is to realize the productive village of embroidery and apparel cluster in padurenan and integrated with the religious tourism in Kudus.

The scope of the MoU are as follow:

1. enhancing the productivity by enhancing manajerial expertize and technical skill for entrepreneurs of embroidery an apparel cluster, and trough training facilitation, promotion, and infrastruktur development.
2. Contribution and facilitation are including physical development of village's infrastructure, training modul, trainer, the support in promotions in order to encourage the development of productive village of industrial cluster integrated with tourism in Padurenan village.

Early promotion by Bank Jateng and BPPTK is by inviting Kudus Regent and Central Java Governor to Padurenan Village, and this effort is the starting point of a wider cooperation and synergy. Next crossbar is the aim to enhance the synergy and to accelerate the implementation of program marked by the signing of MoU of Embroidery and Apparel Cluster of Padurenan Productive Village through Diamond Cluster approach. The launching of the program is 5 August 2009. A set of discussion, meeting, and Focus Group Discussion (FGD) are implemented to share perception among business actors,

policy makers, and facilitation team. Short term, middle term and long term programs are formulated together with and lead directly by First Assistant of Kudus Regency with all involved institutions which may be taken at Bank Jateng Kudus or Padurenan Village Hall. The meeting will produce Blue Print in the book form, containing the description of the development of Embroidery and Apparel Cluster of Padurenan Productive Village in Kudus.

Based on a work plan that has been agreed by all actors involved, the deal is then poured into a Blueprint of Development of productive village embroidery and Apparel cluster in padurenan. Program implementation is refers to the Blueprint of development as a standard and rules that can be used as the main reference in its implementation by all actors.

According to the blueprint Padurenan productive village declared its vision and missions as follows:

1. Vision.

'Making Padurenan Village as a cluster which have an industrial competitiveness and productivity, so that it become a mover for the economic growth in the region around it.'

2. Missions.

- *Empowering the society in Padurenan village which is religious, creative, productive, have business ethics and highly social capital;*
- *Encouraging an actively involvement of government officials in the infrastructure development also relevant stakeholders in improving*

the embroidery and apparel industry competitiveness in Padurenan village.

- *Encouraging the growth of supporting industries and business networks that synergize to improve the competitiveness of Cluster embroidery and apparel cluster in the productive village of Padurenan.*

It is expected with the existence of Diamond Cluster Development program Embroidery and Apparel in Padurenan village, the flagship product in the village will be increasingly recognized and able to become a tourist destination village. the strategy of the program is based on:

- a) Potential resource include prominent commodities that the village has,
- b) Encourage increased role of village institutions, educational institutions, relevant institutions, private companies, state-owned enterprises, and village communities to build rural economies synergistically;
- c) Mobilize funding sources (APBD, APBN, budget, Banks, NBFI, CSR, etc.) as loans, equity investments or grants in rural economic development.

Through this program, it is expected entrepreneurs in Padurenan could increase their competitiveness and also as a community, they could develop self-reliance and sustainability their village.

While, the indicators of success include, among others are:

1. The village has a core competence and prominent products / commodities are cultivated with the community

2. there is an institution and operationalization of village bussiness that involve villagers;
3. The product development system, consisting of the ability to conduct a simple market survey or market feedback system to product and the ability in increasing productivity,
4. Profitability of village bussines;
5. Development of business capital,
6. The availability of human resources that have sufficient capacity to develop the village economy, for fulfilling human resource requirement in the present and the future;
7. Being a mover to economic development villages surround it.

The grand design of the development of embroidery and apparel Diamond Cluster in the productive village of Padurenan, based development priorities following steps below:

a. Short-term Objectives

Realization of increased productivity and competitiveness, trough:

- Strengthening institution and management of cooperation through the provision of raw and supporting materials and independently.
- Continuous program in increasing the SMEs quality, bankable SMEs (accounting administration)
- Improvement program on the product quality, market, distribution, and promotion,

- Increasing social capital (through cooperation).

b. Medium Term Objectives

Realization Diamond Cluster embroidery and apparel in the form:

- there are supporting facilities and infrastructure such as roads and bridges,
- Travel maps (associated with religious and kretek tourism attractions)
- Land conversion of the village in order to build selling center / kiosks and other infrastructures such as parking lots, restrooms, etc.
- Internet and other tools.

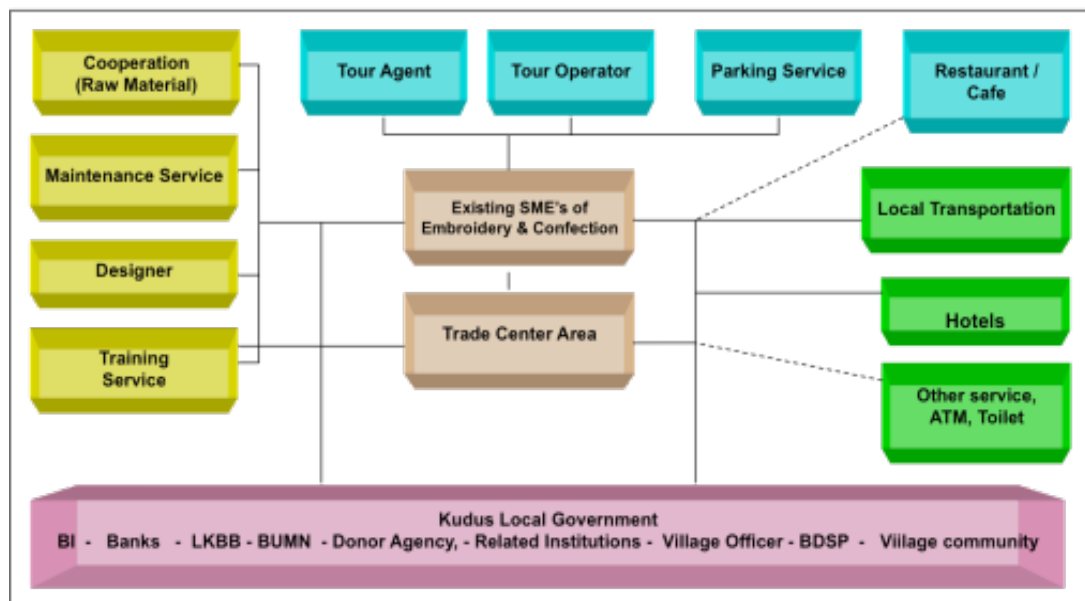
c. Long-term Objectives

Realization of competitive embroidery and Apparel Diamond Cluster in the productive village of Padurenan, among others, in the form of:

- Padurenan's Product will go national
- Padurenan village become an economic mover to the surrounding villages
- Create an unique branded embroidery of Padurenan.

Development plan of Padurenan village into Embroidery & apparel Diamond Cluster, thoroughly reflected in the following figure:

Figure 4.3. the development plan of embroidey and apparel cluster



(Source : Cetak biru pengembangan klaster, 2009, p.55)

The development of Padurenan village is based on potential resource including rural prominent commodity possessed. Potential resources which is owned by the Padurenan village is small embroidery and garment industry. Therefore, the cluster development model of Embroidery and Apparel industries is integrated with religious tourism (Minaret Mosque of Kudus and Mount Muria). This will be done through:

- a. increasing roles of village institutions, educational institutions, relevant institutions, private companies, public enterprises, state-owned enterprises and rural communities to develop rural economy synergistically.

- b. Mobilize funding sources as loans or equity investments in rural economic development.
- c. SMEs capacity building through training and the development of village infrastructure to support the development of tourism sector.

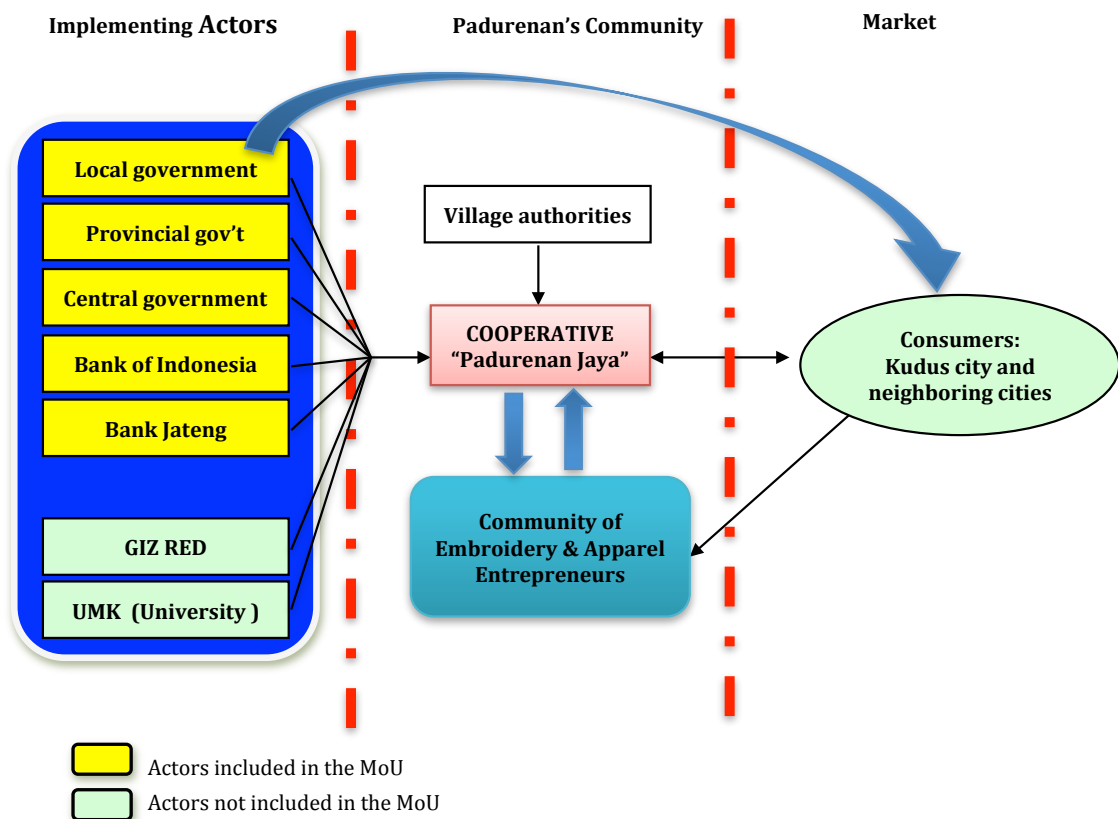
4.6 Role and synergy of actors involved in the program

The program of embroidery and Apparel cluster development in Padurenan village is based on the mutual agreement involving many actors. The agreement regulates how every actor are playing their role and conducting their activities. Based on Memorandum of Understanding (MoU) Number 11/37/DKBU/SM, 563/6298, B.17.3/lattas-BBPP/VII/09, 59/2009, 4525/HT.01.02/2009. Actors involved in this agreement consist of:

1. Bank Indonesia.
2. Man Power, Transmigration and Population Agency of Central Java Provincial government,
3. Balai Besar Pengembangan Produktivitas Tenaga Kerja (BBPPTK) Ministry of Manpower and Transmigration.
4. Kudus Local Government.
5. Bank Jateng.

However, Aside from those 5 actors, there are other actors which not include in the agreement but involved in this program and also have an important role in the program such as Community in Padurenan, Non profit organization GTZ RED, and University of Muria Kudus (UMK).

Figure 4.4. Stakeholders of Embroidery & Apparel Cluster



Source: elaborated by author

The implementing actors related to this program are several different institutions; consist of local government of Kudus, Central Java Province, Bank of Indonesia Semarang Branch and Bank Jateng. Aside from those parties, also an international non-profit organization GIZ RED, University of Muria Kudus (UMK).

Kudus Local Government, in this program, has roles to build facilities and infrastructure in the village, to facilitate training and mentoring towards the realization of embroidery and Apparel cluster in the village of Padurenan.

Central Java Provincial Government, through Man Power, Transmigration and Population Agency provide training as well facilitators in the field of managerial skills and productivity enhancement & machinery aid as well

BBPPTK of Ministry of Manpower and Transmigration is obligated to disseminate the information regarding the model of productive village development and to build access for technical assistance within the scope of increasing productivity.

Bank Indonesia is obligated to increase the capacity and performance of SMEs that are in the cluster, which in turn it is expected to improve SME access to bank credit. Also involving entrepreneurs in Padurenan for exhibitions in local/national level. For Bank Jateng, its liability is providing financial support for the development of SMEs in Padurenan village.

While for actors which are not include in the agreement but involved in this policy have roles as explained below.

GIZ RED, as a Non Government Organization that has activity in regional economic development program in Central Java Province, GTZ RED also participate actively in this program by giving facilitation in formulating the program, give advice to local government either community in the village for cluster development by giving technical assistantship.

University of Muria Kudus (UMK), the university's involvement in this program is giving recommendation through their research on requirement of raw material for embroidery and Apparel, and also give training on

accounting for entrepreneurs in Padurenan.

Community, community in the Padurenan village also has an important role in supporting the policy implementation running fluently. The community contribute significantly in participating the program activities such as attending the training, also participate actively in the establishment and operationalization of cooperation KSU Padurenan Jaya.

Village authorities, in this program, they have significant role in facilitating the implementation. One of example village government provides land of 4,25 Ha for tourist terminal.

Cooperative Padurenan Jaya become a cluster management. they have task to manage the cluster activities and give service to entrepreneurs. Several example of their roles:

- If there is a training will be conducted. Cooperative take the responsibility in coordinating the training participants and the location as well
- Cooperative provide entrepreneurs all supporting raw materials required for producing embroidery and apparel such as needle, yarn and fabric, etc
- Providing service for entrepreneurs to embroider their products by using computerized embroidery machine. Up to now cooperative operated 2 computerized machine which are machinery aids from kodus local government and province government.
- Cooperative also help to sell embroidery and apparel product from entrepreneurs in the village, also manage the incoming order from customer then distribute to the entrepreneurs

Besides providing technical or management assistance, local Government is also acting as a major buyer of these products. Kudus local government stipulated a regulation that set all civil servant in Kudus using uniforms made of embroidery products. This action will give a double benefit. First, by using embroidery uniforms they are automatically promoting embroidery product, second, it become a trigger to stimulate market of embroidery product locally.

Furthermore, based on the agreement, it is also regulates the obligation for all parties in the MoU to assign their representatives as technical implementer sin accordance to each own duties and functions. In addition, the MoU mandates for periodic coordination meetings held to monitor and evaluate the implementation of the program.

In order to accommodate the interest of communication among parties involved in this program and to synergize the program's activities, the facilitation team has been formed as it is mandated in the MoU. The facilitation team should conduct a coordination meeting. Members of the facilitation team consisting of representatives of all parties involved in the implementation of the policy. Each party is assigned its deputy as technical implementer. The coordination meeting Functions to formulate the planning for further activies and programs and to conduct monitoring and evaluation of each activity that have been implemented.

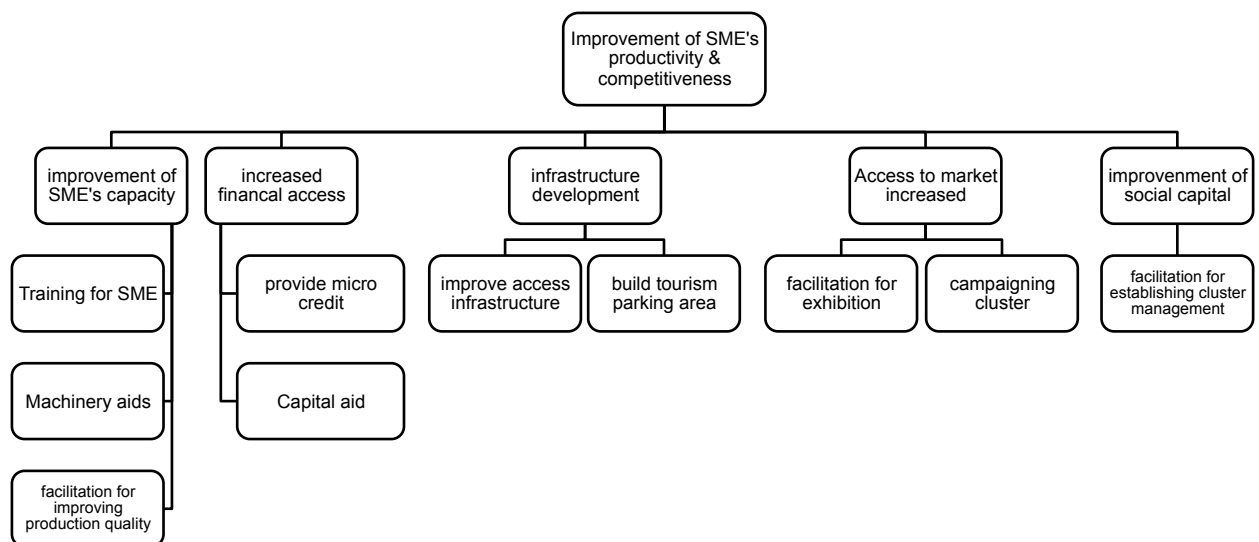
This meeting also serves as a media for discussion regarding issues or problems that may arise during the implementation of activities, then the

problems are discussed together to find for solutions.

An effort to achieve the integration of targets from all stakeholders is by attempting to produce a clear and measurable methodological intervention model. The mechanism to integrate goal and target of whole stakeholders is by having agreed for vision, mission, objective (short, middle, and long terms), and target of the program such that perception, effectiveness of implementation and function of coordination can be shared. The implementation of activity is using approach/tools collectively agreed by the team such that the indicator of success and the time scale of achievement can be monitored together.

Policy structure of industrial cluster development program in Padurenan village could be depicted in figure below:

Figure 4.5. Policy structure of the Project



Source: Elaborated by Author

In general, the program for embroidery and apparel industrial cluster in Padurenan village is focused on several goals, which are:

- The improvement of SME's capacity
- The Improvement of Financial Access
- The development of village infrastructures.
- The Improvement of Marketing Access
- The Improvement of Social Capital

Program Theory Matrix of this project could be drawn on the below table:

Table 4.1. Program Theory Matrix of the program

Policy (End Outcome)	Program (Intermediate Outcome)	Project		
		(Output)	(Activity)	(Input)
Improvement of SME's Competitiveness & Productivity	Improvement of SME's capacity	<ul style="list-style-type: none"> • Embroidery entrepreneurs are trained • Computerized embroidery machine & sewing machines • Knowledge sharing between SME-large garment industry 	<ul style="list-style-type: none"> • Training for SME (small medium enterprises). • Machinery aids • Facilitation for improvement of production quality. 	<ul style="list-style-type: none"> • Funds • Equipment • Trainers • Trainees • Text • Machinery
	Increased Financial Access.	<ul style="list-style-type: none"> • Capital aid for cluster 	<ul style="list-style-type: none"> • Provide micro credit for SME 	

		cooperative (Rp. 250 million) <ul style="list-style-type: none"> • Bank Jateng Provide micro credit for SME 	<ul style="list-style-type: none"> • Capital aid for raw material purchasing 	
	Development of village infrastructure	<ul style="list-style-type: none"> • Infrastructure & Access to the village are improved. • Tourism park is built 	<ul style="list-style-type: none"> • Provision of sign board, light road • Build tourism park • Improve access infrastructure (road, bridge) 	
	Access to market increased	<ul style="list-style-type: none"> • Participation of SME in exhibitions at local/regional/national level • Produce leaflet dan cooperation with tourism agency 	<ul style="list-style-type: none"> • Facilitation for exhibitions / festivals • Campaigning cluster 	
	Social capital improvement	<ul style="list-style-type: none"> • versatile cooperative “padurenan jaya” established as a cluster management 	<ul style="list-style-type: none"> • Facilitation for establishment of cluster management. 	

Source: Elaborated by Author

CHAPTER 5

PROGRAM IMPLEMENTATION

As aforementioned in the previous chapter, Based on a work plan that has been agreed by all actors involved and has been conceptualized in the Blueprint of Embroidery and apparel cluster development, the program is implemented by focusing on four goals. Those are improvement of social capital, improvement of entrepreneurs' capacity, increasing financial access, enhancement of infrastructure, increasing market access, and intended to develop the local economy for the community prosperity

This chapter tries to describe the implementation of the program conducted by government institution and will be explained based on the intermediate outcome as depicted on the program theory matrix on previous chapter.

5.1 Background of the program

This program aims to promote the small medium enterprises (SMEs) in Padurenan through industrial cluster approach by applying Porter's model. Enhancing the social capital becomes one of main targets. The effort taken to enhance social capital is by establishing a cluster management. the cluster management will function to serve and manage the activities in the cluster.

The form of organization functioned as the cluster management is in the form of cooperative. The cooperative of KSU. Padurenan Jaya was established

and functioned as a cluster management. It was officially established on 5th August 2019 by the cooperative's deed establishment number 503/208/BH/21/2009.

The establishment of KSU Padurenan Jaya, as the embryo of cluster management is continuously supported by stakeholders, through organization and management empowerment. Several activities have been conducted by actors individually or synergistically through the cooperation and coordination among them. Those activities could be explained below:

1. Several comparative studies have been held in order to enrich the knowledge and give a better insight for manager and also members of Cooperative regarding the management of the cooperative. Bank Indonesia has facilitated comparative study to Institut Tanggung Renteng Malang in cooperation with Bank Jateng, While The government of Kudus has also facilitated a comparative study to garment cluster at Cipulir Jakarta for studying the identification of raw material demand for uniform clothes.
2. GTZ RED facilitates Technical Assistance for Cluster Management in cooperation with Bank Indonesia. The assistance is aimed to empower the organization and the management of the Cooperative through the preparation of Business Plan to transform the Cooperative as the embryo of Management Cluster to be able to produce the self-support ability in term of raw material procurement and to facilitate the collective marketing for the entrepreneurs.

3. The empowerment of the organization and operationalization of the Cooperative as Cluster Management is made to happen by KBI Semarang by facilitating the empowerment of the organization of KSU Padurenan Jaya through coaching by the team from KSU Kencana Mulya about how to implement Business Plan Cluster Management;
4. the counseling of simple accounting in cooperation of bank Indonesia with University of Muria Kudus (UMK).

Most of these activities in term of the coaching on operationalization, training on business management in order to establish the cooperation KSU Padurenan and have been well maintained synergistically by Bank Indonesia, Kudus Regency, and GTZ RED and also UMK.

In order to support the operationalization of the production service in the cooperative, Kudus local government has conducted a procurement for purchasing one unit of Computerized embroidery machine valued as much as IDR. 150.000.000,-. The machine then was granted as machinery aid for the Cooperative and to be operationalized for serving entrepreneurs in the village that need embroidery production service. Vocational training center of Kudus government also give the training of computerized embroidery design for the operators.

5.2 Improvement of Entrepreneurs' Capacity

A synergy among institutions in the development of MSMES which can be realized through the signing of MoU of Cooperation between stakeholders (5

August 2009). The commitment of stakeholders is shown by the contribution of 7 (seven) High Speed sewing machines from the government of Kudus District, the contribution of mannequin from BBPPTK Ministry of Man Power, and the contribution of the construction of rural library by Bank Indonesia Social Responsibility (BISR).

Bank Indonesia Semarang has provided facilitation for technical aids to increase entrepreneurs' skill also to introduce padurenan products to the a wider society such as:

- Training of embroidery design and fashion show by Designer Ramli, training of embroidery product innovation by Hery Suhersono, an exporter of embroidery products;
- Fashion show by Designer Ramli performing embroidery and apparel products of Padurenan held in the city hall of Kudus Regency, followed by the exhibition of embroidery painting by Hery Suhersono;
- The training of Apparel production in cooperation with the government of Kudus District.

In addition, BPPTK of Ministry of man Power in cooperation with Man power agency of Central java province have organized training of Achievement Motivation Training (AMT), Simple bookkeeping; and training on Service Excellent for customers. Kudus government also provided training of embroidery design with utilizing the trainer of Kudus source person.

The facilitation of GTZ Red includes some activities such as: (i) the

visit to Furniture Industry Cluster of ICP at Industrial Area of Candi Semarang, (ii) to cooperate with Bank Jateng in providing the training of CEFE (Competency Basic Economic Through Formation of Entrepreneur) to the managers and members of KSU Padurenan Jaya.

In term of of knowledge sharing, the building of entrepreneurs Capacity is also conducted by KBI Semarang by inviting a large scale garment industries in Semarang through the facilitation of meeting between First Assistant of the government of Kudus Regency and Bank Jateng Kudus with PT. Apac Inti Corpora of Semarang city. PT. Apac Inti Corpora was one of the most leading and large scale garment industry in central java province. Then, it is followed by the meeting with the managers and members of KSU Padurenan Jaya. From this facilitation, the training is given on the introduction of textile products and its production at PT Apac Inti Corpora. Following up the result of training, KBI Semarang together with Bank Jateng and PT Apac Inti Corpora facilitate the meeting with Designer Ramli to discuss the plan of production of Moslem clothes based on Ramli's design, with the fabric as the raw material supplied by PT Apac Inti Corpora, and the production by the member of cluster. The target is for middle class market.

Other result from the meeting with PT Apac Inti Corpora indicates that some facilities are given, such as:

- the laundry for the product from Padurenan Apparel work is facilitated before this product goes to market so that the valued added of the product will be improved;

- the plan for the supply of raw material for school uniform fabric is facilitated if the price is agreed;
- the plan of marketing for Moslem cloths based on Ramli's design will be facilitated; and t
- the necessary training will be given to the managers and members of KSU Padurenan Jaya.

5.3 Increasing financial access

The Improvement of Financial Access, Bank Jateng conducts this activity by facilitating the supply of work capital and investment for KSU Pedurenan Jaya for as much as IDR. 300 millions through Corporate Social Responsibility (CSR) of Bank Jateng. Besides, the facilitation of work capital is also given to the member of KSU Pedurenan Jaya through Program Kemitraan dan Bina Lingkungan (PKBL) by Jamsostek of Bank Jateng, which counts to IDR. 882,000,000.

In the future, Bank Jateng is planned to provide the facility for the additional capital to KSU Padurenan Jaya for the supply of raw material and for the provision of new unit of raw material joint supply.

5.4 Enhancement of infrastructure

For the construction of tourist park, kudu local government and central java provincial government have shared the budget needed to build the initial

construction such as fence construction and land levelling . Infrastructure Development, The government of Kudus District and the Government of Central Java Province have commitment to allocate from their Regional budget revenue expenditures (Anggaran Pendapatan Belanja Daerah/APBD) to the infrastructure development as much as IDR. One billions for the initial construction of tourist park at Padurenan Village in order to accelerate the upgrading of MSMEs at Padurenan Village in Kudus. Central java Province allocated budget as much as IDR. 700 millions and sharing with Kudus District as much as IDR. 300 Millions.

Other contributions from Kudus regency for the infrastructure development are as follows:

- in the form of material aids such as contributions of 30 drums of asphalt and 1,140 m² paving materials. These materials then were used for improvement of rural roads and drainages through collective work performed by community of Padurenan.
- the installation of lighting for public road at Padurenan Village and traffic sign.
- The rehabilitation and the maintenance of Padurenan-Getasrabi road (1,500 M Length and 4 M Width).
- The rehabilitation and the maintenance of Besito-Kaliwungu road (3,100 M Length and 4 M Width).
- The construction of Padurenan-Lau road (1,700 M Length and 4 M Width).

- The construction of Padurenan-Daren road (1,000 M Length and 2.5-3 M Width).

The priority of next development is the widening of the road, mainly Sudimoro Intersection, which still undergoes the land release process.

5.5 Increasing market's access

Bank Jateng and GTZ RED have synergized to facilitate a Focus Group Discussion of need analysis and market survey to improve market access of SMEs.

Bank Indonesia facilitates the event of Launching of Embroidery and Apparel Cluster of Padurenan in cooperation with Bank Jateng. In this launching event, some activities are involved such as: (i) the fashion show of embroidery and Apparel clothes based on the design the local business people, and these are shown by the youth of Padurenan Village whom is given short training about fashion and modeling by Totok Shahak Modeling School Semarang; (ii) the bazaar for cluster products; (iii) the contest of embroidery fashion and innovation to examine the result of training with Designer Ramli and Hery Suhersono; (iv) the facilitation in various exhibitions and fashion shows at regional level (DP Mall, Gedung Wanita, Tugu Muda Semarang, and Hotel Patra Semarang).

Bank Indonesia has facilitated the implementation of cluster product exhibition at Tugu Muda in celebrating the Founding Day of Semarang City, at

PRPP in commemorating the Founding Day of Central Java Province, at some internal events of Bank Indonesia Semarang, and at the exhibition of “Central Java Cluster Creation Work” at Paragon Mall Semarang.

As tools to support the exhibition, leaflet containing cluster member list is published. Bank Jateng has facilitated the Cluster to participate into the exhibition in Kudus Public Square and the fashion show in Matahari Mall Kudus, and also given a space to display Padurenan products at MSMEs Center located in Headquarter of Bank Jateng in Semarang. Community response to Padurenan products is quite positive and it is shown by the sale of various embroidery and Apparel products.

At the national level, KBI Semarang has facilitated the participation of the Cluster into the event namely “34 Tahun Ramli Berkarya” at Hotel Grand Sahid Jakarta. In this event, Ramli is doing facilitations such as:

- Padurenan embroidery products are applied into Ramli’s clothing work and to be shown by his models in the grand show of his Fashion Show;
- the publication of book entitled with “Evolusi Bordir dan Batik Indonesia” and included about the embroidery products from Padurenan.

As a result from following these exhibitions, Some entrepreneurs in the cluster admit that many people start to acquaint with Padurenan products and many more buyers have visited directly to Padurenan Village.

5.6 Tourism promotion

As an effort to further expand the market and also to acquaint people with the embroidery and apparel products from Padurenan, Kudus Regency through Culture and Tourism Agency conduct several activities in term of promoting tourism such as:

- leaflet Printing, “Legian Beach Festival” Exhibition The printing of leaflet/booklet.
- The establishment and planning of Kelompok Sadar Wisata (Pokdarwis).
- Attending The Exhibition of Gebyar Wisata Nusantara in Jakarta.
- The making of Tourism Map Billboard

5.7 Obstacles found in the implementation

In the policy implementation perspective, actors are playing a significant role in achieving the succesful of the program. Policy actors are one of elements that could give a contribution for the succesful of policy implementation. According to Howlett & Ramesh (1995, p.52), those actors are: elected officials, appointed officials, interest group, research organization and mass media.

The elected official in this context is the legislature, their task is to hold governments accountable to the public rather than to make or implement policies. Legislature also get their say during the process of approving government bills enacting policies and governmental budgets their implementation. Therefore, the role of legislature is important to support the

implementation through their approval on budget allocation for the program.

The appointed officials in term of public policy and administration are referred to the bureaucracy, with a duty to support the executive in performing its tasks.

In this context the appointed officials are the governments institution involved in the MoU. They are consist of Bank Indonesia, Man Power, Transmigration and Population Agency of Central Java Provincial government, Main Station of Productivity Development on Man Power (Balai Besar Pengembangan Produktivitas Tenaga Kerja /BBPPTK) Ministry of Manpower and Transmigration, Kudus Local Government, and Bank Jateng.

The realities of modern politics enable interest groups to play a significant role in the policy process. In this context the interest groups is consist of three actors. First, community in the village, as the object of policy, their contribution to participate actively in the program will give a significant result to the succesful of the program. Second, is the research organization. In this program, the involvement of University of Muria Kudus (UMK) also contribute positively to the program. Through their research activity will result to a usable knowledge for policy process. The third is GTZ RED, based on their interest regarding their program on regional economic development in Central Java, GTZ RED also give a positive contribution through their facilitation on the process of cluster development.

Based on the activities that have been conducted sinergistically through a cooperation among actors, actually, many activities in the program that have

been implemented successfully.

However, if we take a look deeper to the program implementation, some of activities still could not carry out properly to reach the goal, mainly activities particularly related to the infrastructure aspect. Since this activity need a considerably large budget, but the support from legislature is low. The low support from legislature is seen from their decision not to approved the proposed budget for the infratucture development.

Since the legislature has the right to control the budget, therefore this condition greatly affected to the implementation. The absence of communication from government to legislature. Their absence in the involvement of the program result to the lack of their understanding about the important of the program to the local economic developemnt. Therefore, some of the program activities dealing with the infrastucure developement such as the construction of terminal area, maintenance of drainage system, and widening the road to the village were not approved by the legislature, therefore all of those activities have not been finished yet or even canceled.

From this reality, it can be concluded that, eventhough in the policy subsystem, the role of legislatures is not very significant as actor in the making or implementing of public policies (Howlett & Ramesh, 1995), however, their role to support the program is still needed particularly for approving the budget provision to implement the program is allocated properly.

In general, for short term phase and middle term phase, all the planned activities were carry out successfully to fulfill the target, unless the

development of infrastructure aspect.

Unfortunately, based on the observation of researcher, in the long term phase of development, almost none of the activities were carry out by stakeholders that involved in the agreement. This phenomena is caused by two things:

1. Dissimilar with the short term and middle term phase, in the long term phase there is no clear target and activities planned on the blueprint of embroidery and apparel cluster development program.
2. It is also found that, as written in the MoU, the period of agreement is only valid until the end of 2009, whereas the agreement has been signed in August 2009. despite there is a clause that the agreement can be extended on the requirement one of parties, however, based on the interview with the Law Section of Regional Secretary of Kudus regency, Mr. Wahyu Agung state that:

Only this MoU that related to the embroidery cluster development, to my knowledge there is no other MoU as the prolongation of the previous MoU (interviewed on February 2014)

It can be conclude that based on those two condition which are lack of legal basis and unclear detail activities for long term development, in the end, it will result to the lack of commitment from all involved actors in the Agreement.

Interestingly, researcher also found that in reality, there are two institutions that still concern to the program. Those institutions are Kudus Local Government and Bank Indonesia. Kudus Local Government is still

giving attention to the development of industrial cluster of embroidery and apparel in Padurenan through periodic monitoring and assisting the cooperation of KSU Padurenan Jaya. While Bank Indonesia also frequently facilitates the businessman of embroidery and apparel in Padurenan for attending several exhibitions as an effort to make Padurenan's product to be known better to the public. Similar as it is expressed by Mr. Bambang T.W (ad interim of Head of Industry, Cooperation, and MSME agency of Kudus Regency):

Off course we are fully supporting this program. It is the commitment of Head of Kudus Regency and all agencies in increasing the competitiveness of Small Industries in Kudus. We continues to develop and to strengthen the cooperation management of KSU Padurenan Jaya and the SMEs of embroidery and apparel.

Based all of those statement above, it can be concluded that, up to date, only two institutions that still concern to assist the development of embroidery and apparel cluster in Padurenan because of the high commitment of the Head of Kudus Regency and Bank Indonesia as well.

5.8 Influencing factors in the implementation

In the implementation of Embroidery and Apparel Cluster in Productive Village of Padurenan carried out by institution involved in the MoU, it have been found both supporting and challenging factors appear in the implementation process of Embroidery and Apparel Cluster in Productive Village of Padurenan. In this sub chapter, Factors that influenced those government institutions in implementing the program will be discussed. Those are dealing with four aspects developed by Edward III, they are

Communication, Resources, Disposition and Bureaucratic Structure.

a) Communication

According to Edward III, in the communication aspect, lack of clarity in implementation directives will hinder the implementation of a policy. If policies are to be implemented properly, implementation directives must not only be received, but they must also be clear. If they are not, implementers will be confused about what they should do.

We can see this condition from the statement of Mr. Andrianto as follow:

If I'm being asked why it seems there is no activities was carried out for the long term stage, so we can see by our self at the Blueprint. In the long term stage planning, there is no activity in detail included in the blueprint.. Well it's certainly creating a confusion for he implementers or even for the planner like us. Because we do not know what should we do.

Based on the statement, it can be concluded that the problem regarding communication is the lack of clarity in implementation directives on how the program will be conducted in the long term stage. The long term stage in the blueprint is only contain the goals, but there are no detail activities could be found in the long term planning. Therefore, the lack of clarity in implementation directives for long term stage will make any involved actors feel confuse on what activities should be conducted.

Actually, the blueprint of embroidery and Apparel cluster development program was created as a main reference guide for all involved actors in the implementation of the program. Blueprint is designed by using the principle of flexibility in order to accommodate

changes and dynamics. So it is expected that this blueprint can be modified according to needs and specific policies.

It is in accordance to the idea of Edward III said that a fundamental cause of vague policy decisions is the lack of consensus that frequently exists about the goals. Specific goals make it difficult for them to build supportive coalitions from among diverse interests. Moreover when decisions require the agreement of several persons of similar status or influences, policies are more likely to be vague because of the frequent necessity for substantial compromise.

b) Resources

Resources play important thing in implementing the policy. It is said that even implementation orders were clear and consistent, and they are accurately transmitted, but the personnel who are responsible for executing policies lack of resources for doing an effective job, then the implementation will not be effectively perform (Edward III, 1980, p.11). Important resources include adequate size of staff, the necessary expertise; information which is proper and sufficient to implement policies and on the compliance with others actors involved in implementation; the power to ensure that policies are performed as they are intended; and facilities such as equipment, land, buildings, and supplies, for providing services. Insufficient resources will mean that law will not be executed, services will not be supplied, and reasonable regulations will not be developed.

In the context of staff resources, as set forth in the MoU, that each party should appoint their representatives who have the capabilities technical implementers in accordance with their institution's duty and function. Furthermore, for Bank Indonesia, in supporting the program, this institution internally forms such as a companion team. The team was appointed with the task of coordinating the activities conducted by Bank Indonesia regarding the program of embroidery cluster development. It was recognized that the activities that were carried out are so many and complex. Such as to give trainings related to financial aspects, organizing exhibitions both at national and local level.

However, not all of the appointed staff have proficiency in performing their duties. This fact depicted from the statement of Mr. Pipin Udianto (section head of ILMEA on Industry, Cooperation and MSMEs Agency of Kudus Regency):

In here the number of staff was inadequate, when we compared with the existing workload. The existing staff here curently only eight people. Even then, some of them were already old, so less agile. Moreover, there is no functional staff as industrial instructor. Therefore, we are lack of functional staffs that have special skills in the diagnosis of small industry issues. That is to say we do not have enough skill for handling the development of industrial clusters

Based on the interview, there is the problem of personnel shortage. It was happened especially on the Industry, Cooperation and MSMEs Agency of Kudus Regency. It is also supported by the skill of personnel that is still low. This is due to the absence of functional staff for industrial

training. This ultimately led to the activities carried out are not operating effectively.

From the explanation of informant above, it could be said that not all the institutions involved in the implementation experienced the problem dealing with staff resources. By looking at the experience of Bank Indonesia, therefore for Kudus Local government need to form such as a task force with the duty is to coordinate problems that may arise.

Another problem in resources is regarding with the fund allocation for the program. Especially for Kudus local government which has a duty in developing infrastructure aspect. Infrastructures that have to be developed such as terminal and parking area, widening road, drainage system, traffic board sign. However, up to now for the progress of terminal and parking area development has to be stopped until leveling land and fencing due to the lack of budget.

c) Bureaucratic Structure

The aspect which is discussed related bureaucratic structure how the fragmentation aspect in the implementation of embroidery and Apparel cluster development.

According to Edward III (1980, p.134), Fragmentation is the dispersion of responsibility for a policy area among several organizational units. It is believed that the more actors and agencies involved with a particular policy and the more interdependent their decisions, the less the probability of successful implementation.

Organizational fragmentation may hinder the coordination needed to implement successfully a complex policy that requires cooperation among people or institutions. It can also spend scarce resources, inhibit change, bring confusion, causing policies works at the intersection of objectives, and resulted in neglecting important functions. Fragmentation has a consequence in the diffusion of responsibility, and this makes coordination of policies difficult (Edward III, 1980, p.137).

In regard with aspect of fragmentation, there is dispersion of responsibility among several organization. The program is aimed to overcome some problems that may hindered SME's in Padurenan such as lacks of marketing development, low capacity resources business actor in improving their product quality. The program is designed to overcome these problems and focused on four things: increasing the competitiveness of SMEs through improving production aspect and capacity aspects of SMEs, improving access to financial institutions, and developing rural infrastructure facilities. Since it was focused on different activities, then the implementation of this program should have to involve several institutions that do have the capacity and expertise in accordance with the program focus. So that all activities can be executed either by the appropriate institutions".

However, one of consequences of organizational fragmentation is difficulty in coordination. Therefore, they form inter agency coordination in the form of a facilitation team. This tem held a regular coordination

meeting. These meetings should be attended by all members of the facilitation team has been formally appointed as a representative of their institution. However, in the implementation not all of members were come. Sometime persons who were attending the meeting have been changed to another person who has not understood the problem or has not an authority as a decision maker.

Based on the statement of informant, it can be concluded that fragmentation of responsibility to carry out a policy to several organizations will result in the coordination problems. However, if we take a look deeper to the statement above, a dispersion of responsibility in to several organization based on their capability in carrying the task have advantages as well. It is because a policy will be better implemented if it is carried out by an appropriate organization.

Table 5.1. Supporting and Challenging Factors

No	Factors Influencing the Policy Implementation	Category of Factors	
		Supporting	Challenging
1	Communication	It has been already socialized properly to the people of Padurenan village, particularly to village official and embroidery business operators	Lack of support from the legislative
		It already has a task force as defined on the MoU	Lack of coordination
2	Resources	Several institutions have expert staff regarding to the industrial cluster development.	Some other institutions Lack of capable officers
		The province and regency has high commitment to allocate budget for developing the infrastructure	Lack of budget related to the completion development of facilities and infrastructures of embroidery business

No	Factors Influencing the Policy Implementation	Category of Factors	
		Supporting	Challenging
3	Disposition	High commitment from leader/ decision maker	Low commitment of staff/ implementer toward the policy due to sectoral ego
4	Bureaucratic structure (related to fragmentation - the dispersion of responsibility)	Carried out by the appropriate institutions	Ego sectoral among the the street implementers
		The tasks of each institution are well distributed referring to main duties and functions of the functions of the institutions	Involves many actors which would have difficulty in coordination The same level authority of them make no one can impose sanctions when any party do not act in accordance with the objectives

5.9 Force Field Analysis

The force field model provided a structure for planning to introduce the change to the implementation of Embroidery and Apparel cluster development program at Padurenan village.

To do so, in line with the variable of critical factors of policy implementation described above, then, attempts to analyze the challenging and supporting factor used the force-field analysis of Lewin.

The following table defines the clear action to improve such influencing factors in order to optimize the implementation of the MoU on Industrial Cluster Development Program.

Table 5.2. The clear action of the optimization of the MoU

No	Factors Influencing the Policy Implementation	Ways to strengthening, maximize the driving forces	Ways to Reduce Challenging Forces	Clear Action
1.	Communication		Prompting to keep communication simultaneously between decision maker and implementers	Conducting a coordination meeting routinely among decision maker and implementers, therefore the directives will transmitted perfectly to the implementers .
2.	Resources	Improving the budget system dealing with the facility and infrastructure	Allocating more budget to develop more suitable facilities and infrastructures	Drafting management plan consisting strategy to develop the of embroidery Industry in Paduranen District
				Attracting private sector to invest in the partnership scheme.
				asking the central government to help the development of facility and infrastructure
3.	Bureaucratic structure (related to fragmentation - the dispersion of responsibility)	Improving the management structure	Enhancing the management capacity through participative management involving all implementing actors	evaluating the program routinely
				Involving the legislative to be a supervisor in implementing the programs
4.	Disposition	Developing and strengthening the synergy between provincial and municipalgovernment	Improving the commitment of the stakeholder, particularly the implementers	Creating reward and punishment
				Create performace contract signed by the implementers

Source: Author's analysis (2014)

CHAPTER 6

CHANGES OF COMMUNITY CAPACITY

This chapter depicts a description regarding the change that was occurred on the community of entrepreneurs in Padurenan as a result of the implementation of embroidery and apparel program. The description of the changes examined in the community level where entrepreneurs involved and then move to individual level cases.

in terms of community level, this chapter will focus on the development of two community-based organization regarding the cluster's activities, where those organization did not exist before the program was implemented. Those two organization are The cooperative of KSU Padurenan Jaya and the association of entrepreneurs called "*Paguyuban Kampung Ndorenan*". While on the individual level, two entrepreneur cases consist of of Abdul Rouf case and the case of Syaiful Karim will be described regarding the changes they experience as members of the community through this program and how their interactions at the community level and the extent of benefits they received

Based on description of the case study, then, it will be analyzed using a model community interactional capacity and policy structure proposed by Miyoshi and Stenning (2008), emphasized on the characteristic of community capacity, these characteristics consist of sense of community, commitment, ability to set and achieve objective, and ability to recognise and access to resources.

6.1 Community level case 1: The cooperative of KSU. Padurenan Jaya

As it was mentioned before that embroidery and apparel industries in Padurenan village were developed through industrial cluster approach by using Porter's diamond cluster model. Therefore, The Cooperative of KSU. Padurenan Jaya was established and functioned as a cluster management. It was officially established on 5th August 2019 by the cooperative's deed establishment number 503/208/BH/21/2009.

Image 6.1. The Cooperative of KSU Padurenan Jaya



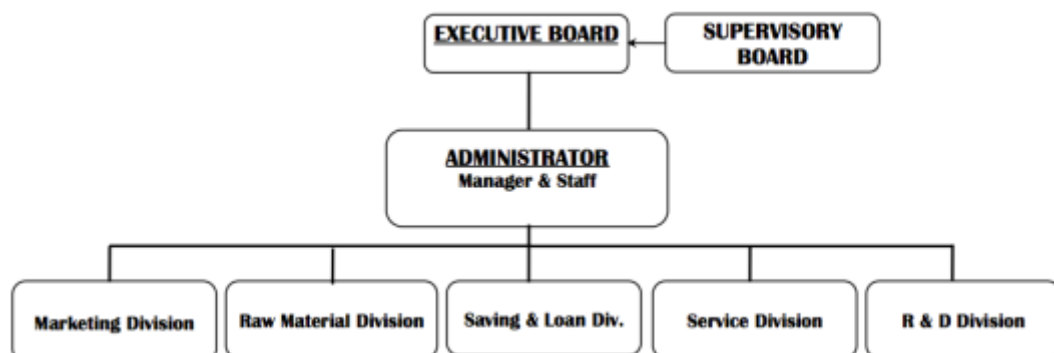
Source: photo taken by author

The photo above is the front side of the cooperative office, where on the left side of the building is utilized as the shop for providing production supporting raw materials. The cooperative is located in the central of village, Krajan Hamlet. It is only 500 meters to the east from village hall.

In conducting its operations, the cooperative has an executive board consist of several members, which has a responsibility to implement decision taken by the meeting of members to drive the organization in achieving the goals set. Members of executive board are elected by cooperative members in an annual membership meeting.

The organizational structure of KSU. Padurenan Jaya could be depicted in the figure below

Figure 6.1. Organizational chart of KSU Padurenan Jaya



Source: Cooperative's document

For managing the daily activities, the cooperative has administrators consist of manager and three general staff who are appointed by the cooperative board members' meeting approval.

Administrators supervise five different division consist of marketing division, raw material division, savings and loans division, production service, and Research and Development Division. In 2013, those divisions have several activities that could be explained as follows :

a. Marketing division.

This division is the most important part in introducing embroidery and apparel products of Padurenan. it has several tasks such as, managing the outlet or display products, attending exhibitions, cooperate with external parties in term of marketing activity.

Image 6.2. Mr. Izzan, cooperative's administrator



Source: photo taken by author

Mr Izzan an immi, one of administrator in the cooperative, on the interview said that, in 2013 the cooperative receive aid from University of Muria Kudus (UMK) two set computer PC utilized for supporting online marketing of KSU Padurenan Jaya. The cooperative tried to use online marketing by utilizing website to offer embroidery and apparel product. By accessing <http://www.padurenanjaya.com/>, we can access any information regarding products, prices and also contact persons of all products offered.

Image 6.3. The website of KSU. Padurenan Jaya



Source: retrieved from <http://www.padurenanjaya.com/>.

Furthermore, Mr. Izzan told that, in order to introduce embroidery and apparel products more effective, in 2013 several exhibitions has been followed by the entrepreneurs under the cooperative's coordination. Those are displayed as follows on the table.11 below:

Table 6.1. Exhibitions followed by cooperative's members during 2013.

No	Date	Location	Sales Volume (Rp)
1.	16 - 19 May	Java Mall Semarang	16.845.500,-
2.	27 June – 1 July	Mall Ciputra Semarang	14.091.500,-
3.	11 – 15 July	Paragon Mall Semarang	25.862.000,-
4.	8 – 10 August	Cooperative day (Pati)	3.000.000,-
5.	11 – 12 August	MSME Expo of Kudus	5.500.000,-
6.	4 – 8 Sept	Paragon Mall Semarang	22.421.000,-

Source: elaborated by author based on the fieldwork

From the table shown above, we could see that in 2013 entrepreneurs in Padurenan, by facilitation from the cooperative is very active in attending the exhibitions with the hope that their products is getting known by people.

b. Raw Materials Division

There are two kinds of materials that supposed to be provided by the cooperative under this division, which are main raw material in the form of fabrics, and supporting raw materials consist of needles, yarn, and other

accessories for productions. since its inception until recently, for the main material, the cooperatives is still only able to provide in a few amount and could not fulfill all the members' need due to limitedness of capital.

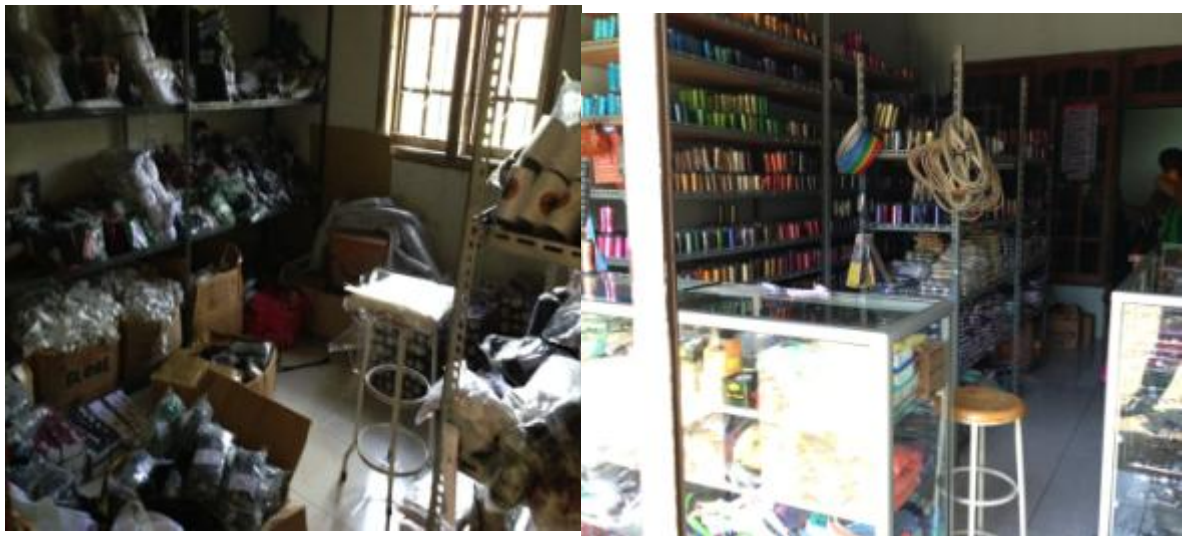
Image 6.4. Stock of main raw material



Source: photo taken by author

However, for the supporting materials, in 2013 KSU Padurenan Jaya could provide almost all type of materials, so that more than 75% of members' cooperative and people in general could utilize this service. Cooperative's members could get the benefit from this service. As it was said by two of entrepreneurs, Mr A. Rouf and Mr. Karim, as a member they could buy those supporting material to fulfill their production from cooperative without having to go too far out of the village. Another advantage is that they also could buy it on credit.

Image 6.5. Stocks of Supporting raw materials



Source: photo taken by author

c. savings and loan division

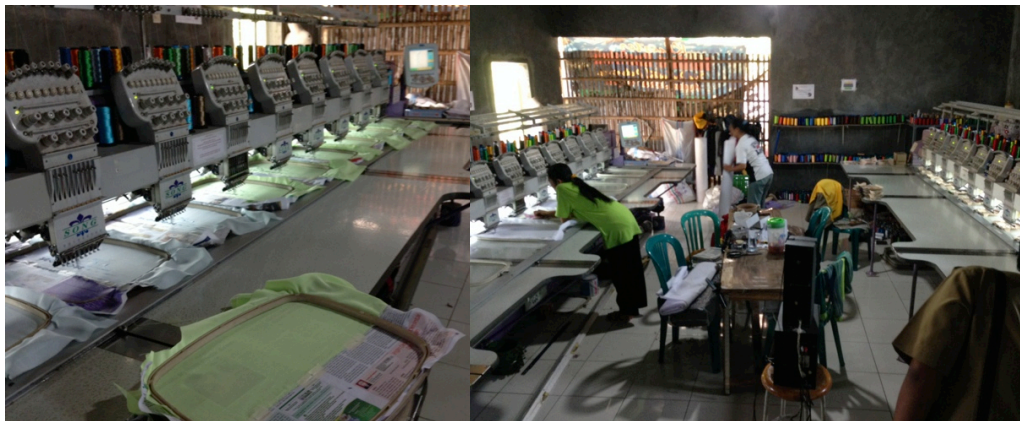
in 2013 this division could be run independently. previously, in 2012 the savings still to be used for purchasing raw material, but now all the savings could be used for providing loan or credit facility for any members who need it. Until the end of December 2013, the amount of money utilized by the members as a loan was recorded as much as Rp. 70.305.000,-. In 2013, total capital gained by the cooperative was recorded as much as Rp. 1.005.553.668,- or increased 1.13% compared to 2012.

d. Production service division

Under this division, KSU Padurenan Jaya provides services to embroidery and apparel entrepreneurs in the form of embroidery production service. Through this division, the cooperative tried to enhance the productivity of entrepreneurs

by giving an embroidery production service with the low cost and near to entrepreneurs' location. To date, this division has been operating two 12 head computerized embroidery machines. Support from government is quiet high for the operationalization of this division since those 2 machines are equipment aids from Kudus local government in 2009 and from Central Java province in 2011.

Image 6.6. Computerized embroidery machines of the cooperative



Source: photo taken by author

By using these sophisticated machines, the cooperative is able to serve orders from entrepreneurs that always changes from time to time and is also able to work on the high degree of difficulties embroidery. Furthermore, the cooperative tried to offer a lower embroidery service cost than other place offered. Now this division employed two labors responsible for the design and six labors responsible for production as operators for the machine, which

worked for 24 hours a day and is divided into three shift.

Image 6.7. Design process and computerized embroidery products



Source: photo taken by author

Considering that the volume of production service for embroidery is getting larger from day to day, based on the annual members' meeting in the end 2013, the members gave mandate to the cooperative management to purchase one more computerized embroidery machine.

e. Research and Development division

This division is responsible for improving the capability of embroidery and apparel design and production. all trainings conducted for entrepreneurs in the village are managed by this division. During 2013 this division cooperate with related institution has conducted several training activities as follows:

- Training on embroidery design, conducted in cooperation with Ministry of Cooperative and MSME on 21 October 2013 and followed by twenty embroidery entrepreneurs.

- Technical guidance embroidery design, in cooperation with industry, cooperative and MSME agency of Kudus local government, attended by thirty embroidery entrepreneurs conducted in the village hall of Padurenan

This division also tried to promote the environmental sustainability. In corporation with Kudus local government, the cooperation conducted a training for woman entrepreneurship. This training assisted women in the village to utilize the waste of embroidery and apparel industry in the form of small pieces of fabrics and convert them into patchwork products.

Image 6.8. Training for woman entrepreneurship



Source: photo taken by author

One of the interesting point I got when conducting my research in the cooperative is that, members of cooperative agreed to put aside some portion of profits gained by KSU Padurenan Jaya and then distribute to the poor that live

in the village. they treated this set proportion of profits as “zakat”. Zakat is the obligatory giving of a set proportion of moslem’s wealth to charity². according to Mr Arief Chuzaemahtum, Chief of Padurenan Village, members of Cooperative realized that they have a social responsibility to share the prosperity to all of village’s people. during 2013 KSU Padurenan Jaya is able to distribute an amount of money as much as Rp. 15.693.000,- for a total of 108 poor people spreading all over six hamlets in padurenan village.

6.2 Community level case 2: Paguyuban Kampung Ndorenan

“*Paguyuban Kampung Ndorenan*” or The Association of Padurenan Village was established in 2010. *Paguyuban* in Indonesia language means an association that has a kinship characteristic; established by people who have a common view, agree to foster unity (harmony) among its members³. It was established with the purpose to create such a kind of forum where entrepreneurs in Padurenan could meet and communicate to each other. It is expected that through this forum, entrepreneurs could enhance sense of kinship and sense of cooperation among them in the village.

It could be said that the initial aim of this association being established was to become a forum for communication among the entrepreneurs in Padurenan in order to enhance sense of trust and brotherhood among

² <http://www.bbc.co.uk/religion/religions/islam/practices/zakat.shtml>

³ <http://kbbi.web.id/paguyuban>

entrepreneurs. When the first time it was established, the association only has about 17 members, but now its members is growing to 76 members which is not only consist of embroidery and apparel entrepreneurs, but also other sectors such as bags, food entrepreneurs.

6.2.1 Changes in the community effected by The Association

In general, actually the relationship among people in Padurenan village was quite good. However, in term of embroidery and apparel business, rivalry and individualistic rivalry among them are quiet strong. Actually it is not surprising, since It becomes a natural instinct of entrepreneurs that they always compete one to another, and this condition was actually happened in the village before this program was implemented. All respondent, Rouf and Karim admitted this condition. They told that before the program implemented, there was no trust and sense of cooperation among them. They were afraid of loosing any profit or become less competitiveness, if other entrepreneurs know their key to success.

As it was said by Abdul Rouf, the leader of the Association:

Before “paguyuban” exist. It is quiet rare that entrepreneurs in this village willing to share order with others or giving reference to their customers about other entrepreneurs, however slowly but sure after they joined the association and engaged in activities at the association, the nature of individualistic and competition among them began to decline and change to the nature of working together in a network. (interview on March 2014)

One example of such condition happened dealing with the order from consumers. If there is a consumer come to the one of entrepreneurs in order to purchase some products of embroidery or apparel, then the entrepreneur was not able to fulfill the order, he would not give the customer a reference or recommendation to other entrepreneurs who have the ability to produce it.

However, since Paguyuban was established, and all members attending meeting held every month, the conditions of individualistic rivalry among entrepreneurs are slowly began to erode. This was the result of their habit to join in a meeting discussing the difficulties faced by each members and to then be solved together that eventually make a sense of togetherness and kinship comes up among them. From this process now they have been doing some kind of activities that promoted the spirit of cooperation and networking among members among them. For example cooperation in ordering the main raw material production or joint purchasing, cooperation in completing orders from customers or joint production, as well as the operationalization of the store or outlet that sell products member. This phenomenon rarely happens before.

For regular meeting, this activity is held regularly in every month. This meeting is a forum for every member to meet each other, get connected with other members from different hamlet in the village, which may rarely to meet. In this forum, members also perform a sharing of experience and sharing of knowledge from other members regarding their business. In here every one is also encouraged to communicate problems or difficulties faced by all entrepreneurs. After that those problems will be discussed and get many

suggestion from other members. Hopefully, by sharing activities then entrepreneurs in the association could have information and also could solve their problem based on the suggestion from other members.

While the activity regarding with the joint production could be explained as follows. If there is an entrepreneur get an order from costumers in a large quantity and he couldn't accomplish it by him self, then he will distribute/divide his order to other entrepreneurs, or in the other word, other entrepreneurs become his subcontractor. Or if one of those entrepreneurs is offered an order but he doesn't has ability to produce it, then he will recommend the customer to other members that have ability to produce it.

Eventually, through the joint production activities there has been a positive impact in term of improvement of skills and product quality. When they join and cooperate to fulfill orders from a consumer, even the order is divided and is produced by several different entrepreneurs, but they have to produce a product with the same quality, otherwise the customer will complain regarding the quality of products. To do so, the entrepreneurs who could produce a better quality will assist other entrepreneurs who have a lower quality in production. He will provide some technical support in the process of production until all of them could make products with the same quality.

The association also has influence to the political aspects . This because the association formed an embroidery business community and apparel with large enough of members, then the community has a quite strong political bargaining to the padurenan village government. For example, as it was said by

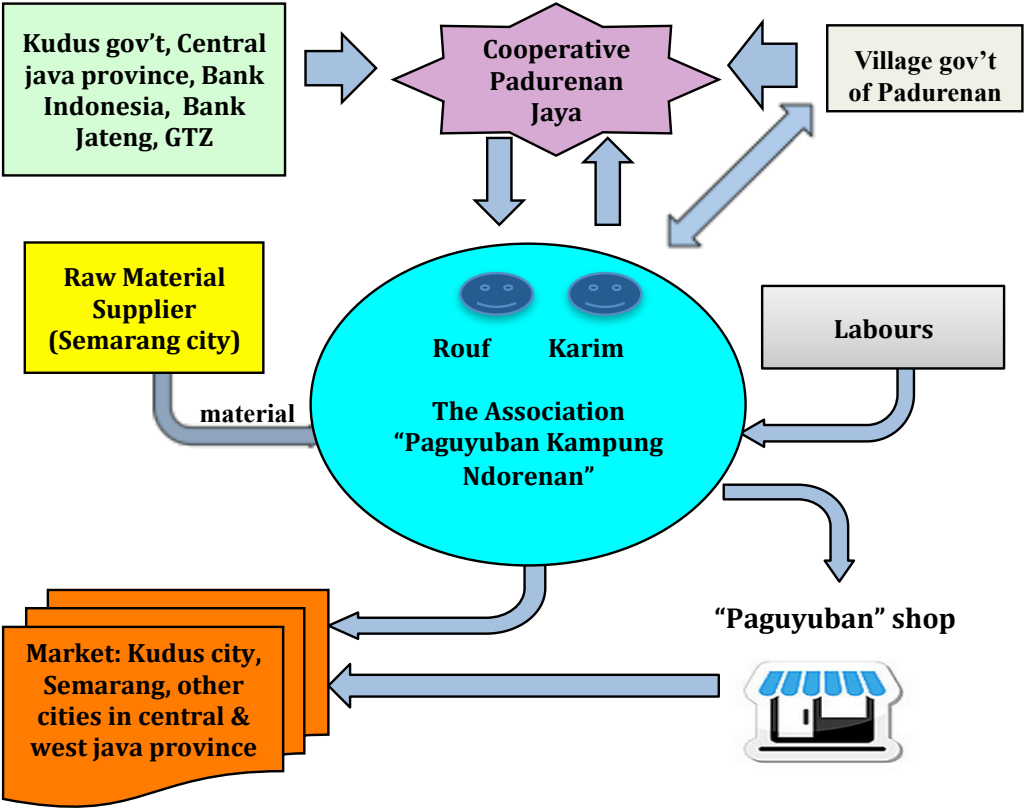
the association head Mr. Abdul Rouf in the interview, when there was an election for choosing village chief in 2013, the incumbent village chief become the candidate, he intended to get support from the association, he held a meeting with the association's members, after the candidate affirms its commitment to continue in supporting the development of Embroidery and apparel cluster, then the community is willing to support. It is not surprising then that the village chief can be re-elected for the second period because of the support from the association.

Another activity is they make a collective purchasing of main raw material for production to the supplier. They purchase main raw material from local market in Kudus or sometime they look raw material for from the market outside of Kudus. The main material they purchase is fabric, especially fabrics required by apparel entrepreneurs. Usually when those apparel entrepreneurs need material they will make appointment to go out with other members together for purchasing material. By purchasing material together, they could get some benefits, among them are:

- Together, they could accumulate their respective purchasing into one large quantity, so that they can get a lower price by discount.
- This activity also increase the interaction and network among entrepreneurs

A complete pattern of relationship among actors related to the association could be seen in the figure below.

Image 6.9. Stakeholder map Padurenan’s Entrepreneurs’ Association



Source: elaborated by Author

Facilitation and support is given by implementing actors coming from public sectors, through the cluster management which is Cooperative “Padurenan Jaya” acting as a mediator between institutions from the outside with the entrepreneurs. Through the cooperative, facilitations and supports from the government, such as Kudus regency, Central java province, Bank Indonesia, and also from Bank Jateng, UMK and GTZ RED, given to entrepreneurs who are in the association.

While in the community of Padurenan, The cooperative of KSU

Padurenan Jaya as the cluster management also provide support for entrepreneurs through the provision of supporting raw materials, facilitation of micro credit, and also provide the provision of embroidery service using computerized embroidery machine.

In fulfilling the needs of main raw materials such as fabrics, association's members purchased to the supplier together, so they can obtain raw materials at competitive prices. As for the workers that are recruited by entrepreneur generally come from the village itself.

Regarding orders from consumers, beside through the cooperative, some consumers also directly contacted the entrepreneurs. However, entrepreneurs produce their products are not only based on the demand from consumers, but they are also producing embroidery and apparel products based on the up to date trend in the market, then they sell them to local markets and other markets outside of Kudus city. Many of entrepreneurs have market in different province.

6.2.2 The association-owned shop

As a result from their monthly meeting, they decided that their association should have a shop. This shop functioned as a showroom for members' products and direct selling to customers. This community-owned shop or showroom is located in the west side of the tourist parking area. Initially, they wanted to set up a shop in one of the stalls in the biggest local market in

Kudus, which is Kliwon Market. However, considering of limited funds and the also the risk that may occur, members finally decided to build their own store/showroom in their own village.

Image 6.10. The shop owned by the association



Source: photo taken by author

Rouf, head of the association, said that members has an initiative to build a shop for some purposes, among them are:

- To make the shop as a showroom for exhibition and promoting member's products to consumers, guests and tourists visiting the village.
- To give a place for members selling their product directly to consumers.

- To give members' who live far from the village's center a fair opportunity for their products to be seen by consumer or visitors.

in the beginning, every member gave a contribution fund for building the store as much as five hundred thousand rupiahs per person. After all the money gathered, then they used it to build the shop.

Image 6.11. Inside the shop and the products



Source: photo taken by author

This shop function as a showroom and store as well, it sells a wide range of clothing, ranging from kebaya (javanese blouse), t-shirts, veils, pants and other clothing accessories. The store also sells hats, handbags, "

All products supplied in the showroom are supplied from members of the association at the lowest possible prices. But still earn a profit, and then 5%

of profit gained of sales will be given back to the association.

The sales from the showroom " *Paguyuban Kampung Ndurenan* " located in the Village Padurenan could reach a turnover of 8 million rupiahs per week in the peak season, while on a normal day, turnover could reach 5 million rupiahs per week

The shop opens at 8 a.m. in the morning until 8 p.m. the association employed one person as a shopkeeper to maintain, and are usually added one more person to keep the store in peak season.

Members of the association admitted that they are quite happy, when they could directly sold their products to the consumer and could saw that customers better know their products now. In addition to that, members were also glad that through the association, now arise a sense of kinship among them in the community.

Entrepreneurs in Padurenan now realized that the advancement of the small industry in Padurenan as a whole only could be performed by improvement of each entrepreneur itself, and this may not be achieved in the absence of a sense of community and cooperation among them, whereas in an industry cluster there is a very important thing is a willingness to work together to achieve common progress that will eventually be able to realize the collective competitiveness. Furthermore, in accordance to the concept of community capacity, it was said the developing a community depend on initiatives and common activities of members of the community.

6.2.3 Community capacity development by The association.

The development of community capacity through activities in the Association of “Paguyuban Kampung Ndorenan” is presented in the table below and is summarized in terms of its characteristics and strategic elements.

Table 6.2. Community Capacity Development for The Paguyuban

Characteristics of Community Capacity	Sense of Community	Entrepreneurs initiate to establish Paguyuban based on their concern about on how to enhance the relationship and cooperation among them
	Commitment	The increasing participation of entrepreneurs to be the member of Paguyuban
	Ability to set and achieve objectives	They succeed to build and manage by their own, an outlet for displaying and selling members' products. Enhancing skill of members by employing their regular meeting as a forum for sharing of experience.
	Ability to recognize and access to resources	They utilized the experience from success members as an tool for enhancing skill of other members
Strategic elements of Community Capacity	Human Resources	Members of Paguyuban received training from implementing agents (government) in term of technical skill and management, marketing, etc. They shared their experience from training to

		other members who were not attending the training.
	Leadership	The role of Association's leader has a significant contribution for promoting network development among members
	Organization	Utilizing Paguyuban as forum for members to perform problem solving activities and sharing experiences.
	Networking	Through activities in paguyuban, they meet and enhancing the relationship among them. From the networking they built in paguyuban, now they could cooperate in term of production, marketing and purchasing.

Source: elaborated by Author

6.3 Entrepreneur Case 1: Syaiful Karim

His name is Syaiful Karim, one of my informants. He is 36 years old and is one of embroidery and apparel young entrepreneur in Padurenan. In running the business, his wife who is a teacher in the elementary school also help him especially for the embroidery production. His wife is responsible for choosing the color, fabric material and also designing the product..

Karim lived in Randukuning hamlet, located about 2 km to the north west of the central village. When I went there, I thought the road Based on the observations of investigators road to this hamlet is not as good the road as in the center of the village , there were some holes and some areas were unpaved well. According to Karim, recently he and community in this hamlet worked

together fixed the road by covering holes with rube soil and small rocks in order to make the road not muddy when rain. Aside from running his business, Karim is also active in the village's organization. He was chosen by the people to have served as a member of the Village Consultative Body (BPD). In this body he was appointed as a leader.

Image 6.12. Karim and his embroidery products



Source: photo taken by author

He has a very busy daily life. He has been running two kind of business. His main business is producing embroidery and apparel products, while his second business is to be a distributor of local mineral water products which its brand name “KhQ” and “Buya”. In regard with his community, he has a responsibility in performing his Job as a member of consultative village.. In addition, he also spent two days in a week to become an undergraduate student majoring in Islamic religious education on one of the private college in Jepara regency, the neighboring city of Kudus. He aspires to become a teacher like his wife who had become a teacher at a school in the village padurenan.

Looking at his activities, no wonder that I rather difficult in making an appointment for interviewing him, I have to contacted him several times tried to make an appointment in his free time and finally I am able to meet him after contacted him five times.

At the time I was carrying out an interview with him, Karim was working on the order for making student uniforms from one of the traditional Islamic school in Demak regency. He received the order of 600 sets of student uniforms for 200 students on that school. For this order , on the part of the buyer / customer is not able to give money away, so that Karim tried to provide all the raw materials and pay employees of his own money

Karim told me that this school uniform is priced at IDR. 55,000. Unfortunately, for this order the buyer was not able to give an initial money as a down payment due to their limited budget, so that Karim should provide all materials and pay his labours on his money first. However it is not a problem

for him, since he could raise a loan to the cooperative, and also could buy some supporting material on credit from cooperative.

There was an interesting story as the background how Karim got this order. Karim told me that formerly, this customer had known Karim, but he did not intend to order uniforms to Karim, however after he heard that Padurenan known as a center for embroidery and apparel, than he contacted Karim to order uniforms. The customer was very happy because he got a very competitive price from Karim. Karim told that this customer has surveyed to apparel producers around his town. He got the lowest price at his town at IDR. 65,000 per clothes, but Karim could provide a more competitive price of only IDR. 55,000 and without having to give a down payment in advance .

Image 6.13. Kindergarten Uniform's Product



Source: photo taken by author

In order not to burden Karim's cash flow, he will produce and submit as many as 200 sets of uniforms to the customer for the first batch, so Karim will get paid for those finished product and then it could be used for paying employees and purchased raw materials that have not been paid and then he continue to produce the next batch. The time required for completing 200 sets of clothes is approximately one month.

Karim has eight workers and all of them are women. Since they all are married have children they cannot leave their home and work for a long time, so the solution is that they work for karim on their own house. They will bring the order and materials from Karim to their own house. Therefore Karim has to put his equipment for production such as Sewing machine, embroidery machine, needle, etc on his workers' home.

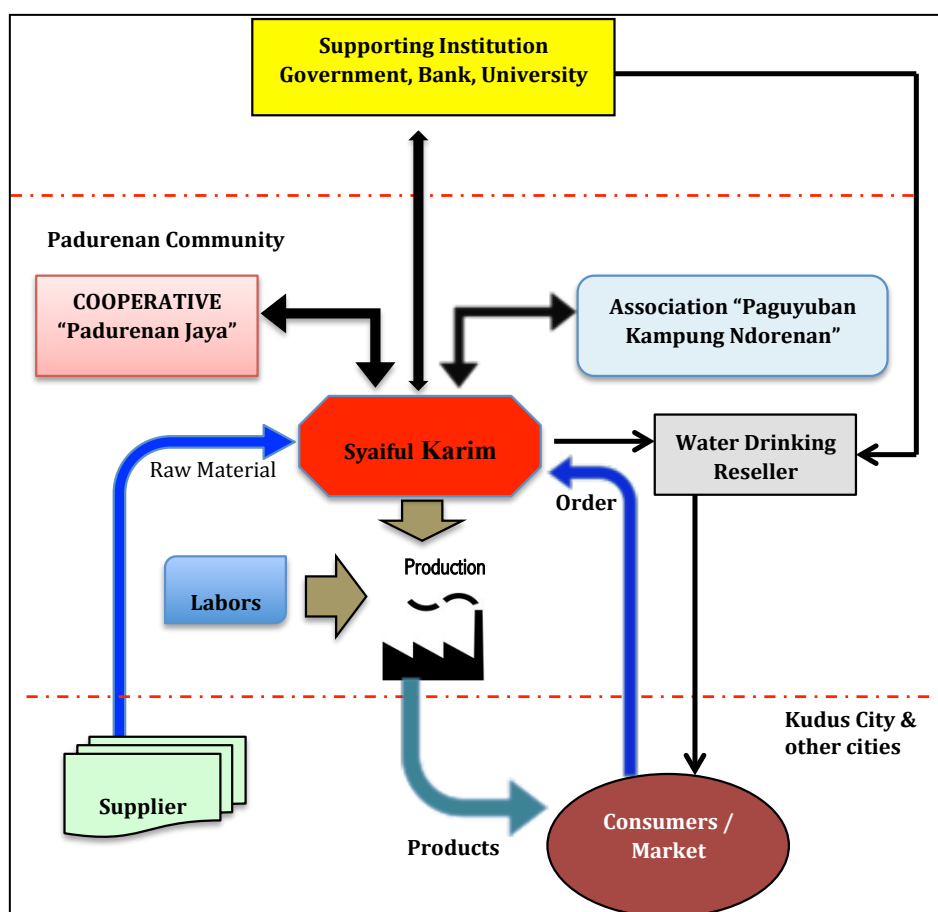
Karim has a very good relationship with his workers. He also try to help his workers' economy by allowing them to accept order other than Karim's orders and use karim's equipment. As Karim told me in the interview:

My production equipment such as sewing machine, embroidery machine are in my workers' homes, whenever there is no order from me, sometimes my workers also received orders other than mine. As long as they ask permission from me to work on other order using my sewing machine, I do not mind and I allowed them. Lets say that it is just my effort to help my workers improving their income.

For his production, usually after received an order from customer, Karim will tried to purchase fabrics as the main material to suppliers in Kudus

city or other cities such as Semarang, Surabaya depend on the availability of the materials. Sometimes He also go together to purchase materials with other members in the “Paguyuban Kampung Ndorenan” whenever they required a similar type of materials, so that they could get discount for purchasing a big quantity of raw material. The supporting materials such as needle, yarn, etc, Karim only need to buy from Cooperative that already completely provide the materials.

Figure 6.2. Stakeholder map for Syaiful Karim case



Source: elaborated by Author.

Next stage is Karim will cut the fabrics into pieces as much as the order, then he call his workers come to his house and distribute all raw materials and explain the design to his workers. His workers will then bring those materials to their house and working on it. After the products produced and submitted back to Karim, then he delivers to the customers.

Besides producing embroidery and apparel product by order, Karim also produce embroidery and apparel product and sold it to the market directly or through a middleman. Some of his products are hijab/veils, mukena (woman's worship clothes), Koko's clothes (traditional moslem clothes), accessories from embroidery such as glass cover and tissue container.

Image 6.14. Some of Karim's embroidery products



Source: photo taken by author

Karim told that when he bought supporting materials from cooperative, he got some benefits. Firstly, he do not need to go too far from his home in obtaining the materials. Secondly, he could buy the materials from cooperative by way of debt, then he will pay on credit. This system give him an easiness for running his business since he does not has enough capital due to some of his customer can not give him a down payment.

For producing kindergarten uniforms as in the photo above, he need embroidery work for making a rose flower motif on the uniform. Since he need to embroider in a large quantity, therefore he used the production service provided by cooperative for embroidering his products. By using computerized embroidery machine on the cooperative, he feels that it is more efficient and comfortable for him, because it is near to his home and he got a very competitive price compared to embroidery service in the other places.

Furthermore, He admitted that from this program he could get another advantage. For example, after attending the training on improvement of embroidery design conducting by supporting institutions, now his workers' ability are increased. It was proved when he decided to follow the contest of embroidery innovation conducting by Bank of Indonesia, he succeeded to achieve the 2nd position in the contest by embroidering a theme of Kudus Minaret.

Image 6.15. Kudus minaret embroidery and the award won by Karim



Source: photo taken by author

Another benefit, as an impact of the embroidery and apparel cluster development program is that local government officers of Kudus is increasingly recognizing him because he actively attended the training held by local government. It means that he can expand his network for selling his product. now, He often go to some government office in Kudus to offer or sell his product and he told me that he has a positive response from government officers. Many of them become his customer to buy his embroidery products.

Through his good relationship with local government's officer, He has been appointed to become a supplier for supplying water drinking to the head

office of Kudus local government regularly. He has to provide at least 15 gallons of water drinking and about 20 box of cup water per month. He told me that this is like an unexpected impact of his active involvement in the cluster program.

Image 6.16. Mineral water drinking of “KhQ and Buya Brands



source: <http://cvputrasakti.blogspot.jp/>

6.4 Entrepreneur Case 2: Mr. Abdul Rouf

Mr. Abdul Rouf, 50 years old, is one of apparel entrepreneurs in Padurenan Village. He started his business in apparel industry since almost 25 years ago. Before he became an entrepreneur, he worked on apparel industry. after he got married than he decided to produce apparel products by his own and sell products to the market or receive order from customers.

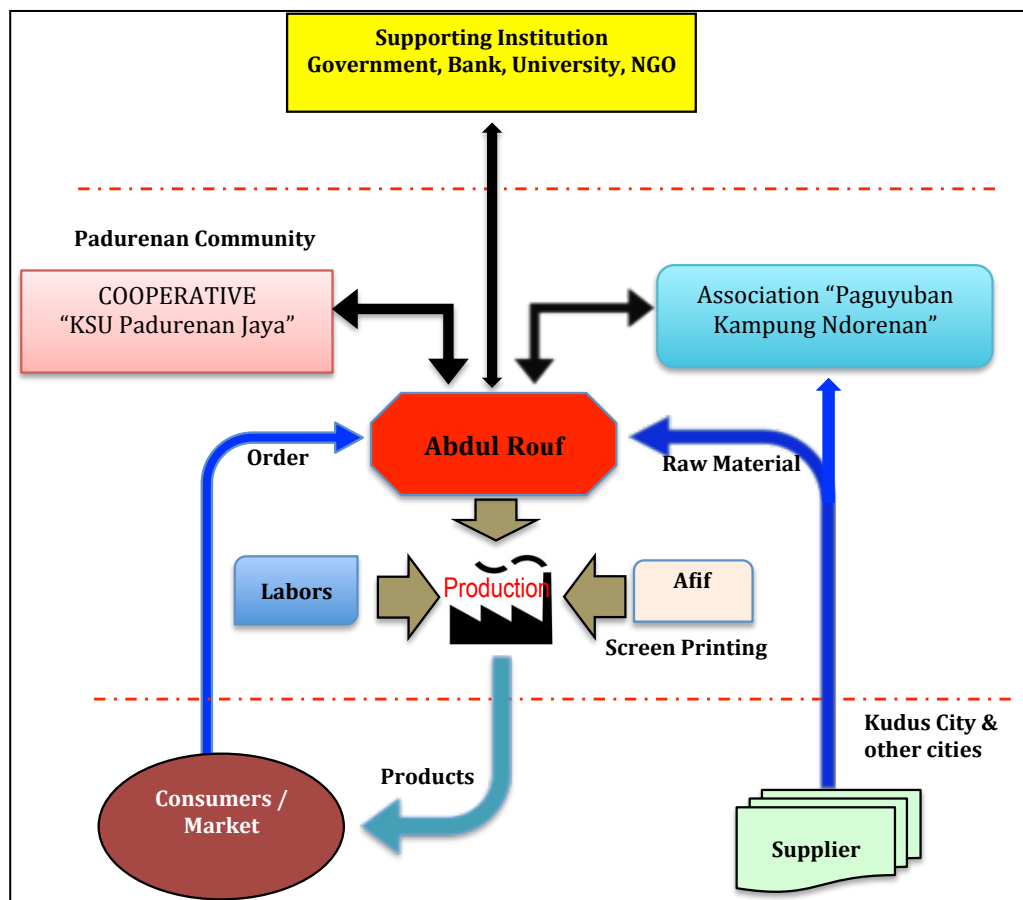
Image 6.17. Interview with Abdul Rouf (standing in the back)



Source: photo taken by author

Actually, he is a friendly person, it is easy to have a discussion with him. However my only difficulty was on making an appointment with him. It was quite difficult for allocating time interview in the morning or evening for interview due to his activities running his business. Besides taking care of his business, up to now Rouf still to become the leader of entrepreneur's association of "Paguyuban Kampung Ndorenan". He usually only has a leisure time in the night, finally my interview was conducted at night.

Figure 6.3. Stakeholder map for individual Abdul Rouf’s case.



Source: elaborated by author

Based on the above figure, we could see that supporting Institutions consist of government, Bank, NGO and University give facilitation for promoting entrepreneurs in the cluster by many ways, such as training, assistantship, equipment aids, capital aids that usually managed by the cooperative of KSU Padurenan Jaya.

KSU Padurenan Jaya provides supporting raw materials for supporting the apparel production, also provides loan credit facility. in addition to this,

Rouf said that when he need some embroidery process to his apparel products, then he will utilizing computerized embroidery machines provided production service division of KSU Padurenan Jaya .

The entrepreneurs Association of Padurenan or “Paguyuban Kampung Ndorenan” become a forum for Rouf shared experiences, discussion with other members. Furthermore, through this association Rouf utilize the network among members for sharing order through joint production, also conducting a joint purchasing of fabrics as a primary raw material to meet the needs of primary production.

If there is an order from consumer, Rouf will then look for suppliers to purchase the material. the supplier could be chosen from locally in Kudus or other cities depend on the material he need. Sometime Rouf together with other members of association make a joint purchasing, so that they could received a discount for a larger purchasing quantity. Another benefit is that whenever Rouf has a shortage of raw materials, he could easily buy them from another members, which has the same material.

Apparel production process consist of the process of cutting fabric , sewing process , mounting buttons / other accessories, ironing and then packaging. Rouf has its own production site located in the backyard of his house .

Image 6.18. Rouf's production site



Source: photo taken by author

Currently Rouf has 12 employees, but not all employees working at his house, there are 8 employees, which are responsible for the sewing process doing their job in their own houses. This is similar to what happened in embroidery production belongs to Karim. Those eight workers all are women who are housewives. Usually, after Rouf finished in the cutting fabric process, those workers will come and take the materials, and then sewing them at home. After completion of semi-finished products it will be brought again to Rouf's production site for entering the next process which are button and accessories mounting and then ironing the products.

Image 6.19. Uniform clothes ordered by vocational training center



Source: photo taken by author

During the interview, Rouf shown his current production that still on-process. At that time he has been producing an order coming from man power, transmigration and social agency of Kudus regency. He has to make 200 pieces of uniform ordered by vocational training center of this agency. Rouf was one of the trainee who has received training from man power agency, since Rouf could produced a good quality apparel, then this agency become his customer.

When I asked him about how is his opinion and his experience regarding the industrial cluster program implemented in his village, he has a positive view that the program has given a good impact especially for embroidery and apparel entrepreneurs. Through trainings dealing with product quality improvement that has been followed by Mr. Rouf , now he is able to produce apparel products to fulfil the need of his customers. his products ranging from general clothes, T-shirt, Uniform, sport wear, etc.

Image 6.20. Some of Rouf's apparel products



Source: photo taken by author

In addition, Afif, Rouf's second son, who had received a training of screen-printing production, is now able to be an entrepreneur and open his own screen printing business. Beside accepting orders from any consumers, Afif also support screen printing process for his father's apparel production, because in apparel productions often need a screen printing works for printing some figure or letter on the clothes. Now Rouf was so happy because after the program of industrial cluster being implemented, his son could opened screen printing business and also support him, therefore if anytime he need screen printing process for his apparel production, he can give it to his son, no need to go outside of his village for screen printing process. as what he said on the interview:

After attending training for enhancing apparel production, now I can

make apparel products with a better quality and in many more variety of products exactly as what consumers want. Similar to my second son, thanks to the training on screen printing production, now he is running a screen printing business. he could supported me by doing screen printing process for my apparel productions, therefore there is no need for me to bring my apparel to other places for printing process.

6.5 Promoting tourism through " Maulidan Jawiyyan " festival.

Generally, Muslim community in Indonesia have a annual tradition for commemorating the birth of Prophet Muhammad, this tradition is held on Rabbiul Awwal 12nd of Hijra calendar. In this event they reads the book about the story of Prophet Muhammad usually in Arabian language.

People in Padurenan village also perform this tradition, however the uniqueness in Padurenan is that, Padurenan villagers commemorate the birth of Prophet Muhammad by reading the book of "Albarjanzi" by using local accent or Javanese language. The book of "Albarjanzi" describes the history of the prophet by using poetry that was sung in a loud voice. People in Padurenan called this event as "Maulidan Jawiyyan".

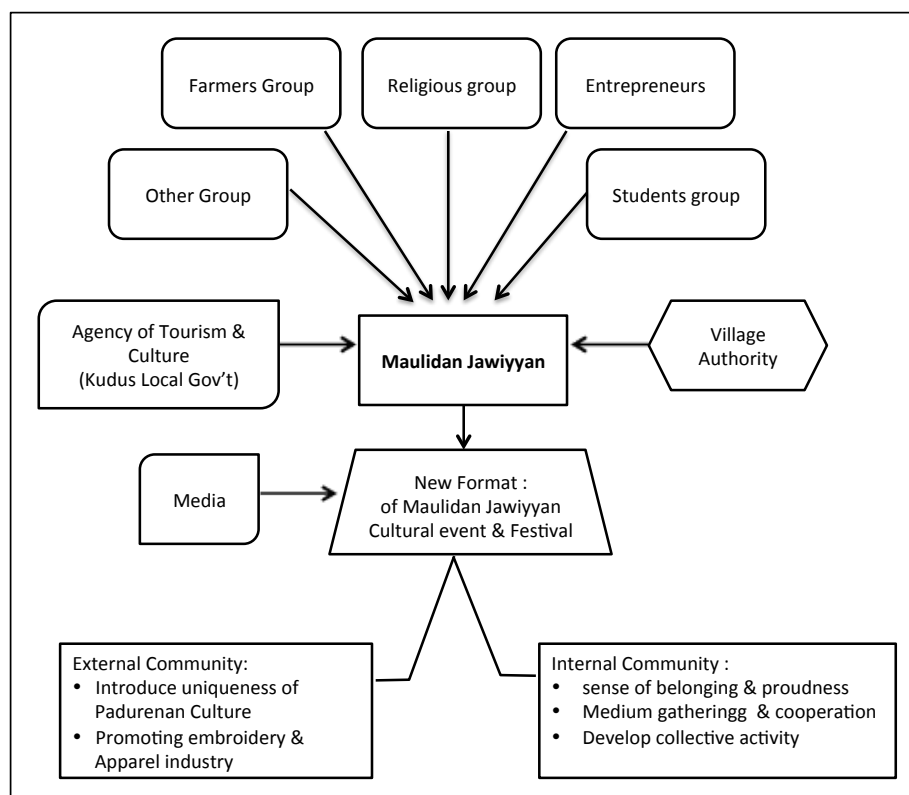
6.5.1 Changes in the community effected by The festival

Actually, people in Padurenan have practiced the "Maulidan Jawiyyan" event since long time ago. According to Arief Chuzaemahtum, chief of Padurenan, the event has been performed by *Mbah Syarif*, a person who has been

considered have a contribution in introducing Islam religion to the Padurenan people since 1796. Eventhough this event is unique, but people still performed as usual from year to year.

In 2010, Chief of Padurenan village started to realize that the uniqueness of this event could be utilized to promote resources and products from Padurenan and introduce to public in a wider scope. After he conduct several meeting with all element of Padurenan's resident such as with the community of entrepreneurs in Paguyuban, group of farmers and other groups, al of those groups agreed to support this event into a bigger festival.

Figure 6.4. Stakeholders map of “Maulidan Jawiyyan” Festival



source: elaborated by Author

Then, he tried to invite Kudus local government through Tourism and culture agency for providing support in conducting the event. The agency agreed to support in promoting tourism potency of maulidan jawiyyan festival, because for Kudus government it is one of the measures to support the achievement of the objectives of the industrial cluster development program which is realizing Padurenan as an embroidery and apparel industries center and integrated with embroidery tourism. Therefore the event was expanded become a festival which also contain a cultural carnival by showing all potencies and resources from this village. Tourism and Culture Agency also involved the media for promoting the event. This cultural event is expected to be one of the opportunities to attract tourists coming to Padurenan and at the same time to promote the potency of embroidery and apparel in Padurenan village.

Since 2011, the event was held in the different format, by adding a carnival in the afternoon before arriving at the main event, which is reading of the history of the prophet, which is usually held at night, there is an event such a cultural carnival at noon followed by the villagers. The cultural carnival procession begins at noon, centered on the village's field of Padurenan, and then continued to walk on the street around the village.

Image 6.21. Cultural carnival on “Maulidan Jawiyyan” festival



(source: <https://www.facebook.com/RODENOX.net>)

Participants of the procession consist of local residents, farmers group, embroidery and apparel entrepreneurs group, and students as well. The carnival is featuring a number of traditional arts. In addition, participants also featuring typical local handicrafts and products, such as bags and clothing embroidery, as well as a number people appearing farmers and bringing agricultural products. It could be said that almost all elements of people in Padurenan fully support and actively involved in the event.

As revealed by the chief of Padurenan village, arief chuzaemahtum, said that:

"Maulidan Jawiyyan is a sustainability between culture and religious practice, so in the end it will be able to raise the potential of the village. Maulidan Jawiyyan has a unique cultural values, but not well known yet. It is hoped this "Maulidan Jawiyyan" festival could be raised not only at the local level but also at national level."

It cannot be denied that the festival has given a positive effect to the development of community capacity in padurenan. Through this event people in Padurenan showed their commitment in supporting the event, because they proud to conduct the festival and introduce to other people about their potencies and resources. This event also becomes a media for all community in Padurenan to meet and also to cooperate in managing the event.

In recent years, This event has made people in local level getting more familiar with the uniqueness of Maulidan Jawiyyan festival in Padurenan and were attracted to come and seeing this event. They also became aware about the potency of Padurenan in embroidery and apparel products.

6.5.2 Community capacity development by The festival

The development of community capacity through the "Maulidan Jawiyyan festival is presented in the table below and is summarized in terms of its characteristics and strategic elements.

Table 6.3. Community capacity development through the festival

Characteristics of Community Capacity	Sense of Community	<p>This event involves the majority of resident in Padurenan and become a media for people from different place in the village to meet and communicate each other.</p> <p>Residents feel this event is unique only to Padurenan, so that they feel proud of it and willing to fully support</p>
	Commitment	<p>High participation from all elements of Padurenan Community involved in the event</p> <p>People in Padurenan realized their role as stakeholders in the event and participate actively since preparation until the implementation .</p> <p>The festival has been running for 3 years and still supported by a whole community</p>
	Ability to set and achieve objectives	<p>Village Government and Community success to manage and conduct the festival</p> <p>They succeed to introduced the event and their prime resources to public.(even still in local)</p>
	Ability to recognize and access to resources	<p>Realizing the uniqueness of traditionally religious event “Maulidan Jawiyyan” & try to utilize as a mean for promoting Padurenan products.</p> <p>Inviting Tourism and culture agency of Kudus government and the media for providing support to promote the event to become a more attractive event festival.</p>

Strategic elements of Community Capacity	Human Resources	Tourism and culture agency facilitate for establishing tourism awareness group as a supporting group for the event They learnt how to manage a big festival
	Leadership	The chief of Padurenan has a major role in managing the event and make a networking with the related agency. The leader of Paguyuban also took an important role in supporting members to participate in the event
	Organization	The creation of Pokdarwis (tourism awareness group) as a supporting group for the event. Village government has significant role in executing the event. the association / Paguyuban actively involved in preparing embroidery and apparel entrepreneurs to attend the festival
	Networking	The event become a media for residents in different place to meet and cooperate in the implementation Make a networking with tourism & culture agency as well as the media to get supports

However, this event is only held once a year. It is not quiet effective for promoting Padurenan as a center for embroidery and apparel products. If refer to the resources that this village have, such as embroidery industries, a large agricultural areas plus a big rivers crossing the village, maybe they could attract tourist by utilizing a model of decentralized hands on (DHO) approach.

They can make an event by giving an opportunity for tourists to have an experience on how to make a traditional embroidery called “bordir ichik”, which is embroidering by using manual/traditional machine. Besides this, by utilizing agricultural area such as paddy field they can combine with the natural event for anybody feels the experience on planting paddy, washing the buffalo, or even fishing on the river.

6.6 Characteristics of Community Capacity

Based on my several interviews with informants in the village, starting from the chief of village, management of cooperative and also entrepreneurs that presented in the case study on the previous sub chapters, then author tried to analyze the extent to which the change of the characteristics of community capacity in Padurenan as it is explained below

1. Sense of Community

Sense of community reflects the extent to which connections or sense of belonging among members in the community is tied. If they could enhanced their shared norms, values and future visions, then the community capacity will continue to develop (Miyoshi & Stenning, 2008).

Sense of community of the community seems to increase as a result from the cluster development program. An enhancement of sense of community is seen from the association’s activities. Before this association was established, there was a rivalry among entrepreneurs. They will not

cooperate to each other if it is dealing with their business. However after Paguyuban established, they learnt to concern about other entrepreneurs problem. Through the “paguyuban”, Entrepreneurs conduct a monthly meeting to discuss about :

- problems faced by members. Those problems will be solved together.
- sharing experiences and knowledge with other members.

Entrepreneurs as Individuals also showed an increasing sense of community. Now, they have a willingness to cooperate for sharing order from customers with other members (other members become subcontractors). The main purpose of this association is to increase cooperation and sense of brotherhood seems to have a good result.

Another evidence was come from the activities in the Cooperative. As aforementioned in the previous sub chapter, a portion of profit gained by the cooperative’s distribute as an aid for the poor in the village. This activity has been conducted every year. It was a form of awareness members of cooperative to their community.

2. Commitment

Commitment is about the awareness of community members to take responsibility for what happen in the community. and their willingness to take the responsibility in realizing values, norms and future visions. It comprises of two aspects. The first aspect is that community members recognize them selves as stakeholders in the well being of the community

and the second aspect is their readiness to participate actively as stakeholders (Miyoshi & Stenning, 2008)

The commitment of individual entrepreneurs in the village seems increased after the village becomes a cluster. As they admitted that they proud of recent condition that their village renown as one of the embroidery and apparel center in the region. They desired to continue to develop embroidery and apparel cluster in Padurenan through mutual cooperation among the members and utilizing all the resources they have.

Village government also showed a high commitment in promoting the development of the cluster. an example of this is the provision 4,25 Ha of village land for construction of tourist park.

3. Ability to recognize and access to resources

Whenever the community is able to recognize and then utilize all resources such as social, human, economic, physical or environmental, political) that exist within or beyond the boundaries of the community, then the capacity of this community will be developed. This characteristic is also include the ability of the community to create and utilize linkages with systems in the wider systems where the community is a part of, such as a community in the village with the larger system such as city or province government (Chaskin et al., 2001).

Entrepreneurs in Padurenan seem to have increased ability to recognize and access resources. Karim noted that before the cooperative established, he has to purchase raw material and embroidering his product

out of the village. However, now through the cooperative as a cluster management, He can buy supporting raw materials more easily, and by utilizing the computer embroidery services owned by cooperative, they can embroider at a cheaper price.

Similar to the Cooperative, it appears to have ability in accessing a broader system in order to access the resource and utilize it for providing services to entrepreneurs. The cooperative received several aids such as:

- Received two computerized embroidery machines for providing production service to entrepreneurs
- Received capital aid of IDR. 250 Million from Bank Jateng used to support the cooperative in purchasing raw materials.

The ability of Padureanan community to access resources especially resources that come from government is highly increased since the program was implemented. As it was mentioned by Village's chief Arief, formerly entrepreneurs very rarely received any support or even aids from municipal or even provincial government. However since government has launched this program, then it make them quite easy to get support from government

4. Ability to set and achieve objectives

Ability to set and achieve objectives means translating commitment into action. It involve the capability for setting the values, norm and visions into a particular goals (Miyoshi & Stenning, 2008)

Their ability to establish the association and they got advantages

from it such as experience sharing, problem solving discussion and joint production is a prove that they could set and and achieved their objectives.

The establishment of the “Paguyuban Kampung Ndurenan” has already succeed in creating cooperation and sharing of knowledge with other members of the association for realizing a collective competitiveness.

They are also success in developing sense of brotherhood by sharing order from costumers in order to achieve the prosperity of the community.

The evidence of their ability to set and achieve objectives could be seen from the establishment of Paguyuban’s shop. Starting from the problem of members to display their product to the tourist or consumer that may arrived to the village, then they plan to build a shop. All members give contribution of money for that purpose. And finally now they already have a shop and success to manage the shop as a showroom as well as a place for selling all the members’ products.

6.7 Community activities

Some of community activities of people in Padurenan were summarized below. Those activities not specific only to entrepreneurs but also all people of Padurenan in general.

Table 6.4. Community Activities

Type of Activity	Community Activity
Political	<p>There is a routine communal gathering for religious activities.</p> <p>Through the meeting in the association “Paguyuban Kampung Ndurenan”, community of entrepreneurs gives input and recommendation to the village authority regarding the development of embroidery and apparel cluster.</p> <p>The Association is also asking the candidate of the head of village before the election for his commitment to support the cluster</p>
Social	<p>Giving financial aid for the poor taken from the profit of cooperative</p> <p>Annual festival of “Maulidan Jawiyyan” involving many people in Padurenan, performing all village’s potencies and resources.</p>

Type of Activity	Community Activity
Economic	<p>Joint sales of products' members through the outlet of the association .</p> <p>Entrepreneurs are buying supporting raw material for production from cooperative.</p> <p>Utilizing computerized embroidery machine in the cooperative for production of embroidery and apparel</p> <p>Entrepreneurs in the association buy main material (fabric) together / Joint Purchasing.</p> <p>Saving and loan activities in the cooperative</p>
Environmental	<p>Empowering housewives by utilizing scrap of embroidery & apparel products into a more useful products</p>

Sourced: elaborated by Author based on Fieldwork

CHAPTER 7

CONCLUSION

7.1 Summary of findings

The framework used for the program is based on the Memorandum of Understanding, which regulate roles, and responsibility every actor in performing their tasks based on their own expertise and capability. Implementing actors involved in this policy are government institutions consist of Bank of Indonesia, Man Power, Transmigration and Population Agency of Central Java Province, BBPPTK (Balai Besar Peningkatan Produktivitas Tenaga Kerja) Ministry of Man Power and Transmigration, Kudus Local Government and Bank Jateng, a private bank, which are directly signing the agreement, while other actors indirectly signing agreement, but involved in the implementation are GTZ RED and University of Muria Kudus (UMK). The most important role in ensuring the successful of policy is on the actors whose sign the agreement. However GTZ RED and UMK even do not include in the agreement but their roles as experts are also significant in providing advice regarding the industrial cluster matter.

In general, almost all the activities that have been planned were well implemented. Especially activities regarding the technical and managerial training for entrepreneurs were successfully implemented. Those activities were success to be performed synergistically and individually by all actors. However activities dealing with infrastructure development could not be

performed well such as the activity for building tourism park infrastructure. Since this activity need a considerable budget, but did not get approval from legislature to continue. It could be seen that the role of legislatures even do not involve directly in the implementation, but their decision not to approved the proposed budget affected to the infrastructure development.

There is also a lack of commitment from actors involved in the agreement to continue the program because of lack of legal basis, since the period of agreement is not valid anymore after the period of one year and none of parties in the agreement willing to extend it. Another problem is unclear detail planned activities on the blueprint as guidance for long-term development. It is not surprising, since the Agreement only regulate for the period of one year.

However, from the view of community capacity development, it cannot be denied that this program has a positive effect regarding the community capacity developement in Padurenan in general and particularly for the entrepreneurs's community in the village. There was an increasing sense of community among entrepreneurs in padurenan, they become more aware of the problems faced by entrepreneurs who are willing to help others and at the same time.

The commitment of padurean community to continue the program in this cluster is also seen to increase as they can feel many benefits from this program, such as the product that are increasingly recognized by people, also the increasing profits they gained as a result of expanding the market share of

products padurenan.

Through activities in community and cooperative, they were able to learn on how to set goals and achieve them in overcoming problems. Also from the the Mauludan Jawiyyan event, they succeeded to maintain a big event for promoting products of Padurenan by incorporating with the cultural event

This program also gives opportunity for people in padurenan to be able to access resources within a community or even from outside the community. In their communities they can manage mauludan jawiyyan activities from a small event into a bigger event to promote potencies resulted from padurenan community. While access resources from outside the community is in the form of machinery and capital relief assistance which they then use through cooperative activities to fully support the increase in production of embroidery and apparel

7.2 Suggestions

Based on the observation and conclusions made above regarding the embroidery and apparel cluster development program, the following Suggestions for improvement of the program can be made:

- a. Considering that the program was performed based on the cooperation among public sectors in the different level and sectors, non profit organization as well as university, Kudus local government as the authority in the region could take initiative to re-invite all parties to renew the agreement for improving the commitment from all parties,

establishing new strategies and goals for further development of embroidery and apparel cluster, because the cluster development still need a continuous support from all parties.

- b. Since the achievement of this program is appear to have a positive effect to the community capacity development, thus the next strategy should address the issue on how to maintain and develop the community capacity for better achievement.
- c. Further facilitation and technical assistance are still needed for the development of Cooperative KSU Padurenan Jaya, especially in term of Cooperative's capability in providing main raw material for embroidery and apparel production

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