

The Development of the Leather Industry Center of Sukaregang District Garut Regency West Java

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Abstract—The leather industry center of Sukaregang is located in Sukaregang, Garut Regency. It is the center of small and medium industries that become the mainstay of Sukaregang District residents. It is important to develop this industrial center to increase local economy. This research was conducted to analyze the development process and the effort of stakeholders.

This research used qualitative research method to describe and analyze the real facts in the research field. The informants were leaders of entity or institutions who involved in developing the industrial center. Triangulation technique was used to ensure the data validity.

This research found that there are five parties who have roles in developing the leather industry center of Sukaregang. They are the local government, academician, business, society and media. This study found three main problems in the development of the leather industry center of Sukaregang. The three problems are the ineffective coordination between the five parties, the limited facilities and development budget, and the low business management capability of the entrepreneurs.

The authors recommend other researcher to explore the effectiveness of coordination between five institutions that have roles in developing the leather industry center of Sukaregang, Garut Regency. This is interesting because there is still overlap of industrial development activities.

Keywords—Developing; Leather Industry Center

I. INTRODUCTION

One of the most famous clothing products from Garut regency is a variety of animal products. The products are bags, belts, watch straps, wallets and others. The product is not only marketed in the Garut region but also has been spread to various export destinations.

Leather is one type of livestock product that has now been used as a commodity trading with a fairly high price. This high export value can provide good benefits for the leather industry in Indonesia, which is encouraging so that the leather processing industry is now emerging and growing rapidly.

The majority of artisans who wrestle in the leather industry are centered in Sukaregang Tannery Industry Sector

Center of Garut. Sukaregang Tannery Industry is located not far from the City of Garut and adjacent to the community or residents of Garut.

Leather industry in Sukaregang District, Garut Regency, is one of the mainstays of industrial centers of Garut community, especially Sukaregang District. Industrial Center is a source of livelihood of the surrounding population either as leather businessmen or as workers in the leather industry.

The growth of this business is also marked by the increasing number of workers and its products have been sold to various regions in Indonesia and even they have been exported to foreign countries.

This study aims to determine the development of the leather business in the Leather Industry Center of Sukaregang, Garut Regency. The development of this research is first the development of business or sustainable business growth. The second is the development efforts undertaken by various parties in the form of partnership activities in order to develop the leather industry in the leather industry center in Sukaregang District, Garut Regency, Indonesia.

The development or growth of the business refers to the Wilson and Bates's statement (2003: 12) of *sustainable business growth*. The industry development through partnership activities refers to the partnership approach according to Mohr and Spekman (1994: 136).

II. RESEARCH METHOD

This research used the qualitative research method. By this method, the research found the phenomenon of the development of leather industry of Sukaregang District. The informants of this research are entrepreneurs, the government, communities, academicians and the media. To ensure the validity of data, this research used the triangulation technique. The object of this research is social situation in the leather industry center of Sukaregang District, Garut Regency, Indonesia.

The informants are the actor of the development of leather industry. This research observed and described the collaboration activity among parties who develop the growth of the leather industry center in Sukaregang District.

The data were collected through in-depth interviews, observation, focused group discussion, literature study and the collection of secondary data.

III. RESULTS AND DISCUSSION

This research discusses the development in terms of business development at the Sukaregang leather industry center and the development efforts of the leather industry center conducted by five parties involved in the partnership activities. The five parties are entrepreneurs, the governments, communities, academicians and the media.

A. *The Business Growth of the Leather Industry Center of Sukaregang*

Business growth is indicated by the tendency of significant increase in business operations. Peter Wilson and Sue Bates (2003:12) stated: "By 'growth' we mean a business that demonstrates (or shows visible signs of) a propensity to expand operations significantly."

Continuous business growth within a certain period of time or sustainable one is a parameter of entrepreneurs' success in starting and managing a business. Barringer, et al. (2010:450) stated: "...sustained business growth, which is growth in both revenues and profits over a sustained period of time." Various criteria can be used as a basis for assessing sustainable business growth. Wilson and Bates (2003:12) suggested criteria for sustainable business growth as follows: First, there is continuing excellent service to customers which is demonstrated by the repeated purchase (generating repeat orders), customer retention, referrals from satisfied customers and sustainable gross profit margins. Second, founders demonstrate their ability to manage internal operations effectively and efficiently as indicated by control of unit costs and satisfactory net margins. Third, the business has a track record of sustained profitability. Fourth, the founders have sufficient credibility to raise the necessary finance externally. How about sustained business growth of leather industry of Sukaregang in Garut Regency? This research describes the growth condition according to four dimensions of sustained business growth by Wilson and Bates.

First, there is continuing excellent service to customers which is demonstrated by the leather industry in Sukaregang Industry Centers. The customers from overseas and Indonesia buy leather product repeatedly.

Second, the business has the characteristic of sustained growth if founders demonstrate their ability to manage internal operations effectively and efficiently as indicated by control of unit costs and satisfactory net margins. In Sukaregang leather industry, entrepreneurs face problem in producing leather products efficiently. This happens because of lack of knowledge and skills in production management.

Third, the business has a track record of sustained profitability. How about the Sukaregang Leather Industry Center? The entrepreneurs of the industry centers get business profits with fluctuating conditions.

Fourth, the founders have sufficient credibility to raise the necessary finance externally. Generally the development

of leather industry in the Sukaregang Leather Industry Center can be described as follows:

The leather tanning business is the business of supplying raw materials of garments, such as jackets, shoes, gloves and any accessories attached to the body from cow, goat and sheep leather. Tannery is also called upstream industry, because, its manufacture to be ready-made goods manages the second person or often referred to as the downstream. Processing the leather into a jacket for example, as long as the raw material of the skin is still available, the craftsmen, in this case the tailors are ready to process it into ready-made materials. In addition, the order for the products never stops. In comparison, the domestic market for leather garments remains 70% available.

Utilization of the skin as one of the side products is diverse. Craftsmen engaged in leather processing process animal skin into food and non-food products. Food products that made from the animal skin are skin crackers, *dorokdok* crackers, crackers, skin satay, and so forth. Non-leather products include fashion products (jackets, shirts, skirts, pants, shoes, bags, belts, etc.), sports equipment (balls, golf gloves, etc.), automotive supplies (seat covers, car interiors, etc.), work equipment (safety jacket, safety shoes, chamois, belt, etc.), and so forth.

It is assumed that Sukaregang is the Asia's largest center of tanners and craftsmen. Their products are sold locally or nationally. They have reached almost all areas, including big cities like Bandung, Bekasi, Jakarta, Surabaya, Medan, and Denpasar, but they have not reached Papua and Nusa Tenggara, because these areas are less fashion oriented. Products are exported to Japan, Malaysia, and Singapore through exhibitions, and some are indirectly exported, via channels and other distributions (other sales agents).

B. *The Partnership in Developing the Sukaregang Leather Industry Center*

The parties involved in the development of leather industry are unstable in this research referring to the penta-helix approach put forward by Lindmark et al. (2009). The 'Penta-Helix Model' is based on five stakeholder types: businesses, public administration, local residents, the knowledge sector and capital. The model is very useful for multi stakeholder problem areas where stakeholders represent a range of interests on a site or problem. Penta-helix (Lindmark, Sturesson & Roos, 2009: 24) is an extension of the triple helix strategy by involving various elements of the community or non-profit institutions in order to realize the innovation. Through synergistic collaboration it is expected to realize an innovation that is supported by a variety of resources that interact synergistically.

Therefore, this research determines the five parties partnering in developing the Sukaregang leather industry center. The five parties are entrepreneurs, governments, communities, academicians, and the media.

According to Roberts (2004:2) "partnership is used as a tool to achieve the goals of social justice and community development where organizations or groups will work together with the long term goal."

The partnership of five parties in developing the leather industry center uses the partnership model of Mohr and Spekman (1994:136). This model consists of attributes, communication behavior and conflict resolution techniques.

Attribute dimension of partnership in the Leather Industry Center of Sukaregang is identified by the lack of commitment of five parties. This condition is described by the lack of intensity in the coordination. Therefore, the trust between them is not well established.

How about communication behavior of all parties? There is communication between them. This research found out that the participation of them in communication is not intensive. The information sharing about the Sukaregang Industry Center does not take place regularly and it is not well planned.

The last aspect is the conflict resolution technique. The informants said there is no significant conflict in their partnership. This condition is not about the excellence of conflict management. This is about the lack of partnership activity that causes the potential for conflict is very low.

IV. CONCLUSION

Based on the results of research and discussion, the authors conclude that the condition of business development in terms of sustainable business growth indicates that the growth of business in terms of continuing excellent services has improved. However, entrepreneurs are still experiencing difficulties in terms of efficiency and trust in obtaining loans from external financial institutions.

In terms of partnership of business development of Sukaregang leather industry center, still experiencing

constraints in terms of communication and coordination between the parties concerned. This is evident from the intensity of communication and coordination is still rare. In some activities such as training there are still overlaps

Acknowledgment

This research is dedicated to the development of small and medium industries. Hopefully, this research is also useful for the development of business administration science and management. The authors would like to thank to the parties who have contributed to this research: businessmen, government, communities, academicians and the media, especially those in Garut Regency, Indonesia.

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