

The Empowerment of Micro and Small Industry of Wood Lathe by Department of Industry and Commerce: Case Study at Tanggung Village, Blitar, Indonesia

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Keywords: Empowerment, SMEs, Department of Industry and Commerce.

Abstract: Along with the growth of micro and small industries of wood lathe, there are also some problems in its development. Therefore it is necessary to empower effort intensively and create integration executed by a related institution which in this case is the Department of Industry and Commerce. This paper aims to determine the empowerment of micro and small industries undertaken by the Department of Industry and Commerce, identifying the constraining factors in the implementation and the efforts that have been made by the Department in conducting the development of micro and small industries of wood lathe in Tanggung Village, Blitar, East Java. The observation method used is an explorative method with an inductive approach. Data is collected through observation, interview, and documentation. The results showed that there have been efforts made by The Department of Industry and Commerce in Blitar for micro and small industries of wood lathe. In the implementation of the empowerment activities, we found some obstacles such as difficulties in terms of resources, public responses, communications, and institutional issues.

1 INTRODUCTION

Indonesia is a country with abundant natural resources and a large population. One of the goals of the Indonesian state is to promote public welfare. This goal has consequences in that the government should continue to strive to improve the implementation of the development in all fields and all regions in order to achieve a welfare state.

To develop a prosperous country, the government has a challenge to face in the next 20 years. The challenge is to actualize the development mandate "Indonesia is advanced and independent, fair and democratic, and secure and united as a Unitary State of the Republic of Indonesia". To achieve that, the national development in the next 20 years is directed towards the achievement of the main targets of national development. The main targets of the development are the establishment of a robust economic structure where agriculture (in the broad sense) and mining become the basis of economic activity that produces modern products efficiently, a global competitive manufacturing industry becomes the driving force of the economy, services become economically resilient, income per capita in 2025 can

reach around US \$6000 with relatively good equity and the number of poor people not more than 5%.

The desire to build a sturdy economic structure based on competitive advantage in various regions of Indonesia can be achieved through the creation of a development strategy. As part of the national development strategy implemented during the reign of President Susilo Bambang Yudhoyono, one factor is the harmony strategy between growth and equity. This strategy is a correction of the previous development policy that we know as the Trickle Down Effect or economic growth that can be enjoyed by the lower classes through the process of downward propagation (redistribution). What stands out from the development strategy of harmony between growth and equity is the suppression of development through social engineering techniques, one of which is realized through empowerment of small industries. This strategy is to improve and restore the standard of living of the community including the workforce and employers. This is as intended in the Law of the Republic of Indonesia Number 17/2007 which required not only diverting attention to large industry or large entrepreneurs but also to protecting the small industries in the region.

Based on the above provisions, the development of micro and small industries is very important because the micro and small industries are carrying out the mission of equitable distribution to the whole region. In addition to having high economic value, micro and small industries and handicrafts are also familiar with the social and cultural life of people throughout the region.

Micro and small industry of wood lathe empowerment involves activities carried out by the Government of Blitar City in cooperation with the Department of Industry and Commerce in Tanggung Village, Blitar, East Java. This is done in order to actualize the mission of the city of Blitar in the period 2011-2015 "Strengthening the implementation of the Regional Economy Based on Democracy and Poverty Alleviation". Blitar city is also famous as the cemetery of proclaimers RI Ir. Soekarno. This makes the city of Blitar one of the tourist destinations that can bring in thousands of tourists both domestically and internationally every year. It is a potential area that is able to move the community around the tourist attraction to introduce local products of wood lathe handicraft as a souvenir.

The micro and small industries in Blitar city have a major role in increasing the economic growth of the people in the city. This is because the industry is able to absorb a lot of labour and able to survive in a global crisis situation. The existence of micro and small industries in the city of Blitar deserves more attention in its development, relatively and sustainably, in order to compete in the modern market. So it is important for us to see the empowerment of micro and small industries of wood lathe by the Department of Industry and Commerce in Kepanjenkidul, Tanggung Village, Blitar, East Java.

2 LITERATURE REVIEW

2.1 Definition of Empowerment

Empowerment is etymologically derived from the word 'power' which means the ability to do something or the ability to act. Giving it a prefix it becomes 'empowered' which means powerful, capable, resourceful to overcome something. Giving the prefix and suffix it becomes 'empowerment' which can be interpreted as making an effort or a process to make able, so we can act or do something (Indonesia Dictionary, 1995).

Implementation of society empowerment is actually a real effort that concerns all aspects of life

that exist and occur in society. One form of society empowerment activity is the empowerment of the micro and small industry sector. According to Oos M. Anwas (2013: 125-126) the empowerment of small businesses is not only done for people who already have a business. Empowerment in this aspect is how the society is encouraged to be able to develop their efforts in accordance with their potential. The main empowerment of small business is how to build strong human resources. They need to be fostered from the production process to post-production properly and efficiently. They need to be encouraged to create innovative products that are competitive. The ability to think and behave innovatively is vital. Other skills and capabilities that are needed by small business actors are managerial aspects, financial management, marketing and mutual cooperation. Small entrepreneurs also need to gain enlightenment about banks so they can access additional business capital. This requires continuous training and mentoring activities. The instructor may involve relevant agencies in government, business, or community in the region who have relevant experience with small business. Small business empowerment is undertaken to make business actors able to improve their insight and ability.

Empowerment in Roesmidi and Riza Risyanti (2006: 2), according to Merriam Webster in the Oxford English Dictionary has two meanings:

- a. To give ability or enable to, which translates as giving skills or ability to;
- b. To give power or authority to, which means giving power.

To identify the focus and objectives of empowerment operationally, it is necessary to know about various indicators of empowerment that can show if someone is empowered or not. Schuler, Hashemi and Riley in Suharto (2010: 63) developed eight indicators, which they called the empowerment index, namely:

1. Freedom of mobility
2. Ability to buy small commodities
3. Ability to buy large commodities
4. Engage in making household decisions
5. Relative freedom from family domination
6. Legal and political awareness
7. Engagement in campaigns and protests
8. Economic guarantees and contributions to the family

Mardikanto (2012: 291) suggests several success indicators used to measure the implementation of society empowerment programs:

1. The number of citizens who are obviously interested in being present in every activity.
2. The presence frequency of each citizen in each activity.
3. The convenience level of program implementation to obtain citizens' consideration or approval of the new idea proposed.
4. Number and type of ideas put forward by the society that aim at the smooth implementation of the control program.
5. The amount of funds that can be extracted from the society to support the implementation of program activities.
6. The intensity of officer activity in problem control.
7. The increase of public participation scale capacity in the health sector.
8. The reduced number of community suffering from malaria.
9. The increased awareness and response to the need to improve health life.
10. The increase of public health independence.

We strongly encourage authors to use this document for the preparation of the camera-ready. Please follow the instructions closely in order to make the volume look as uniform as possible (Moore and Lopes, 1999).

2.2 Definition of Small and Micro Business

Small and Medium Enterprises (SMEs) are business activities that are able to expand employment to provide broad economic services to the community, and can play a role in the process of equity and increased community income, encourage economic growth, and play a role in realizing national stability. The general condition of SMEs in Indonesia can be described from the population in 2007, there were 49.8 million business units, which is equal to 99.9% of the number of business units in Indonesia. Whereas employment = 88.7 million which is equal to 96.9% of all Indonesian workers.

Marbun (1996: 49) defines the industry as follows:

1. Activities to process or repair goods with the target and equipment on a large scale.
2. Certain business sectors such as petroleum and industry.

Law No. 20 of 2008 Article 1 concerning Micro, Small and Medium Enterprises states that:

1. Micro business is productive business owned by an individual or individual business entity fulfilling the criteria of Micro Business as arranged in this law.
2. Small business is a productive economic business conducted by an individual or a business entity that is not a subsidiary or not a branch of a company owned or controlled by medium or large-scale business as referred in this law.

Tambunan (2009: 16) explained that in Law Number 20 of 2008, the criteria used to define Micro, Small and Medium Enterprises as stated in Article 6 are net asset value or asset value excluding land and building of business premises or total annual sales. With this criterion, a micro business is a business unit with an asset value at most Rp 50,000,000.00 or with maximum annual sales Rp 300,000,000.00. While the criteria for small business is a business unit with an asset value more than Rp 50,000,000.00 up to Rp 500,000,000.00 or having annual sales more than Rp 300,000,000.00 up to Rp 2,500,000,000.00; and medium-sized businesses are companies with net asset value more than Rp 500,000,000.00 up to Rp 10 billion or having annual sales more than Rp 2,500,000,000.00 up to Rp 50 billion.

Rahardjo Adisasmita (2010: 134) explained that the definition of Industry based on the nature of its processing is divided into three groups, namely:

1. Basic/upstream industries are industries that process natural resources, until they become semi-finished goods and finished goods.
2. Small industry is an industry that can have a large double influence on economic life further.
3. Downstream industry is an industry that processes raw materials into semi-finished goods into finished goods.

Furthermore, the understanding of the industry based on its grouping is divided into two, namely:

1. Industrial locations that blend in, are industrial locations that blend randomly with other socio-economic activities in an area/city, they can be in the form of small industries and downstream industries.
2. Industrial locations in groups are industrial locations on a land and a special area provided to accommodate the development of various types and quantities of industry (such as industrial complexes and industrial estates) or specifically for small industries (e.g. small industrial environments and small industrial centers).

2.3 Empowerment Program of Small and Micro Business

A micro and small business empowerment program is one form of policy undertaken by the government to improve the living standards of the society. Public policy in the definition of Dye is “whatever governments choose to do or not to do”. From this statement, Dye wants to explain that any government activity either explicit or implicit is a policy (Indiahono 2009: 17).

According to Indiahono (2009: 31) the implementation of public policy in accordance with George C. Edward III mentions that there are four variables that play an important role in the achievement of successful implementation. The four variables are:

a. Communication

Explains that every policy will be well implemented if there is an effective communication between program implementer (policy) and the target. The purpose and targets of the program/policy can be well socialized so as to avoid distortion of policies and programs.

b. Resources

Explains that every policy must be supported by adequate resources, both human and financial resources. Both must be considered in the implementation of government programs/policies because without the reliability of the implementer, the policy becomes less energetic, is run slowly and patched-up.

Meanwhile, financial resources ensure the sustainability of the program/policy. Without

adequate financial support, the program can't run effectively and quickly in achieving its goals.

c. Disposition

Describes the characteristics that stick to the policy/program implementer. Important characters possessed by the implementer are honesty, commitment and a democratic approach. These attitudes will reduce resistance from the community and foster the trust and concern of the target group towards the implementation and the policy program.

d. Bureaucratic Structure

Bureaucratic structure is an important factor for policy implementation. This aspect includes two elements, namely mechanism and organizational structure. Program implementation mechanisms are usually established through Standard Operating Procedures (SOP) listed in the program/policy guidelines. A well-made SOP includes a clear, systematic, non-conspicuous and easy-to-understand framework for anyone as it will become a reference in the operation of the implementer. While the organizational structure as far as possible avoids the convoluted, long and complex factors.

The four variables above are contained in the model built by Edward. These variables are related to each other in achieving the goals of the program/policy. Here is the conceptual application of the Edward III model in the implementation of public policy:

Table1: Conceptual Application of Edward III Model: Perspective of Policy Model: Perspective of Policy

Aspect	Scope
Communication	a. Who are the implementers and target groups of the program/policy? b. How effectively is the program/policy socialization implemented? <ul style="list-style-type: none"> • Method • Communication Intensity
Resources	a. Implementer Ability <ul style="list-style-type: none"> • Education level • Level of understanding of the targets as well as the application detail program • Ability to deliver and direct the program b. Availability of funds <ul style="list-style-type: none"> • Amount of funds allocated • Predicted strength of funds and the amount of costs for the program or policy implementation
Disposition	Implementer Character

Aspect	Scope
	<ul style="list-style-type: none"> • Level of commitment and honesty: can be measured by the level of consistency between the activities implementation with the guidelines set. The more suitable means the higher the commitment. • The democratic level can be measured by the intensity of the implementer in sharing with the target group, finding solutions to problems encountered and using different discretion from the guidelines to achieve the program goals.
Bureaucratic Structure	<ol style="list-style-type: none"> a. SOP availability that is easy to understand b. Organizational Structure <ul style="list-style-type: none"> • How wide the range of control is between leader and subordinate within the organizational structure. The wider means the more complicated and the slower the response to the progress of the program.

Source: Indiahono (2009: 31)

As one of the main pillars of the national economy, SMEs must obtain the ultimate opportunity, support, protection and development as widely as possible as a form of firm alignment to the people's economic business group, which is realized through the empowerment of SMEs. Empowerment is an effort made by the Government, Regional Government, business world, and the community in a synergistic manner in the form of climate development and business development towards SMEs so that they are able to grow and develop into a resilient and independent business.

The policy of empowering SMEs is included in Law No. 20/2008 concerning SMEs and President Regulation No. 5/2010 concerning RPJMN 2010-2014. Law No. 20/2008 mentioned the principles and objectives of empowering SMEs.

- a. Principles of empowerment of SMEs, including:
 - (1) growing independence, togetherness and entrepreneurship of SMEs to work on their own initiative;
 - (2) the realization of a transparent, accountable and just public policy;
 - (3) development of regional potential-based and market-oriented businesses in accordance with SME competencies;
 - (4) increasing the competitiveness of SMEs, and
 - (e) implementing integrated planning, implementation and control.
- b. The purpose of empowering SMEs is to:
 1. Realize a balanced, developing and equitable national economic structure.
 2. Grow and develop the ability of SMEs to become strong and independent businesses.
 3. Improve the role of SMEs in regional development, job creation, income distribution, economic growth, and poverty alleviation.

In the framework of empowering SMEs, the government has issued the partnership policies, including: PP No. 44/1997 concerning Partnership. As a follow-up, the government issued the Presidential Decree No. 127/2001 concerning Business Fields.

Types that are open to Medium or Large Enterprises under the terms of partnership. Furthermore, a technical policy was issued in the Minister Regulation No. PER-05/MBU/2007 concerning the Partnership Program of BUMN with Small Businesses and Community Development Programs.

In empowering SMEs, it is necessary to pay attention to the problems faced by SMEs themselves. In the Annex of Perpres No. 5/2010 concerning RPJMN 2010-2014, in Book II Chapter III it mentioned the problems of SMEs, including: The business climate is not yet conducive: cooperatives and SMEs still face a variety of fundamental problems in running their business, including the challenges of competing in a global market. For this reason, the empowerment of cooperatives and SMEs still needs to be continued over the next 5 (five) years. Cooperatives and SMEs in the next 5 years still face problems related to the unfavorable business climate as a result of: (1) as yet ineffective coordination and synchronization of programs and activities for empowering cooperatives and SMEs, planned and implemented by various Ministries and institutions; (2) the existence of high-cost procedures and administration; (3) limited support for facilities and infrastructure for the empowerment of cooperatives and SMEs; and (4) lack of participation of all stakeholders including the government, non-governmental organizations, and the community in empowering cooperatives and SMEs.

Therefore, the development goals to be achieved in the next 5 (five) years are:

(1) The implementation of cooperative and SME empowerment in a national program as a strategic step in guiding and harmonizing the programs and activities of Ministries and institutions, as part of efforts to improve the welfare of the community, especially those who rely on life from cooperatives and SME activities; (2) the realization of the paradigm of empowering cooperatives and SMEs that are more coordinative, business oriented, and participatory; (3) the realization of a more efficient bureaucracy based on meeting the needs of, by and for local communities; and (4) increasing the role of community institutions supporting cooperatives and SMEs.

Problems in product development and marketing: cooperatives and SMEs still face problems in product development and marketing. These problems include: (1) limited access for cooperatives and SMEs to technology and R&D institutions; (2) lack of awareness of cooperatives and SMEs concerning the requirements for quality and product design and consumer needs; (3) lack of incentives for developing cooperative and SME supporting institutions; (4) the partnership principle has not been established in a single business development structure/strategy that synergizes in accordance with the value chain; and (5) there is still a gap in the high growth needs of SMEs and the availability of resources.

Therefore, the development objectives to be achieved are (1) the availability of technology and R&D results that are in accordance with the needs and scale of cooperatives and SMEs; (2) increasing the ability of technopreneurship cooperatives and SMEs; (3) increasing the amount of capacity and reach of institutions providing business development and financing services; (4) the development of a strong partnership-based business network; and (5) the development of business support institutions that can facilitate the development of potential and small business bargaining positions.

c. The low quality of human resources, characterized by: (a) consideration of the characteristics of entrepreneurs in the development of SMEs; (b) the low capacity of small and medium scale entrepreneurs and managing cooperatives; (c) The problem of low motivation and micro entrepreneurial culture in building trust; and (d) the low level of skill and capacity of business managers. Therefore, the development targets to be achieved are: (1) the

functioning of the business culture development system and entrepreneurial competence in accordance with the characteristics of cooperatives and SMEs; (2) increasing technical competence and management of small and medium scale entrepreneurs and cooperative managers, especially in producing quality, innovative and creative products; and developing the business of marketing its products; (3) improving the quality and competency development system of small and medium scale businesses and cooperative managers; and (4) increasing entrepreneurial culture and endurance of micro-enterprises.

2.4 Wood Lathe Handicraft

Wood lathe handicraft is processed using a wood lathe machine with raw material in the form of mahogany wood. Once finished and formed in a variety of models then this wood lathe will be carved, decorated and painted in accordance with market desires. Products of micro and small industry of wood lathe are

3 METHOD

The method used in this research is an explorative method with an inductive approach. Explorative research is a type of research used to search for the answer why certain events occur (Arikunto, 2010: 14). While the inductive approach begins by presenting statements that have a unique and limited scope in arranging the arguments and end with general statements. In this study the author tries to describe the actual situation in the field by collecting data, analysis, and then formulating the conclusions of the data. Irawan (2011: 34) explained that exploratory research can be conducted in several ways, namely a survey of literature, or a survey of experiences and studies with specific cases. Data collection is done by interviews, observation and documentation. In this study, the authors perform data analysis that has been developed by Miles and Huberman (in Sugiyono, 2011: 246) using interactive model analysis through three procedures, namely data reduction, data presentation, drawing conclusions and verification. The location of the research was at the Department of Industry and Commerce of Blitar City, East Java, Indonesia.

4 ABOUT THE DEPARTMENT OF INDUSTRY AND COMMERCE CONCLUSIONS

Based on the Regional Regulation No. 07/2008 about Organization and Working Procedures of Blitar City and Blitar Mayor Regulation Number 46/2008 concerning tupoksi and working procedures, the Department of Industry and Commerce of Blitar City is a local government agency headed by the head of the Industry and Commerce Department who is responsible to the Mayor through the Regional Secretary.

The Department of Industry and Commerce is a part of the government which is also a form of organization because it has a clear structure and tasks. In accordance with Law No. 5/1984 about industry, the role of the Department of Industry and Commerce is to create a healthy and steady business climate by providing guidance for small industries. With this role then every industry needs to be given facilities in accordance with its role.

The Department of Industry and Commerce of Blitar City has the main duties in carrying out the task of decentralization in the field of industry and commerce involving industry, trade, investment and promotion. The functions of the Department of Industry and Commerce of Blitar City are:

1. Formulation of technical policy of program preparation, controlling, coaching and supervising in the field of Industry and Commerce.
2. Implementation of licensing.
3. Implementation of supply, distribution of goods, services and promotion.
4. Implementation of metrology and consumer protection.
5. Improvement of local revenue.
6. Preparation of evaluation and reporting.

5 FINDINGS AND DISCUSSION

Small and Medium Industry in Blitar City plays a major role in increasing the economic growth of the society. This is because the industry is able to independently meet the needs of local and regional markets. In addition, the industry is also able to absorb a lot of labor, as well as survive in a global crisis situation. Therefore, the existence of Small and Medium Industry in Blitar City deserves more attention in the development as a whole and being sustainable in order to compete in modern markets.

Guidance and supervision of Micro and Small Industry can be implemented in accordance with the realization of the vision and mission of Blitar City. This can be achieved if it is supported by the role of National and Regional Government in providing good facilities and infrastructure.

The micro and small industry of wood lathe in Tanggung Village has been running slowly since the 1980s. The micro and small industry of wood lathe has involved many people around Blitar City, especially in Tanggung Village. The micro and small industries are more or less accomplished with the help of various parties. The development of this industry can generally be described through several aspects, namely the establishment, the wood lathe processing, the number of industries, the volume of labor and the marketing process of micro and small industry of wood lathe. The micro and small industry of wood lathe is expected to increase the income of the local people by absorbing labor from every craftsman in Tanggung Village. With the guidance and development conducted on micro and small industries, it is expected to support the development carried out in Tanggung Village.

The empowerment of micro and small industry wood lathe conducted by the Department of Industry and Commerce of Blitar City is related to several aspects, namely resources, communication, public response and institutional factors. Here are the research results about the development of these four aspects:

1. Resources
Implementation of empowerment of micro and small industry wood lathe by the Department of Industry and Commerce of Blitar City certainly needs funding and human resources who are experts in the industrial field. For industrial empowerment and implementation by industrial sector, the budget is Rp 700,000,000.00 (seven hundred million rupiahs) per year used for the provision of education, training and coaching to industry owners. In addition to training and coaching, the fund is also used to provide equipment supporting industrial production. The equipment and production machinery accommodation is directed to the owners of micro and small industries and as the initial capital of industry for people who are willing to start in the wood lathe business.

Furthermore, the competent human resources in the industry field at the Department of Industry and Commerce of Blitar City are still very limited. In the field of industry there are only seven civil servants, and there is only one who forms the technical personnel in the field of industry who

acts as an empowerment assistance. Therefore, until now it still needed industrial technical personnel to launch and facilitate the implementation of all programs and activities in the field of industry.

2. Communication

Communication in the implementation of industrial empowerment can be provided by socialization through talk shows, seminars, and training for industry owners. Through the socialization, seminars, talk shows and training for the community and the owners of micro and small industries of wood lathe it is expected to make the community more empowered and have skills in producing wood lathe.

Implementation of training activities is basically an effort to improve the knowledge, skills, attitudes and behavior of the community of micro and small industry entrepreneurs. This activity is intended for them to act dynamically, creatively, productively and efficiently in processing and developing their business so they can utilize every opportunity available in order to improve welfare. To develop wood lathe craft several steps have been taken as follows:

- (1) Provide counseling to business units through regular meetings with topics about production, quality, marketing and so on.
- (2) Provide financial administration guidance and practical bookkeeping techniques.
- (3) Provide support to the owners of business units to innovate, create and improvise in producing new types of products so the businesses can be further developed.
- (4) Build networks with the potential buyers.
- (5) Offering guidance to the center of the wood lathe industry.

Based on an interview with the Head of Industry and Commerce Department of Blitar City on February 18, 2014, it is known that:

"Technical training and development of micro and small industry of wood lathe conducted by the Department of Industry and Commerce of Blitar City comprise training of wood lathe production aimed to improve the product quality and the creativity of wood lathe craftsmen. Furthermore there is a wood batik training where the coach is a wood batik craftsman from Kreet village, Bantul, Jogjakarta. In addition, there is a painting training with instructors from the Prophan Paint Company Sidoarjo. A comparative study was conducted in Cipacing, Sumedang, West Java to study and to see the products of wood lathe and

for comparison with the products produced in Blitar."

Technical training and coaching activities that have been done can provide benefits to the development of micro and small industries of wood lathe such as follows:

- (1) The development of micro and small industries of wood lathe from a total of 50 business units in 1997 up to 120 business units in 2013.
- (2) The absorption of labor up to 414 people in the year 2013 and even more now that every household in Tanggung Village has become a wood lathe craftsman.
- (3) The sales turnover of wood lathe production also increased from 108,100 in 2011 to 163,000 in 2013.

3. Public Response

The public response in Tanggung Village to the empowerment activities undertaken by the Department of Industry and Commerce of Blitar City is very great. They received well all the directions, guidance, education and training provided by the Department of Industry and Commerce of Blitar City. However, there are still some elements that need to be changed by the community and the owners of the micro and small industries of wood lathe. It is in their mindset that they still think pragmatically and traditionally in running their production. This is evident from the lack of variety in wood lathe products. This is because the craftsmen are only fixated on one type of goods without trying to be creative in producing other goods that are more attractive to the consumers.

4. Institutional

Blitar City Government together with the Department of Industry and Commerce of Blitar City launched the One Village One Product (OVOP) program where one area is involved with one type of goods or production. This activity aims to improve the society welfare. The concept of OVOP is a regional revitalization movement to develop original products of the region in order to be able to compete in a global market. The product can be a superior product of a region or a product that is a characteristic of local culture.

The OVOP program in Blitar City was held through the inauguration of Tanggung Village as a "Tourism Village" in 2005 which was triggered by Blitar Mayor in the period 2004-2009. However, this has not been significantly implemented in improving

the development of micro and small industry of wood lathe in Tanggung Village. This is because the capacity and capability of human resources in the micro and small industries of wood lathe is still not good enough. In addition, the facilities and infrastructure supporting this village are also not well organized, for example the unavailability of outbound locations and homestay for the visitors.

The readiness of supporting technology also hasn't spread evenly yet among some micro and small industry craftsmen in Tanggung Village. The wood lathe craftsmen are still not ready when visited by tourists, so it needs a continuous synergy between government and business actors in preparing this tourism village in Blitar City. The government is expected to be able to encourage the movement and development of micro and small business sectors with the distribution of technology as well as sustaining aspects of product promotion.

Starting in 2011, the implementation of micro and small industry's empowerment in Tanggung Village is collaborated with the PNPM Tourism program which aims to revive and develop the tourism village in Tanggung Village which had been dead and undeveloped before. In this case there is a coordination between the community of Tanggung Village, Department of Cooperatives and SMEs Regional, Department of Communication, Informatics and Tourism Regional, and the Department of Industry and Commerce of Blitar City in preparing everything needed to develop the tourism village again. Among them is the preparation of educational tour packages, outbound locations and homestay around Tanggung Village for the tourists who want to visit the city of Blitar. In addition, they also prepare the mental readiness of the community in Tanggung Village in running the tourism village. Currently the Tanggung Village Tourism Village has become a member of the East Java Tourism Village Association (ASIDEWI).

With the program conducted by the Department of Industry and Commerce it can help the owners of industry and the craftsmen in improving the production quality of micro and small industries of wood lathe in Tanggung Village.

5.1 Empowerment of Micro and Small Industry Wood Lathe

The implementation of micro and small industry empowerment of wood lathes in Tanggung Village by the Department of Industry and Commerce of Blitar City consists of four aspects:

1. Capital

The main problem most often faced by micro and small industry entrepreneurs in wood lathe in general is the lack of capital to develop a business. The majority of micro and small-scale industrial entrepreneurs in the Tanggung village use their own capital to maintain and run the production process. The capital factor is a determining element for the success, continuation, and development of a business. Without the availability of sufficient capital, any effort will obviously not work well in accordance with the objectives expected and will not go according to what was planned together. However, at present most of the micro and small industry craftsmen in wood lathe have difficulty in obtaining loans or soft loans from banks to develop and improve their businesses, because they are not able to pay the amount of collateral or bank loans in the form of cars or land and building certificates.

The regional government cooperates with SMEs in providing soft credit for micro and small industry owners, but many soft credit funds such as these are misused for purposes beyond the management of their industries. Then there are many micro and small industry owners who claim lack of capital but the reality differs. Therefore, at this time if you are going to borrow money or ask for soft loans for capital purposes, you must include the industrial administration data or the industry's financial bookkeeping. If there is no accounting evidence, the loan application is not accepted. Due to these provisions, many SME owners submit training on production management and financial management at the Regional Office of Industry and Trade in the City of Blitar.

2. Materials

Regarding raw material assistance, the Office of Industry and Trade does not provide raw material assistance directly but acts only as a facilitator or becomes a bridge with the Blitar City Forestry Service in facilitating the craftsmen to bring in raw materials from outside the Blitar City area. If there is already a letter of recommendation or permit from the Forestry Office, it is expected that when bringing in the amount of mahogany wood which is not small in number, it is not suspected as an element of illegal logging.

The availability of raw materials for the implementation of production will be a driving factor for the development of micro and small industries. Raw materials are very important components in the production process of an item, as without the availability of sufficient raw materials, the production process will be hampered. The main raw material in making this wood lathe is mahogany. The availability

of mahogany in the area of Blitar City is not sufficient for the needs of woodworking industry workers, so they must procure raw materials from other areas around Blitar City such as Blitar, Malang, Tulungagung, Kediri, Nganjuk and Trenggalek.

3. Marketing

In terms of marketing, The Department of Industry and Commerce of Blitar City only acts as a facilitator, because consumers can directly obtain wood lathes at the location of their own industrial centers. The Department of Industry and Commerce of Blitar City only helps find and build business partners for SMEs using wood lathes. Furthermore, to further expand the area of marketing of wood lathes, the wood lathe was introduced by participating in exhibitions and expos aimed at growing the structure of the national business world that was more robust and efficient so that it could master and develop the domestic market while increasing global competitiveness.

In addition, currently The Department of Industry and Commerce of Blitar City has collaborated with Telkom in running the e-Toko program. This e-shop program is like an online shop that sells goods or products from SMEs throughout Blitar City including this wood lathe industry. With the existence of this e-Toko, the craftsmen find it easier to promote their industrial products outside the Blitar City area.

4. Production Engineering

The efforts of the local government of Blitar City in empowering SMEs in the industries of wood lathe through the Department of Industry and Commerce of Blitar City in addition to providing education, training and coaching also provided production technology assistance in the form of wood lathes and equipment to the owners of SMEs in the industries of wood lathe and Blitar City community as initial capital in starting a business to become a wood lathe craftsman. In addition to wood lathes and equipment, the Industry and Trade Office also provides assistance in the form of equipment to design wood lathe products, including equipment for making carvings and designing carving as well as materials for painting.

Then the Department of Industry and Commerce of Blitar City also carried out management guidance for the owners of micro and small industries of wood lathes:

a. Production Management

- Supervising / sorting / grading raw materials
- Supervising product quality
- Prioritizing the results of products that are in accordance with marketing standards

- Producing according to consumer tastes
- #### b. Financial Management
- Perform efficient and effective operations of activities
 - Perform practical bookkeeping
 - Record every transaction that occurs at any time and report every month to see the development of the industry
- #### c. Marketing Management
- Work on potential markets for product marketing
 - Maintain chief relations/good relations with marketing channels
 - Maintain consistency in the quality of goods or the quality of goods from producers to consumers
 - Creating marketing networks both within Indonesia and abroad

5.2 Constraining Factors

The problems occurred even though the wood lathe craftsmen and the community were given various training that was useful to improve the quality and quantity of production; their mindset is still pragmatic and they do not want to change. They still think traditionally and do not want to go forward. For example, there is a small and micro industry owner who makes “yo-yos”. From the beginning until now he just made yo-yos and does not want to switch to other goods such as making tambourines or kendangs as the selling price is higher and generates more profit. Many craftsmen only accept their circumstances without considering the greater things. This is what the Department of Industry and Commerce of Blitar City will attempt to change.

The Head of the Department of Industry and Commerce in Blitar City also explained that in the implementation of technical training and coaching, there are some obstacles faced. The obstacles are the lack of trainers or experts in the implementation of technical training and coaching or we can say that the trainers still lack in quality and quantity so it is still less convenient in dealing with the proper needs. Furthermore, the participants themselves are still less responsive and less persevering when they are given training. They consider themselves already capable with such training. The last obstacle is the characteristic of the raw material of wood lathe (mahogany) that cannot be painted (batik). This is known only after being practised by wood lathe craftsmen when designing the wood lathe products. So the batik training of wood lathe felt less efficient.

Another problem is related to the production management, especially financial management. The owners of micro and small industries today still don't have good financial management. They still don't have a bookkeeping system in their production activities so they only measure their profits through items they can buy like a new car or a bigger house. Those who have financial bookkeeping of production are only the owners of large industries of wood lathe. In fact there has been training about wood lathe production goods, how to design and the production management training, especially financial management. But it's still poorly absorbed by the owners of micro and small industries of wood lathe.

5 CONCLUSION AND RECOMMENDATION

Based on the discussion in the previous section, it can be concluded that the empowerment facilitated by the Department of Industry and Commerce for micro and small industries in Tanggung Village has grown quite well. This is indicated by the increase in production, sales turnover, innovation and creativity of craftsmen, income and living standards of the community in Tanggung Village. Moreover, Village Tourism of Tanggung Village also began to grow.

Factors inhibiting the empowerment of micro and small industries of wood lathe are:

1. Human resource factors i.e. the lack of competent technical personnel.
2. Communication factors i.e. number of trainers that are still lacking.
3. Community response factors i.e. (a) the mindset of the craftsmen and community who are still pragmatic; (b) the lack of innovation and creativity of craftsmen.
4. Institutional factors i.e. Village Tourism of Tanggung Village that has not run in accordance with the planning.

Therefore, it is expected that the Department of Industry and Commerce can increase the number of competent human resources in the field of industry so the industrial activities can grow more efficiently; it is also suggested that the Department of Industry and Commerce conduct an annual evaluation related to the empowerment activities of micro and small industries of wood lathe based on indicators of empowerment by the government and the community.

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