

## **Small Enterprises of Agate Craft in Purbalingga District as Local Innovation Policy**

**Tri Asih Wismaningtyas**

Administrative Science Faculty, University of Indonesia

wismaningtyas@gmail.com

**Abstract.** In the era of decentralization, local governments are getting the authority to regulate and manage the needs of their communities, including in the economic field. Local government are enabled to innovate policies. Local potency can be the basis for creating innovations in the form of policies at the local government level. Decentralization is also motivated by the uniqueness of every region of Indonesia which is very diverse in geographical and social conditions. Purbalingga District located at the foot of Mount Slamet, a volcano that is still active in the province of Central Java, saves its own potential. The rocks that come out of Mount Slamet have other features. This study aims to analyze the role of local government of Purbalingga District to support the agate craft and the factors that influencing the agate small enterprises policy. This research is conducted by using qualitative approach through a study of literature, review previous research, in-depth interviews and focus group discussion. This study finds that government of Purbalingga District has roles in agate craft development. The government as regulator, promoter and facilitator. There are factors that are influencing agate craft in Purbalingga. Trend, leadership, management skill of carfters and technology factors are influencing the growth of small enterprises of agate craft in Purbalingga District.

**Keywords:** Decentralization; Local potency; Innovation; Policy

### **Introduction**

Globalization opens wider opportunities for increased trade and investment. But on the other hand, globalization brings the impact of increasingly competitive level, both in domestic and international level (Winarno, 2008: 8). The position of Indonesia in 2017 is ranked 36 out of 137 countries (www.vibizmedia.com, 2017 ). At the community level, economic growth is strongly influenced by microfinance. Microfinance is an important tool for realizing development in three ways: creating jobs, increasing people's incomes and tackling poverty (Kusmuljono, 2009: 167). One way to grow the economy at the micro level is to encourage small and medium enterprises (SMEs). The development of small and medium enterprises is an important thing that can reduce the heavy burden in national and regional economy. The development of small and medium enterprises relatively resilient in the crisis period (Ministry of Cooperatives and Small and Medium Enterprises, 2003: 50).

In Indonesia, small and medium enterprises (SMEs) has been delegated to the regional level. In law about regional government, it is mentioned that regional autonomy is the right, authority and obligation of autonomous regions to regulate and manage their own government affairs and interests of the local people in the system of the Unitary State of the Republic of Indonesia, including in economy sector. The ideal condition of economic decentralization is the ability of the region to explore its strategic economic potential and the ability to increase efficiency as the local government is considered closer to its citizens to better know the public preferences compared to the central government.

There is a unique phenomenon in the small and medium enterprises (SMEs) sector in Indonesia in 2015. There was agate trend in this country. The trend become a public concern even more after the Regent of Purbalingga, Sukento Ridho Marhaendrianto, reported in some national media, obliging all civil servants in Purbalingga regency to use agate especially produced from Klawing river. Purbalingga District as an area that has a variety of rock types because of its geographical location into a potential area utilizing the moment. This is a new way by the government of Purbalingga District to increase agate crafts that which aims to improve the economy of society. Before 2015, agate craftsmen was small amount but when the agate phenomenon trend happened the number is increasing rapidly. In 2015 in Purbalingga, there were thousands of craftsmen and agate marketers grow from 300 members of Batu Akik Klawing Association ([www.jateng.tribunnews.com](http://www.jateng.tribunnews.com), 2015).

Local government of Purbalingga did some unusual policy in developing agate crafts. Policy itself has some definitions. Thomas R. Dye simply explains public policy is what the government does, why they do it, and what difference it makes (Dye, 2013: 3). More comprehensive, Smith dan Lamirer (2009: 3-4) defined that policy is not random but purposive and goal oriented; public policy is made by public authorities; public policy consists of patterns of actions taken over time; public policy is a product of demand, a government-directed course of action in response to pressure about some perceived problem; public policy can be positive (a deliberately purposive action) or negative (a deliberately purposive decision not to take action). From the definitions, policy is actions or inactions in solving the problem. In this case, developing of agate crafts in Purbalingga is an action of Purbalingga government to solve the economic problem in this area.

In conducting public policy, Purbalingga District government tries to innovate as described by Edvinsson et al. (2004 in McNabb, 2007: 149) that innovations in the public sector include the search for and application of new technologies within organizations, new management processes and systems. The formulation and implementation of effective innovation policy requires not only understanding of innovation but also favourable politico-economic conditions (Mogee, 1988). The agate crafts in Purbalingga indicates that the government have a good intention to the society development. This policy innovation is done so that the economic potential of local communities can be lifted. Based on this background, the purpose of this study is to analyze how the role of Purbalingga regency government in the development of agate industry and what are the factors that influence the policy in the government's efforts.

## **Method**

The approach used in this study is a qualitative approach. Qualitative research presents a deeper understanding of a phenomenon (Silverman, 2000: 8). This research is included in descriptive research which presents a specific description of the situation, social arrangement and relationship (Neuman, 2013: 44). This research uses qualitative data collection technique with literature study, observation and in-depth interview. This research uses purposive sampling technique. Purposive sampling is a technique of sampling data sources with certain considerations that control the information needed to facilitate researchers in exploring social objects studied (Sugiyono 2010: 219). In order to answer the research questions, the researchers conducted in-depth interviews with various parties namely Mr. Suyono (Section Head of Non

Agro Industry Department of Industry and Trade in 2014-2016), Mr. Afit (Agent of Industry and Trade Office), Mr. Yudi (small and medium agate business actor) and Mr. Sukarno (small and medium aged business actor and members of the Association of Purple Stones Traders of Purbalingga). The timing of this research is from January to February 2018. The research location is Purbalingga district government and agate market in Purbalingga. Miles. Researcher use Huberman and Saldana model (2014: 12-14) in analyzing of qualitative data consisting of 3 (three) main activities namely reduction, presentation and interpretation of data. Triangulation is taken from primary data (through in-depth interview and observation) and secondary data (through literature study).

## **Result and discussion**

Purbalingga profile and small enterprises of agate craft in Purbalingga

Purbalingga District is a district in Central Java Province. Purbalingga regency consists of 18 (eighteen) districts, which are further divided into a number of villages and villages. The central government is in Purbalingga District. Purbalingga is in a hollow flanked by several mountains. To the north is a series of mountains (Mount Slamet and Dieng Plateau). The southern part is the Serayu Depression, which is flowed by two major rivers of Kali Serayu and its tributaries, Pekacangan River ([www.pirn.lipi.go.id](http://www.pirn.lipi.go.id), 2018). This geographical condition that causes the river in Purbalingga regency has rocks, especially agate with motifs that are diverse and unique. One of the agate motifs that are only found in Purbalingga, especially in the Klawing River is the motif of Naga Sui. Stone motifs also known as bloodstone or blood streaks because of the appearance of red spots on rocks that resemble blood droplets. This stone has a green base color, then a red color that mostly resembles blood spots.

Previously, there were only agate craftsmen in Purbalingga District, but since the early boom of 2015, agate craftsmen in Purbalingga District mushroomed even in almost every village. At the peak of the agate's popularity, the public has a large share of the welfare, especially the economy. Appears some agate market in Purbalingga. Not only from economic point of view, explained by Pak Suyono as Section Head of Non Agro Industry of Industry and Trade Office that Purbalingga Police Chief stated crime value in Purbalingga decreased. In addition Purbalingga is famous for the production of wigs industry that occupies the position of 2 (two) around the world impact on the high rate of divorce. This is because the wigs industry mostly absorbs the female labor force while the male community in Purbalingga does not work much. But with the booming of agate crafts in Purbalingga, male society get a job that is as agate craftsman.

But the agate trend has declined since the end of 2015 until now. There are several factors that cause the decline of aggressive pamor like too many types, increasing fake stones, and prices beyond reason ([www.tv.liputan6.com](http://www.tv.liputan6.com), 2016). Certification and price standardization of agate is still very minimal in the community. In addition, economic observer Sam Ratulangi University of Manado, Joubert Maramis, explains that the agate properties also look like fashion products that follow the trend ([www.jogja.tribunnews.com](http://www.jogja.tribunnews.com), 2015). If the trend is increasing, then demand is fast rising. The price also goes up because of the considerable demand. However, because it has been a lot of agate in circulation, these conditions make this jewelry type of stone dropped dramatically, as it happens at this time. In addition, agate is also considered too fast booming. Thus, agate quickly enter the stage of maturity or maturity in the

trend cycle, and after that it must decrease. The agate seller is also relatively large. Easy but difficult to sell, this is what makes agate prices decline. From the above discussion, the role of local government becomes important. The discussion in this study will be described in two sub subjects; they are the role of local government of Purbalingga District to support the agate craft and the factors that influencing the policy.

Through previous research in the form of a thesis written by Putut Indrayana in 2015 it was stated that the results showed that the agate boom phenomenon increased the income of the community. In the SMEs sector, the number of individual SMEs in the business of agate increases rapidly during the peak period of the agate popularity. Social problems can be reduced because of employment and income generation. Furthermore, for agro mining on the Klawing River, does not damage the environment due to the mining process which is done by taking it directly from the bottom of the Klawing River.

#### The role of Purbalingga District's Government to support the agate craft

The following is the role of Purbalingga District government in the development of Small Enterprises of Agate Craft. First, the government of Purbalingga regency. In this case the Purbalingga district government does not include aggressive take-up as mining. The regional regulation (Perda) of mining becomes the authority of the province. In 2015, Purbalingga regency government plans to prepare a regulation that will regulate the utilization of Klawing stone through Bupati Regulation. However, according to there are no detailed regulations related to the mining of precious stones including agate in it. Previously, the people of Purbalingga have not understood the economic potential owned by Klawing stone. At that time precisely happened massive exploitation by collectors of stone from outside the area, then agate material Klawing taken out of the area and developed in other areas. When Klawing rocks are booming, those who profit are not Purbalingga people but the collectors who have dredged Purbalingga's natural wealth. Unique pancawarna rock motifs encourage the elements to gouge the cliffs by using crowbars, machetes and others. In Curug Aul Purbalingga there are four points that are gouged. Thieves are also desperate to pick up rocks on the canyoning track that is difficult to reach. Especially in Curug Aul, the amount of nature that is damaged by improper management. The task of the government to continue to innovate to manage the natural wealth that remains environmentally based. The illegal mining actors are not local residents. The village government has issued a ban on taking stones to avoid further damage. This is still the gap of the government of Purbalingga District. Furthermore related to work safety, the Regent of Sukento appealed to crafters to use standard equipment. Crafters agate can join in Badan Penyelenggara Jaminan Sosial, called BPJS (Social Security Administrator) Employment through membership of agate purbalingga community. Sukento Regent Rido Marhaendrianto said the work safety of crafters can be guaranteed by BPJS Employment. Condition, the craftsmen joined the association and officially registered. This becomes important especially there is a craftsman named Supriyanto who died of work accidents due to grinding broken some time ago. The wife of the victim, Tuti said that her agate grinding wheel is homemade.

Second, the government of Purbalingga Regency as a promoter. Regent Purbalingga period 2013-2015, Sukento Ridho Marhaendrianto, has an important role in the development of agate craft in Purbalingga. He took office as regent after the previous official, Heru Sudjatmoko was inaugurated as Vice Governor of Central Java. In some national media, Pak

Sukento is called obliging all civil servants in Purbalingga regency. However, after being confirmed to the Department of Industry and Trade of Purbalingga Regency there is no written regulation requiring civil servants in Purbalingga Regency to use agate. The Bupati appealed to civil servants in the region to use agate especially produced from the Klawing River, so that the economic potential of local communities could be lifted. The potential of civil servants in Purbalingga is close to 10,000 (ten thousand) people. The plan Bancar Purbalingga area will be used as a center of agate even tourist destination but when the trend has gone down the plan failed to implement. Responding to the decline of agate trends, Purbalingga regency government tried to raise the prestige of agate, especially the original stone from Purbalingga in cooperation with Sela Braling Organization Indonesia held bazaar and agate contest for three days from the 26th until the 28th of August 2016 held at the Sports Hall (GOR) Mahesa Jenar Purbalingga. This agate contest is winning trophy 1 overall champion from Purbalingga Regent, 2nd winner from Vice Regent of Purbalingga and 3rd winner from Chairman of Parliament Purbalingga. This activity is also to stimulate the agate industry that aims to improve the economy and welfare of the community, especially craftsmen and traders agate Purbalingga. ([www.purbalinggakab.go.id](http://www.purbalinggakab.go.id), 2016).

Third, the government of Purbalingga Regency as a the facilitator. In 2015, Head of Industry Service of Cooperatives and Cooperatives (Disperindagkop) Purbalingga Regency Agus Winarno said that based on the policy of community economic development through Klawing agate, the government has prepared a budget of up to Rp 900 million to support Klawing agate production process in the form of equipment supply. But along with the decline of agate trends at national and local levels this large project failed the auction. The grant was given to 52 (fifty two) craftsmen group in the form of grinding wheels. Grinders are machine tools used for erosion, sharpening, grinding or cutting. In addition, the government of Purbalingga District through the Department of Industry and Trade held Achievement Motivational Training (AMT) for agate business actors who will pioneer the business and who already have previous agate business. This training is held in 2016. In this training, agate business actors are taught softskill and hardskill in managing a business. Pak Sukarno, one of the participants of AMT, admitted that the training is very useful, one of which is to make him aware that in business must have a target.

In addition, there are factors influencing policies related to agribusiness development in Purbalingga. First, the trend of society. Purbalingga Regent policy for the period of 2013-2015, Sukento Ridho Marhaendrianto requires all civil servants in Purbalingga Regency to use agate especially from Klawing River through some national media is the government's innovation to eradicate the unemployment problem in Purbalingga Regency. The impact of this policy is felt by the people of Purbalingga as a whole. Many emerging craftsmen in every village of all ages. This again strikes the economy where society becomes the main actor. Second, leadership at the district government level. When Sukento Ridho Marhaendrianto had appealed, the Purbalingga district government through the service embodies the policy becomes more concrete. The initiative of the Regent of Sukento is large in the agate effort in Purbalingga. Not only the appeal, the district government with approved Bupati also allocate funds and programs for aggressors through the help of grinding tools, training and marketing assistance. But along with the downward trend and the turn of leadership in Purbalingga District, agate craft is no longer a prima donna. The government focused back to the main industries in Purbalingga

namely exhaust, glagah broom and palm sugar. From the interviews said that every leader has a focus and understanding are not the same. A strong people economy should be a priority because with the community's self-sufficiency and prosperity it is easier to invite to develop the region.

Third, the mental of the business actors. With the downward trend, the Purbalingga district government thinks it is necessary to conduct a motivation and management training for the stone businessmen. The government plays a role to encourage entrepreneurs from the Purbalingga community. However, in the provision of training, the government of Purbalingga District also selects the background and character of the participants. People who are not enthusiastic cannot attend the training before the survey is held. Extensionists can not read the character of the offender will be in vain. Good business actors are those who do not rely on government assistance. The weakness of the agate crafters in Purbalingga is the process from the beginning until the sale is done on its own. This is what we want to change through Achievement Motivational Training (AMT) training. Technology will be easy to develop depending on the human. Fourth, technology. After the human resource factor, technological factors also have a big effect. This is evidenced by the death of artisans for using traditional grinding and ignoring the safety of work. In addition, in the agate crafts in Purbalingga the average product is still monotonous with simple workmanship. The development of creativity and technology is still very low in agate business in Purbalingga Regency. But from several sources of research says that the biggest factor that affects the rise and fall of agate craft is a trend in society that changed significantly.

The condition is now even though the quantity decreases but there are still some business actors who still wrestle agate efforts in Purbalingga. But admitted by Mr. Yudi Hartono, owner of UJM Stone, agate market segment is now back again to hobbyist collector. In addition, Mr. Yudi stated that he is now increasingly difficult to find stones. However this is disputed by Mr. Suyono, Section Head of Non Agro Industry Department of Industry and Trade Purbalingga District during the reign of Pak Sukento. Pak Suyono said that the agate is still easy to find. But indeed because of the downward trend, the marketed stones must be truly unique. Stones with ordinary motifs do not sell well in the market. This is different from the previous condition where the stone found on the home page there are interested buyers. Marketing agate in Purbalingga now more through the internet (online market). The government recognizes that agate craft is one part of the economy of the Purbalingga community, but not the only one. The types of community businesses managed by the Purbalingga Government through the Department of Industry and Commerce in 2017 and 2018 are no longer focused on agate crafts. Department of Industry and Trade of Purbalingga District focus on 3 (three) main commodities of Purbalingga region namely coconut sugar, broom glagah and exhaust. The agate business actors are expected to be more independent in managing their business.

## **Conclusion**

This research shows the role of government of Purbalingga Regency in the development of agate craft. The government acts as a regulator. But this role is not too good because the government Purbalingga more follow the flow of society. This is due to the short agitation of the agro-business that has not arisen the local regulations related to agro-business previously planned. Second, the government as a promoter, Regent of Purbalingga period 2013-2015,

Sukento Ridho Marhaendrianto has a big role where he moves his subordinates to be able to wriggle the use of agate typical of Purbalingga through appeal and also exhibition events or agate races. Third, Purbalingga district government as a facilitator by providing equipment and training softskill and hardskill to the agate crafters in Purbalingga. Factors affecting the development of agate in Purbalingga. First, trends at both local and national levels have a huge influence in the rise and fall of public interest in agate. Second, leadership that determines the priority of the community's more important business at certain times. Third, the mental effort of the business community is resilient to overcome the aggressive business dynamics. Finally, the use of technology that can increase the sale value and facilitate the production.

### Suggestion

Based on the research that has been done, researchers have some suggestions as follows. First, business actors should make modification and differentiation of agate products with more advanced technology to develop their business. During this time, agate produced in Purbalingga regency almost all shaped ring, pendant or intact stone for display. Craftsmen can try other forms of products such as bracelets, earrings, bros, ashtrays or other decorations that have more use value. Second, local government can do branding agate as a typical souvenir of Purbalingga Regency because potency of agate stone in Purbalingga still big. This can be started from the local government environment Purbalingga district if the arrival of guests from outside the area, souvenirs given are processed agate in the form of plaque, trophy or other forms. It can also empower the people of agate craftsmen who still survive now.

### References

- Dye, Thomas R. (2013). *Understanding Public Policy* (14th Edition). Pearson Education.
- Indrayana, Putut. 2015. *Analisis Dampak Industri Batu Akik Terhadap Perekonomian Daerah (Studi di Kabupaten Banyumas dan Kabupaten Purbalingga)*. Yogyakarta: Universitas Gadjah Mada.
- Kusmuljono, B.S. (2009). *Menciptakan Kesempatan Rakyat Berusaha*. Bogor: IPB Press.
- McNabb, David E. (2007). *Knowledge Management in the Public Sector A Blueprint for Innovation in Government*. New York dan London: M.E.Sharpe.
- Mogee. (1988). *Government Innovation Policy Design, Implementation, Evaluation*. Houndmills, Basingstoke, Hampshire and London: The Macmillan Press Ltd.
- Miles, Matthew B, A. Michael Huberman dan Johnny Saldana. (2014). *Qualitative Data Analysis: A Methods Sourcebook (Edition 3)*. Los Angeles, London, New Delhi, Singapore, Washington DC: SAGE.
- Neuman, W. Lawrence. (2013). *Metode Penelitian Sosial: Pendekatan Kualitatif dan Kuantitatif*. Jakarta: PT. Indeks.
- Silverman, David. (2000). *Doing Qualitative Research (A Practical Handbook)*. London: SAGE Publications.
- Smith, Kevin B. dan Christopher W. Larimer. (2009). *The Public Policy Theory Primer*. Philadelphia: Westview Press.
- Sugiyono. (2010). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: Penerbit Alfabeta.

Winarno, Budi. (2008). *Globalisasi: Peluang atau Ancaman Bagi Indonesia*. Jakarta: Penerbit Erlangga.

### **Legislation**

Republik Indonesia. Law Number 23 in 2014 about Regional Government.

### **Official Website**

Admin. (2015, February 4). Kembangkan Batu Akik Klawing, Bupati Gerakan Ekonomi Kerakyatan. Retrieved from: <https://bupati.purbalinggakab.go.id/kembangkan-batu-akik-klawing-bupati-gerakan-ekonomi-kerakyatan/>

Admin. (2018, January 18). Kabupaten Purbalingga. Retrieved from: <http://pirn.lipi.go.id/kabupaten-purbalingga/>

Admin. (2016, October 31). Potret Menembus Batas: Apa Kabar Batu Akik?. Retrieved from: <http://tv.liputan6.com/read/2639271/potret-menembus-batas-apa-kabar-batu-akik>

Admin. (2015, August 21). Penjelasan Kenapa Harga Batu Akik Menurun. Retrieved from: <http://jogja.tribunnews.com/2015/08/21/penjelasan-kenapa-harga-batu-akik-menurun>

Admin. (2015, Juni 13). Batu Bacon SBY untuk Obama, Berjasa Besar Populerkan Batu Akik. Retrieved from: <http://finansial.bisnis.com/read/20150613/9/443145/batu-bacan-sby-untuk-obama-berjasa-besar-populerkan-batu-akik>

Admin. (2016, August 26). Sela Braling Indonesia Gelar Kontes Batu Akik di Mahesa Jenar. Retrieved from: <https://www.purbalinggakab.go.id/v1/sela-braling-indonesia-gelar-kontes-batu-akik-di-mahesa-jenar/>

Nugroho, Fajar Eko. (2015, February 3). PNS Di Kabupaten Purbalingga Wajib Pakai Batu Akik. Retrieved from: <http://jateng.tribunnews.com/2015/02/03/pns-di-kabupaten-purbalingga-wajib-pakai-batu-akik>

Pamungkas, Estining, and Hardiyanto. (2015, March 16). Perajin Akik Bisa Dapat Keselamatan Kerja. Retrieved from: <https://www.purbalinggakab.go.id/v1/perajin-akik-bisa-dapat-keselamatan-kerja/>

Rully. (2017, October 11). Indeks Persaingan Global Indonesia 2017 Peringkat 36, Presiden Dorong Pelaku Usaha dan Masyarakat Terus. Retrieved from: <http://vibizmedia.com/2017/10/11/indeks-persaingan-global-indonesia-2017-peringkat-36-presiden-dorong-pelaku-usaha-dan-masyarakat-terus-optimis/>

Wismo, Bangkit. (2015, Januari 20). Eksplorasi Batu pun Mengancam Keindahan Curug Aul. Retrieved from: <http://braling.com/2015/01/eksplorasi-batu-pun-mengancam-keindahan-curug-aul/>