

## The Implementation Of Industrial Cluster Development Program In Padurenan Village, Kudus

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### Abstract

Small medium enterprise (SME) has a significant contribution to the national economic growth, and the Government has been trying to enhance the competitiveness of SME by using industrial cluster approach. This research tries to discuss the implementation of embroidery and apparel industrial cluster development program in Padurenan Village, Kudus Regency, also to analyze supporting and constraining factors that influence the implementation. The descriptive research method with qualitative approach is used in this research. The result shows 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 SME in Padurenan. Enhancing the commitment and communication among actors involved in the program are needed for further development.

**Keywords:** embroidery and apparel industry, industrial cluster, policy implementation

### INTRODUCTION

Industrial sector in Indonesia is a prime mover on the economic, contributes about 55,6% of GDP, absorbing employment as much as 97.33% of total employment in Indonesia (Badrudin, 2012). Similarly, industrial sector also became the main support for regional economy in Kudus Regency with its prominent commodities are cigarettes, embroidery and apparel (Bank Indonesia, 2009).

As an effort to enhance the competitiveness of Small Medium Enterprises (SME's) particularly in embroidery and apparel industries as core/basis industries in Kudus, a Memorandum of Understanding (MoU) has been signed for development of embroidery & apparel industrial cluster in Padurenan village. The MoU is involving 5 parties: Bank of Indonesia, Central Java Province, Balai Besar Pengembangan Produktivitas (BBPP) Ministry of Manpower and Transmigration, Kudus local government, and Bank Jateng.

This MoU is aimed to enhance the productivity and quality of embroidery and apparel industrial cluster in Padurenan Village, Kudus Regency. 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.

However, there were several problems found that hindered the implementation such as: some activities that can not be carried out properly, lack of communication among stakeholders in

coordinating their activities, lack of budget to support the program.

Furthermore, small medium industries on embroidery and apparel in Padurenan village did not have a competitive advantages yet in the market. These industries also were not ready to be innovative due to the lack of skill and technology adoption (Udianto, 2012).

The research is aimed to describe, analyze and interpret things as follows :

1. The implementation of embroidery and apparel industrial cluster development program in Padurenan Village, Kudus.
2. Supporting and constraining factors that influence the implementation.

### Public Policy

Lester and Stewart (2000) define public policy as a process or a series or pattern of governmental activities or decisions that are designed to resolve some public problems, either real or imagined. The special characteristic of public policy is that it is formulated, implemented, and evaluated by authorities in a political system

According to Islamy (2009), 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 specific purpose in the public interest.

### Policy Implementation

Study of policy implementation is crucial for the study of public administration and public policy.

Policy implementation is the stage of policymaking between the establishment of policy and the consequences of the policy for the people whom it effects (Edward III, 1980, p1).

Policy implementation includes a wide range 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.

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

Furthermore, Edward III (1980, p.10) argued that there are four influential factors for the effectiveness of policy implementation, that is: communication, resources, depositions, and bureaucratic structure.

According to Edward III (1980), in the communication aspect, lack of clarity in implementation directives hindered 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, implementors will be confused about what they should do.

Resources play an important thing in implementing the policy. No matter how clear and consistent implementation orders are and no matter how accurately they are transmitted, if the personnel are responsible for carrying out policies lack the resources to do an effective job, implementation will not be effective Edward III (1980, p.11). Important resources include staff of the proper size and with the necessary expertise; relevant and adequate information on how to implement policies and on the compliance of others involved in implementation; the authority to ensure that policies are carried out as they are intended; and facilities. Insufficient resources will mean that Acts will not be enforced, services will not be provided, and reasonable regulations will not be developed.

The disposition of implementers has important consequences for the implementation. For effective implementation, the implementor not only knows what to do, have the capability to do it, but they must desire to implement the policy.

If implementers have the same perspective with the decision maker toward a particular policy, they are more likely to implement as the original decision maker intended.

Fragmentation is the dispersion of responsibility for a policy area among several organizational unit. Fragmentation has a consequence in the diffusion of responsibility, and this makes coordination of policies difficult (Edward III (1980, p.134).

### **Industrial Cluster Development Program**

Cluster is group of enterprises geographically and sectorally concentrated (Schmitz, 1999), therefore they could create an efficiency together, a competitiveness derived from local external economies and joint action that could not be achieved by the enterprises individually

According to Porter (1998), the competitiveness of industries in a region is a success derived from the success of group by the presence of linkage between enterprises and supporting institutions.

The current strategy for future industry development by considering the current and ongoing thoughts to develop industries by adopting cluster approach to achieve collective competitiveness of industries (Kementerian Perindustrian, 2012). It is expected that the structure of industry will become national economy's prime mover and the backbone of the future national economic resilience, will also increase the competitiveness in the international market.

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 location (Tambunan, 2005).

### **RESEARCH METHODS**

The research used a descriptive research with qualitative approach and focused on the implementation of the embroidery and apparel cluster development program by analyzing factors such as: role and synergy of actors involved in the program and process of the program implementation. Supporting and constraining factors in implementing embroidery and apparel cluster development program is also examined.

This research was conducted in Padurenan Village, Kudus Regency as the location where the

cluster program is implemented. In conducting the research, researcher use some sources of data such as informant, phenomenon and documents. Interview was conducted to stakeholders that became informants. A side from the stakeholder in the Padurenan village, the interview was also obtained from other stakeholders involved in the program such as involved agencies (SKPD) in Kudus Local Government, officer of Padurenan Village, and some communities in the village.

The phenomenon is gotten from the process of planning, implementing, and activities in embroidery and apparel cluster development program in the field, while documents were collected from relevant sources.

## **RESULT AND DISCUSSION**

### **The Implementation of Embroidery and Apparel Cluster in Productive Village of Padurenan.**

#### ***A, 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 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.
2. Man Power, Transmigration and Population Agency of Central Java Provincial Government, has an obligation to partly provide some of the financing training as well facilitators in the field of managerial skills and productivity enhancement to realize the productive village.
3. 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.
4. Kudus Local Government have obligations 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, Kudus Regency.

5. Bank Jateng, its liability is providing financial support for the development of SMEs in Padurenan village.

While actors which are not included in the agreement but involved in this policy have roles as follows :

1. Community, community in the Padurenan village also has an important role in supporting the policy implementation running fluently. The community contribute significantly in partisipating the program activities such as attending the training, also partisipate actively in the establishment and operasionalization of cooperation KSU Padurenan Jaya.
2. GTZ RED, as a Non Government Organization that has activity in regional economic development program in Central Java Province, GTZ RED also partisipate actively in this program by giving facilitation in formulating the program, give advice to local government either community in the village for cluster development
3. 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.

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 was mandated in the MoU. The facilitation team consisting of all parties involved in the implementation should conduct a coordination meeting. The coordination meeting have functions for formulating the planning for further activities and programs and conducting monitoring and evaluation.

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.

There are several activities on its implementation that have been synergized among actors. 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. Another synergy was the coaching on operasionalization, training on management in order to establish the cooperation KSU

Padurenan and have been well maintained synergistically by Bank Indonesia, Kudus Regency, and GTZ RED. Kudus local government and central java provincial government have collaborated in sharing the budget needed to build the initial construction for bus terminal such as fence construction and land levelling .

The development priorities for Embroidery and Apparel Cluster in Productive Village of Padurenan, Kudus, are emphasized on tourism, trade, service and industrial sectors as the leading sectors (Core Competency)

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 dealing with public policy and administration are often collectively referred to as the bureaucracy. Their function is to assist the executive in the performance of its tasks. In this context the appointed officials are the governments institution involved in the MoU.

The realities of modern politics enable interest groups to play a significant role in the policy process. In this context the interest groups consist of three actors. First, community in the village, as the object of policy, their contribution to participate actively in the program gave 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 synergistically through a cooperation among actors, actually, many activities in the program that have been implemented succesfully.

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 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.

However, 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 and 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 development. 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.

#### **B. Processes of the program implementation.**

The implementation of development program for Embroidery and Apparel Cluster of Padurenan Productive Village in Kudus is a program which is intended to develop the local economy.

Diamond Cluster approach is used for developing embroidery and Apparel cluster Padurenan village. The development is divided into three phases as follows:

##### **a. Short-term Objectives**

Realization of increased productivity and competitiveness, through:

- 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 convection in the 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 unique branded embroidery of Padurenan.

While the realization of each stage is as follows:

*The Short Term Realization.*

- a. A synergy among institutions in the development of SME's 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 equipment aids from supporting institutions.
- b. Infrastructure Development, The government of Kudus District and the Government of Central Java Province have a commitment to allocate from their Regional budget revenue expenditures (Anggaran Pendapatan Belanja Daerah/APBD) to the infrastructure development as much as 1 billion rupiah for the initial construction of Bus Station at Padurenan Village in order to accelerate the upgrading of SME's at Padurenan Village in Kudus.
- c. For the improvement of SME's capacity, Bank Indonesia Semarang has provided technical aids such as: (i) training of embroidery design by Designer Ramli; (ii) training of embroidery product innovation by Hery Suhersono; (iii) fashion show, followed by the exhibition of embroidery painting by Hery Suhersono; and (iv) the training of Apparel in cooperation with the government of Kudus Regency. In addition, Balai Peng embangan Produktivitas

Tenaga Kerja (BPPTK) Departemen Tenaga Kerja RI, and Dinas Tenaga Kerja, Transmigrasi dan Kependudukan Provinsi Jawa Tengah have organized training of (i) Achievement Motivation Training (AMT); (ii) Simple bookkeeping; and (iii) Service Excellent. Dinas Industri Koperasi dan UKM has provided training of embroidery design with the presence of Kudus source person.

- d. 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 300 millions rupiahs 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 882 millions rupiahs.
- e. The Improvement of Marketing Access, KBI Semarang 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, GedungWanita, TuguMuda Semarang, and Hotel Patra 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. Some members of the Cluster admit that many people start to acquaint with Padurenan products and many more buyers have visited directly to Padurenan Village.

- At national level, KBI Semarang has facilitated the participation of the Cluster into the event “34 Tahun Ramli Berkarya” at Hotel Grand Sahid Jakarta. In this event, Ramli is doing facilitations such as: (i) Padurenan embroidery products are applied into Ramli’s clothing work to be shown by his models in the peak time of Fashion Show; (ii) Ramli is organizing the exhibition in this Hotel; and (iii) the publication of book entitled with “Evolusi Bordir dan Batik Indonesia”.
- f. The Improvement of Production Aspect. For the improvement of production aspect, KBI Semarang has facilitated sharing experience with the member of KSU Padurenan Jaya, BDS Triasa and Garment Cluster of Cipulir within this joint supply. Result of this facilitation is that joint supply is built as the supporting material for embroidery and Apparel. Disnakertransduk central java province has facilitated this program by giving Training of Kaizen.
- g. The Improvement of Social Capital. For the improvement of social capital, it is realized already through the establishment of KSU Padurenan Jaya as the embryo of cluster management. Organization and management are empowered continuously by stakeholders. KBI Semarang has facilitated (i) a comparative study to Institut Tanggung Renteng Malang in cooperation with Bank Jateng; and (ii) the coaching by KSU Kencana Mulya for the operation of KSU Padurenan Jaya. The government of Kudus District has also facilitated a comparative study to garment cluster at Cipulir Jakarta for the managers and members of KSU Padurenan Jaya. GTZ RED facilitates Technical Assistance Cluster Management in cooperation with KBI Semarang and in the preparation of Business Plan of KSU Padurenan Jaya.

#### *The Middle Term Realization*

Middle term program has a target, which is the establishment of Embroidery and Apparel Cluster of Padurenan Productive Village which is integrated with religious tourism in Kudus and synergized with the plan of activity of Facilitation Team and SKPD of Kudus District. The detail is as following:

1. The development of the infrastructure for Embroidery and Apparel Cluster of Padurenan Productive Village by the Government of Kudus District includes: the development of

infrastructure and the improvement of rural roads and drainages.

2. The empowerment of the organization and operationalization of the Cooperative as Cluster Management is made to happen by KBI Semarang by facilitating: (i) 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; (ii) the identification of raw material demand for uniform clothes; and (iii) the counseling of simple accounting in cooperation with University of Muria Kudus (UMK). 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. The government of Kudus District has provided (i) the grant of computerized embroidery machine to be operated by KSU Padurenan Jaya, and (ii) the training of computerized embroidery design by BLK Kudus.
3. The Building of MSMEs Capacity is conducted by KBI Semarang through the facilitation of meeting between First Assistant of the government of Kudus District and Bank Jateng Kudus with PT. ApacInti Corpora of Semarang District. 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 Gripac of PT ApacInti Corpora. Following up the result of training, KBI Semarang together with Bank Jateng and PT ApacInti Corpora facilitate the meeting with Designer Ramli to discuss the plan of production of Moslem clothes based on Ramli’s design, with the fabric supplied by PT ApacInti Corpora, and the production by the member of cluster. The target is for middle class market.
4. The Improvement of Production Capacity. Other result from the meeting with PT ApacInti Corpora indicates that some facilities are given, such as: (i) the laundry for the product from Padurenan Apparel work is facilitated before this product goes to market such that the value added of the product improves; (ii) the plan for the supply of raw material for school uniform fabric is

facilitated if the price is agreed; (iii) the plan of marketing for Moslem cloths based on Ramli's design will be facilitated; and (iv) the necessary training will be given to the managers and members of KSU Padurenan Jaya.

5. The Improvement of Financial Access. 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.
6. The Improvement of Marketing Access. KBI Semarang has facilitated the implementation of cluster product exhibition at TuguMuda 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"

Diamond Cluster approach is used for developing embroidery and Apparel cluster Padurenan village that is divided into three phases, every phase of development is emphasized on the improvement of several aspects such as: SMSEs capacity, financial access, marketing access, production capacity aspect, infrastructure aspect.

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 carried 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 was 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 it, there is a clause that the agreement can be extended on the requirement one of parties, however, there is no other MoU as the prolongation of the previous MoU

It can be concluded 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. 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.

#### **Supporting and constraining factors in implementing Embroidery and Apparel Cluster Development Program**

##### **a. Communication**

The fact shows 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 containing the goals, but there is 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.

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**

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. However,

not all of the appointed staff has proficiency in performing their duties. 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.

However, this does not happen to all the existing organizations 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. Disposition

The policy of industrial cluster development program in Padurenan village actually depict a strong commitment from the top leader in realizing one of the missions of Kudus Regency which is empowering the Micro, Small and Medium Enterprises (MSMEs) in order to increase the welfare of the citizens.

However, regarding the disposition of implementers in the implementation of embroidery and Apparel cluster development program, there is a tendency that implementor tend to have a disposition toward the policy.

The tendency of the implementer is to see this policy as an initiative from Provincial Government of Central Java. Meanwhile, the Kudus local government was not invited to discuss regarding the location's determination. This condition shows that the commitment of implementer is not high enough. It is differ from the commitment of the chief of regency as the decision maker.

It is in accordance to the opinion of Van Metter and Van Horn as cited in Agustino (2006, p. 162) : "Attitude of acceptance or rejection of the implementer policies agency

greatly influences the success or failure of the implementation of public policy. It is very possible because implemented policies are not the result of local residents formulation who know very well the problems and issues that they feel. But public policy is usually a very top-down decision-makers may not know even cannot touch the needs, desires or problems to be addressed.

d. Bureaucratic Structure

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

In regard with aspect of fragmentation, there is dispersion of responsibility among several organizations in the implementation. It is found that all tasks are well-distributed referring to main duties and functions of the institutions and carried out by the appropriate institutions.

if we take a look deeper to the fact 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.

However, one of consequences of organizational fragmentation is difficulty in coordination. As to what happened in this program that involves many actors which result in the difficulty for coordinating the program.

Organizational fragmentation may hinder the coordination necessary to implement successfully a complex policy requiring the cooperation of many people/institutions. And it may also waste scarce resources, inhibit change, create confusion, lead to policies working at cross-purposes, and result in important functions being overlooked.

Another problem in this aspect was about sanction. Because of the same level of authority of them, then it made no one could impose sanctions when any party do not act in accordance with the objectives

**The clear action of the optimization of the MOU**

in line with the variable of critical factors of policy implementation described by Edward III, then by using the force field analysis of Lewin could be gained results analysis as follows:

1. Communication

Way to reduce constraining forces: prompting to keep communication simultaneously between decision maker and implementers.



Clear Action: conducting a coordination meeting routinely among decision maker and implementers, therefore the directives will be transmitted perfectly to the implementers.

2. Resources

Way to strengthening: improving the budget system dealing with the facility and infrastructure

Way to reduce constraining forces: allocating more budgets to develop more suitable facilities and infrastructures

Clear Action: drafting management plan consisting strategy to develop the embroidery Industry in Paduranen village, attracting private sector to invest their capital in line with the development of embroidery Industry in Paduranen (such as partnership scheme), asking the central government to help the development of facility and infrastructure.

3. Disposition

Ways to strengthening, maximize the driving forces: Developing and strengthening the synergy between provincial and municipal government

Way to reduce constraining forces: increasing the quantity and quality of socialization of cluster program

Clear actions: creating reward and punishment, create performance contract signed by the implementers.

4. Bureaucratic structure.

Ways to strengthening, maximize the driving forces: improving the management structure.

way to reduce constraining forces: enhancing the management capacity through participative management

Clear Action: by evaluating the program routinely, involving the legislative to be a supervisor in implementing the programs

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

It can be drawn some conclusions on the implementation of MoU of Industrial Cluster Development Program as follows:

1. Actors involved in this policy are government institutions and private bank, which are directly signing the agreement, while other actors indirectly signing agreement, but involved in the implementation are NGO, community and university. The most important role in ensuring the successful of policy is on the actors whose sign the agreement. The NGO even do not include in Agreement but their role as an

expert is also significant in providing advice regarding the industrial cluster matter.

2. 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.
3. There is a lack of commitment from actors involved in the agreement because lack of legal basis, since the period of agreement is not valid anymore and none of party in the agreement willing to extend it. Another problem is unclear detail planned activities on the blueprint as guidance.
4. Several supporting factors found in this research are as follows:
  - Several institutions have expert staff regarding to the industrial cluster development.
  - There was a synergy between the province and municipality to allocate sharing budget for developing the construction of the terminal fence and leveling of the land area.
  - Program is carried out by the appropriate institutions.
  - The tasks of each institution are well distributed referring to main duties and functions of each institution
  - High commitment from leader/decision maker.
5. While Several Constraining Factors also found are as follow:
  - Lack of clarity on implementation directives
  - Lack of outreach/extension officers
  - Lack of sustainable budget related to development of facilities and infrastructures of embroidery business.
  - Ego sectoral among the the street level implementers
  - Involves many actors which would have difficulty in coordinating
  - The same authority among institution make no one can impose sanctions when any party do not act in accordance with the objectives
  - Low commitment of staff / implementer from local government toward the policy due to this policy was initiated by provincial government.

### **Recommendations**

Based on the observation and conclusions made above regarding the embroidery and apparel cluster development program, the following recommendations for overcoming constraining factors can be made:

- a. Kudus local government could take initiative to re-invite all parties to renew the agreement for improving the commitment from all parties, by redesigning clearer strategies and goals for further development of embroidery and apparel cluster, because the cluster development still need a continuous support from all parties.
- b. Conducting a hearing with the legislative by emphasizing the importance of embroidery industry in Padurenan for improving regional economic development, also involving the legislative in the formulation of policy also as supervisor in the program implementation.
- c. Coordination meeting with all stakeholders should be held regularly as a media for communication, monitoring and evaluation the progress of the program.
- d. In implementing the program, Kudus local government has to conduct its activities through several agencies (SKPD), therefore it is better to establish an internal task force for monitoring, evaluating and coordinating all agencies of Kudus local government.

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