

Transformation, Development,  
and Regionalization in Greater Asia

| 13



Aknolt Kristian Pakpahan

# The Development of Business Clusters in Indonesia

The Cases of Cibaduyut and Plered, West Java



**Nomos**

B L O O M S B U R Y

No. Klass 338.95 DEV  
No. Indok. 146266 Tgl 10-8-2023  
Masilah/Deli  
Dari Rudi Imanio UMTM

Transformation, Development, and  
Regionalization in Greater Asia | 13

The Series

Transformation, Development, and  
Regionalization in Greater Asia

is edited by

Prof. Dr. Christoph Schuck  
Department of Philosophy and Political Science  
TU Dortmund University, Germany

Matthias Heise, M.A.,  
Department of Philosophy and Political Science  
TU Dortmund University, Germany

Aknolt Kristian Pakpahan

# The Development of Business Clusters in Indonesia

The Cases of Cibaduyut and Plered, West Java



338.95

DEV

146266 / SB-FISIP

18-8-2023



**Nomos**

B L O O M S B U R Y



Japan Indonesia Presidential Scholarship of the World Bank funded by a grant from the Government of Japan.

Parahyangan Catholic University, Bandung, Indonesia.

**Die Deutsche Nationalbibliothek** lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data is available in the Internet at <http://dnb.d-nb.de>

a.t.: Dortmund, TU, Diss., 2014

ISBN: HB (Nomos) 978-3-8487-0694-5  
ePDF (Nomos) 978-3-8452-4905-6

#### **British Library Cataloguing-in-Publication Data**

A catalogue record for this book is available from the British Library.

ISBN: HB (Bloomsbury): 978-1-4742-2499-4  
ePDF (Bloomsbury): 978-1-4742-2498-7  
ePub (Bloomsbury): 978-1-4742-2497-0

#### **Library of Congress Cataloging-in-Publication Data**

Pakpahan, Aknolt Kristian

The Development of Business Clusters in Indonesia

The Cases of Cibaduyut and Plered, West Java

Aknolt Kristian Pakpahan

259 p.

Includes bibliographic references.

ISBN 978-1-4742-2499-4 (hardcover Bloomsbury)  
ISBN 978-1-4742-2498-7 (ebook (pdf) Bloomsbury)  
ISBN 978-1-4742-2497-0 (ebook (epub) Bloomsbury)

1. Edition 2014

© Nomos Verlagsgesellschaft, Baden-Baden, Germany 2014. Printed and bound in Germany.

This work is subject to copyright. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, re-cording, or any information storage or retrieval system, without prior permission in writing from the publishers. Under § 54 of the German Copyright Law where copies are made for other than private use a fee is payable to "Verwertungsgesellschaft Wort", Munich.

No responsibility for loss caused to any individual or organization acting on or refraining from action as a result of the material in this publication can be accepted by Nomos or the author.

## Acknowledgements

The writing of this dissertation has been one of the most important academic challenges I have ever had to face. I would like to express my greatest appreciation to Prof. Dr. Christoph Schuck and Prof. Dr. Bob S. Hadiwinata, my research supervisors, for their excellent guidance, enthusiastic encouragement, and useful critiques of this research work.

My candidature was made possible with the funding from the Japan Indonesia Presidential Scholarship Program (JIPS) of the World Bank and funded by a grant from the government of Japan. I must thank Ms. Danielle Carbonneau, Ms. Marie des Neiges Grossas, and Ms. Karim Gigler who fully assisted me during my study in Dortmund, Germany.

The significant support in focusing this work comes from colleagues at the Department of Philosophy and Political Science of TU Dortmund University, especially Kathrin Rucktäschel, Matthias Heise, Adrianus Harsawaskita, Julia Dumin, and Katharina Vitt. I must thank colleagues from the Department of International Relations of Parahyangan Catholic University especially Dr. Mangadar Situmorang, Dr. Yulius P. Hermawan, Dr. I. Nyoman Sudira, and Dr. Andreas H. Pareira for supporting and motivating me during my study. Mostly I am really grateful to Dr. Pius Sugeng Prasetyo and Dr. Sylvia Yazid who motivated me to finalize my dissertation during their short stay in Dortmund. My gratitude is also extended to Albert Triwibowo for the friendship and discussions to sharpen the focus of this research. For generously giving their time for both formal and informal meetings, I thank Abdul Nizar and his staff at the UPTD Litbang Keramik Plered and Wawan Dharmawan and his staff at Instalasi Pengembangan Industri Kecil Menengah Persepatuan Kota Bandung. Also, I would like to thank Giandi Kartasasmita, Cantika Paramitha Rustandi, Lukas Ronggur Tambunan, Atty Juliani, Rabby Putraditama, Adipurno Widi Putranto, and Marendra Cahya Sadikin for assisting me in conducting field research in Indonesia.

Last but not least, I would like to express a great amount of gratitude to my wife, Durienzia Wulanputri Supit, without whom this effort would have been worth nothing. Her love, support, patience, and belief in me allowed me to remain focused. I also would like to express my appreciation to my son, Andrew Tizi Landros Pakpahan for his unending support. He

was always there cheering me up through the good and bad times. For my family, I am really sorry for the time we spent apart. Therefore, this dissertation is dedicated to them, Enzi and Andrew.

# Contents



List of Tables and Figures	11
Glossary of Terms	13
<b>1. Introduction</b>	<b>15</b>
1.1 Background	15
1.2 Research Questions	19
1.3 Research Methodology	20
1.3.1 Type of Research	20
1.3.2 Data Collection and Respondents	21
1.3.3 Research Locations	22
1.4 Chapter Plan	24
<b>2. Theoretical Framework</b>	<b>27</b>
2.1 Definitions	27
2.1.1 Small and Medium-sized Enterprises (SMEs) and Small and Medium-sized Industries (SMIs)	27
2.1.2 (Business) Clusters	31
2.2 Understanding (Business) Clusters	32
2.2.1 Types of Clusters	33
2.2.2 Factors of a Strong Cluster	38
2.2.3 Benefits of a Cluster	44
2.2.4 Attributes of a Cluster	49
2.3 The Role of the State in Economic Development	55
2.4 Policies on Cluster Development in Indonesia	57
<b>3. The Role of the Central Government in Developing Industrial Clusters: Institutions, Policies, and Strategies</b>	<b>61</b>
3.1 The Importance of SMEs in Indonesia	61
3.2 The Ministry of Cooperatives and SMEs	73
3.2.1 Vision and Mission	74

3.2.2	Strategic Objectives	76
3.2.3	Organizational Structure	77
3.2.4	Policies to Develop and Empower SMEs	80
3.3	The Ministry of Industry	83
3.3.1	Vision and Mission	84
3.3.2	Strategies to Promote the Industrial Sector	85
3.3.3	Organizational Structure	86
3.3.4	Strategic Objectives	90
<b>4.</b>	<b>The Role of the Local Government in Developing Industrial Clusters: Offices, Policies, and Strategies</b>	<b>97</b>
4.1	Introduction	97
4.2	The Profile of the Province of West Java	97
4.2.1	Vision and Mission	98
4.2.2	Policies to Develop and Empower SMEs/SMIs	99
4.3	The Responsibility of Regional Offices	105
4.3.1	The Office of Cooperatives and SMEs	106
4.3.2	The Office of Industry and Trade	131
<b>5.</b>	<b>The Implementation of Business Clusters in the Cibaduyut Footwear Industrial Cluster and the Plered Decorative Ceramic Industrial Cluster</b>	<b>143</b>
5.1	The Role of the Central Government	143
5.1.1	The Development of the Footwear Industrial Cluster	144
5.1.2	The Development of the Pottery and Decorative Ceramic Industry Cluster	154
5.2	Profile of the Cibaduyut Footwear Industrial Cluster	166
5.2.1	The Importance of the Cibaduyut Footwear Industrial Cluster and its SMEs/SMIs to West Java's Economic Performance	168
5.2.2	The Implementation of the Cluster Concept in Cibaduyut	172
5.2.3	Challenges in the Globalization Era	178
5.3	Profile of the Plered Decorative Ceramic Industrial Cluster	189
5.3.1	The Implementation of the Cluster Concept in Plered	193
5.3.2	Problems Faced by SMEs and the Ceramic Cluster	197

<b>6. Factors Affecting the Implementation of Business Clusters in Indonesia</b>	<b>203</b>
6.1 The Implementation of Decentralization (Local Autonomy) in Indonesia	203
6.2 The Influence of Culture in the Implementation of Business Clusters in Indonesia	219
6.3 Additional Attributes to Porter's Diamond Theory Using the Indonesian Context	226
<b>7. Conclusion</b>	<b>231</b>
7.1 Introduction	231
7.2 The Findings	233
7.2.1 The Governmental Roles in Developing Business Clusters	233
7.2.2 The Implementation of the Business Cluster Concept	235
7.2.3 Other Factors Affecting the Implementation of Business Clusters in Cibaduyut and Plered	239
7.3 Implications for Policies	244
7.4 Research Limitations and Recommendations for Further Research	245
References	247

## List of Tables and Figures

### TABLES

Table 2.1	Definition of SMEs in Europe	28
Table 2.2	Definition of Indonesian SMEs	30
Table 3.1	Number of SMEs, Large Enterprises (LEs), and Workforces in Indonesia, 2006-2009	62
Table 3.2	Proportion of SMEs by Sector, 2008	64
Table 3.3	Structure of GDP by Size of Enterprise (in percent), 2006	66
Table 3.4	Contribution and Proportion of SMEs and LEs to the Gross Domestic Product in 2007-2008	66
Table 3.5	Export of Indonesian SMEs, 2006-2008 (in million USD)	67
Table 4.1	Number of Business Units, Workforces, and Investment in the Industrial Sector in West Java, 2008-2011	137
Table 4.2	Number of Entrepreneurs of Small, Medium, and Large Industries in West Java, 2008-2011	138
Table 5.1	General Strategy of Footwear Industry Development	148
Table 5.2	Medium-term Plan of the Footwear Cluster Industry Development, 2010-2014	151
Table 5.3	The Development of the Pottery and Decorative Ceramic Industry Cluster's Programs and Action Plans	160
Table 5.4	Production Potential in the Cibaduyut Footwear Industrial Cluster	170
Table 5.5	Supporting Industries in Cibaduyut	171
Table 5.6	Contribution and Proportion of Textile, Leather Products, and Footwear Industries to the City of Bandung's Gross Regional Domestic Product in 2008-2009	171
Table 5.7	Level of Education of the SMEs' Owners in Indonesia in the Footwear Industry, 2010	180

Table 5.8	Number of SMEs in the Footwear Industry with its Workers Receiving Business Advisory	181
Table 5.9	Number of SMEs that Received Loans	183
Table 5.10	Percentage of Sources of Main Loan	184
Table 5.11	Main Reason of SMEs for not Applying for Loans	185
Table 5.12	Number of SMEs and the Use of Computer and Internet Networks	186
Table 5.13	The Marketing Area of the Leather Industry, Leather Goods, and Footwear Products in Indonesia	187
Table 5.14	Kind of Main Difficulty with Raw Materials	187
Table 6.1	Working Program of the Purwakarta Office of Cooperatives, SMEs, Industry, and Trade, 2010-2012	209

## FIGURES

Figure 2.1	Porter's Diamond Theory	50
Figure 3.1	The Organizational Chart of the Ministry of Cooperatives and SMEs	79
Figure 3.2	The Organizational Chart of the Ministry of Industry	87
Figure 6.1	The Diamond Theory with Additional Attributes	228



## Glossary of Terms

APACI	<i>Asosiasi Pengusaha Cibaduyut</i> , Businessmen Association of Cibaduyut
APSC	<i>Asosiasi Pengusaha Sepatu Cibaduyut</i> , Association of Shoe Businessmen in Cibaduyut
ATK	<i>Akademi Teknologi Kulit</i> , Leather Technology Academy
Bappeda	<i>Badan Perencana Pembangunan Daerah</i> , Regional Body for Planning and Development
Bappenas	<i>Badan Perencanaan Nasional</i> , National Planning Agency
BBKPK	<i>Balai Besar Kulit, Karet, dan Plastik</i> , Center for Leather, Rubber, and Plastics
BDS	Business Development Service
BDS-P	Business Development Services-Provider
BIPIK	<i>Pembinaan dan Pengembangan Industri Kecil</i> , small industrial development program
BKPM	<i>Badan Koordinasi Penanaman Modal</i> , Indonesia Investment Coordinating Board
BPP	<i>Balai Penelitian Perkebunan</i> , Plantation Research Institute
BPPT	<i>Badan Pengkajian dan Penerapan Teknologi</i> , Agency for the Assessment and Application of Technology
BPS	<i>Badan Pusat Statistik</i> , central bureau of statistics, Statistics Indonesia
BPS-KPKM	<i>Badan Pengembangan Sumber Daya Koperasi dan Pengusaha Kecil dan Menengah</i> , Agency for Developing Cooperatives Resources and Small and Medium-sized Entrepreneurs
BPPKU	<i>Badan Promosi dan Pengelola Keterkaitan Usaha</i> , Promotion Agency and Business Linkages
BSN	<i>Badan Standardisasi Nasional</i> , National Standardization Agency of Indonesia
BUMN	<i>Badan Usaha Milik Negara</i> , state-owned enterprises (SOEs)
CSF	common service facilities
CSR	Corporate Social Responsibility
EOI	export-oriented industrialization
FKPSC	<i>Forum Komunikasi Pengusaha Sepatu Cibaduyut</i> , Communication Forum for Shoe Businessmen in Cibaduyut
GDP	Gross Domestic Product
GRDP	Gross Regional Domestic Product

IPR	intellectual property rights
IPTN	Industri Pesawat Terbang Nurtanio (Nusantara)
ISI	import substitution industrialization
K3	<i>Komite Kesehatan Kerja</i> , Working Health Committee
KADIN	<i>Kamar Dagang dan Industri</i> , Indonesian Chamber of Commerce and Industry
KIK	<i>Kredit Investasi Kecil</i> , small investment credit
KMKP	<i>Kredit Modal Kerja Permanen</i> , working capital credit
KSM	Kelompok Swadaya Mandiri
KUR	<i>Kredit Usaha Rakyat</i> , people-based small business loans
LIPI	<i>Lembaga Ilmu Pengetahuan Indonesia</i> , Indonesian Institute of Sciences
LEs	large enterprises
LIK	<i>Lingkungan Industri Kecil</i> , small-scale industry area
LP3ES	<i>Lembaga Penelitian Pendidikan Penerangan Ekonomi dan Sosial</i> , Institute for Social and Economic Research, Education and Information
MoU	Memorandum of Understanding
OVOP	One Village One Product
PCD	partnership and community development
PIK	Pemukiman/Perkampungan Industri Kecil, small industry estates
Posyantek	<i>Pos Pelayanan Teknologi Tepat Guna</i> , appropriate technology service center
PRA	Participation Rural Appraisal
SAKASAKTI	<i>Satu Kabupaten/Kota, Satu Kompetensi Inti</i> , one regency/city, one core competence
Senbik	<i>Sentra Bisnis UKM</i> , SMEs' business center
SMEs	small and medium-sized enterprises
SMI	small and medium-sized industries
SNI	<i>Standar Nasional Indonesia</i> , national product standards
TNC	transnational corporation
UPL	<i>Unit Pelayanan Langsung</i> , direct service unit
UPT	<i>Unit Pelayanan Teknis</i> , technical service unit
UPTD	<i>Unit Pelayanan Teknis Daerah</i> , regional/local technical service unit
Wartek	<i>Warung Teknologi Tepat Guna</i> , appropriate technology outlet
ZOPP	<i>Zielorientierte Projektplanung</i> , Goal-Oriented Project Planning

# 1. Introduction

## 1.1 Background

This research examines the governmental roles in developing business clusters, and in the implementation of business clusters to promote economic development in Indonesia, the regional economic development in West Java in general, and to increase the competitiveness of the industry as well as to create a strong industrial structure in particular. The implementation of the concept of business clusters has attracted many researchers for many decades. The interest of winning tight world competition by having specialization has pushed many governments to find strategies to promote their economic policies. The climate of tight world competition has been a major reason for countries to develop their specializations as well as to increase their competitiveness. Here, countries have tried to put more attention on the economic development in their regions including cities and regencies. Many strategies and models have been introduced to boost up the economic development process. Before the 1990s, the approach to increase regional economic development depended on external factors (forces outside the region).<sup>1</sup> What is meant by an external factor is a situation in which a country depends heavily on its export-led industries. The principle of selling more exported goods abroad and buying less imported goods leads to a policy created by a country to give a series of incentives to local firms. This can be understood as a tool to protect local firms from outside firms producing similar goods, and also as a tool to reduce the cost of production so that the products of firms having these incentives will be cheaper than those of their competitors in global markets. Therefore, besides having advantages of winning the competition – in form of prices –, these firms could also contribute to the stimulation of the domestic economy by providing jobs. Another advantage of providing incentives is that this strategy will attract outside (or large) firms to open production facilities because the incentive package helps them reducing the cost of production.

---

1 Cf. Primont/Domazlicky 2008.

However, this strategy washed-out in the early 1990s when countries faced competition with each other due to economic liberalization. Countries tried to attract firms by offering their location advantages such as the proximity to raw materials and cheap labor in order to reduce the cost of production. The need to focus on increasing a nation's competitiveness is more important than offering a series of incentives to firms. The tight global competition has forced nations to find a suitable strategy. The concept of cluster is seen as the answer. The cluster analysis introduced by Michael Porter has attracted government leaders, economists, academicians, and business actors to learn more on how this analysis could help countries and/or firms winning the tight global competition. The idea is to create *co-opetition* (cooperation and competition) simultaneously among firms so that this action will push a firm to improve and innovate. Huggins/Izushi (2011) stated that Porter's Diamond framework (the cluster) has influenced many governments and scientists to apply this concept in order to create their regional economic development policy.<sup>2</sup> Placing enterprises (in this case small and medium-sized enterprises/SMEs) into one location or region gives many advantages because business rivalry and business networks have been proved effective to increase the competitiveness of SMEs.<sup>3</sup> Recent economic climate is dominated by competitions among not only countries but firms (even small firms). Many studies or reports found that cluster plays an important role in promoting regional economic development as seen in Isbasoiu (2007),<sup>4</sup> Sigurdson (2004),<sup>5</sup> Kuah (2002),<sup>6</sup> and Feldman et al. (2005).<sup>7</sup> Hence, it cannot be denied, as Porter found out that regional economic development is influenced by the strength of local clusters.<sup>8</sup>

In Indonesia, the interest to accomplish its national goal of achieving a just and prosperous society as mandated in the 1945 Constitution has led the government to devise economic policies in order to achieve this goal. Such policies include the industrial policy and policies on developing and

---

2 Cf. Huggins/Izushi 2011, p. 2.

3 See Porter 2008, pp. 194-200.

4 See Isbasoiu 2006.

5 See Sigurdson 2004.

6 See Kuah 2002.

7 See Feldman et al. 2005.

8 Cf. Porter 2003, p. 571.

empowering SMEs/small and medium-sized industries (SMIs).<sup>9</sup> The main goal of the industrial policy in Indonesia is to improve the competitiveness of the industry and strengthen the industrial structure to support Indonesia's national economic development goals which are to improve household incomes, to promote job creation, and to alleviate poverty.<sup>10</sup> In order to build a strong industrial structure, the government also focuses on the development of other economic units such as SMEs/SMIs as driving forces of economic development.<sup>11</sup> The main reason to focus on the development of SMEs/SMIs is because the existence of SMEs/SMIs remained stable even during the economic crisis in 1997. Looking at the objectives of Indonesia's national industrial policy, it is not surprising that the government encourages the implementation of the business cluster concept for the creation of a strong industrial structure. In order to develop a business cluster in Indonesia, the government has issued many regulations. *First*, in order to develop (and empower) SMEs as a driving force in a business cluster, the government has issued Law No. 20/2008 on Small and Medium-sized Enterprises (SMEs).<sup>12</sup> This law regulates several issues that are related to the development and empowerment of SMEs. In this law, the development of SMEs is defined as an effort made by the (central) government, the local governments, businesses, and communities to develop SMEs through mentoring assistance and strengthening assistance to develop and enhance the capability and competitiveness of SMEs.<sup>13</sup> The empowerment of SMEs is defined as an effort that is done by the (central) government, the local governments, businesses, and communities as they work together in increasing the economic environment and the development of SMEs so that they can grow into independent and strong businesses.<sup>14</sup> *Second*, to build a strong industrial structure, the government has issued Regulation of the President of the Republic of Indonesia No. 28/2008 on the National Industrial Policy.<sup>15</sup> In this regulation, the purpose

---

9 For the purpose of this paper, SMEs shall refer to micro, small, and medium-sized enterprises while SMIs shall refer to micro, small, and medium-sized industries.

10 See Regulation of the President of the Republic of Indonesia No. 28/2008 and Law No. 20/2008.

11 The definition of SMEs and SMIs will be explained in Chapter 2 – Theoretical Framework.

12 See Law No. 20/2008.

13 Cf. Article 1 Paragraph 10 of Law No. 20/2008.

14 Cf. Article 1 Paragraph 8 of Law No. 20/2008 on SMEs.

15 See Regulation of the President of the Republic of Indonesia No. 28/2008.

of the national industrial policy is to improve the competitiveness of the industry. In supporting this objective, the ministry in charge of and responsible for the field of industry prepares and establishes a road map of the priority industrial cluster development including the industrial manufacturing base, the agro-based industry, the transportation industry, and the electronics and telemetric industry.<sup>16</sup> They are also to support industries such as creative industries and the creative industries in particular SMIs.<sup>17</sup> In addition to those priority industries, the Ministry of Industry also prepares and establishes a road map of provincial industrial development and a guide road map of industrial districts and the municipality's development.<sup>18</sup>

There have been much research and many studies on the theory and the concepts of business clusters.<sup>19</sup> At the same time, many researchers have conducted research on the impacts on implementing business clusters.<sup>20</sup> Most of the researches focused on the national level, while only few researches focused on the micro level i.e. rural areas. In Indonesia, there are a handful of studies on the impact of clustering on firms in rural areas in which Tambunan (2009) and Sandee et al. (2000) have previously conducted research on the micro level.<sup>21</sup> Therefore, it is still necessary to conduct research on the implementation of the concept of business clusters in rural areas in Indonesia. Based on that reason, the research will focus on, *firstly*, the role of the Indonesian government in developing business clusters in Indonesia, *secondly*, the implementation of business cluster in rural areas in the Province of West Java, taking the case of footwear industrial cluster and (decorative) ceramic industrial cluster, *thirdly*, factors that impede the implementation of business cluster concept in Indonesia by analyzing the two clusters above and, *finally*, the researcher takes a case study of the two locations to contribute to Porter's diamond theory. The main aim of this research is to offer a contribution to implementing the concept

---

16 Cf. Article 2 of Regulation of the President of the Republic of Indonesia No. 28/2008.

17 Cf. Article 2 of Regulation of the President of the Republic of Indonesia No. 28/2008.

18 Cf. Article 6 of Regulation of the President of the Republic of Indonesia No. 28/2008.

19 See for example Porter 2008, Perry 2005, Fujita et al. 2001.

20 See for example Baptista/Swann 1998, Feser et al. 2008, Boari 2001, Tambunan 2005.

21 See Tambunan 2009a, Sandee et al. 2000.

of business clusters in other countries/regions that have similar characteristics (regarding both the political system as well as economics) like the two industrial clusters mentioned above.

## 1.2 Research Questions

This research focuses on the governmental roles in developing business clusters and the implementation of business clusters in Indonesia using two research sites, the footwear industrial cluster in Cibaduyut and the decorative ceramic industrial cluster in Plered. Porter's diamond theory will be used as the basis to conduct the analysis of the contribution of these two research sites to Porter's diamond theory. Therefore, the following questions will be researched and answered:

1. What is the role of the Indonesian government in developing business clusters in Cibaduyut and Plered, West Java?
2. How is the concept of business clusters reflected in contemporary regional economic development in the Cibaduyut Footwear Industrial Cluster in Cibaduyut and the Plered Decorative Ceramic Industrial Cluster in Plered? What are problems faced by business actors (including SMEs/SMIs) in the two locations as a case of study that impede the implementation of business cluster concept in Indonesia?
3. Are there any other factors that influence the implementation of business clusters in the two locations? How can the implementation of business clusters in the two locations contribute to Porter's diamond theory especially in understanding the implementation of business clusters in Indonesia?

The main argument in this research is that the implementation of business clusters can benefit a nation in terms of new innovations, higher productivity, which leads to higher wages, low production cost, wider employment opportunities, and the fostering of regional development. Here, the Indonesian government plays a dominant role in developing business clusters in Indonesia. As mentioned earlier, the government tries to increase the competitiveness of SMEs/SMIs by promoting and developing business clusters especially in the two locations as the case study above. Many programs and activities are created, planned, and implemented to develop a successful cluster. However, looking at the current performance of

## References

- Abdullah, Mohd Yusof Hj/Bakar, Noor Rahamah Hj Abu/Sulehan, Junaenah/Awang, Abd. Hair/Liu, Ong Puay (2012). Participatory Rural Appraisal (PRA): An Analysis of Experience in Darmareja Village, Sukabumi District, West Java, Indonesia. In: *Akademika*, Vol. 82, No. 1, pp. 15-19.
- Adian, Donny Gahril (2011). Multicultural Politics in Indonesia: Dialogue and Gotong Royong. In: *Dialogue AND UniversalismE*, Vol. 2, No. 2, pp. 1-12.
- Altenburg, Tilman/Meter-Stamer, Jorg (1999). How to Promote Clusters: Policy Experiences from Latin America. In: *World Development*, Vol. 27, No. 9, pp. 1693-713.
- Antara, Ngakan Timur (2009). Peranan Pusat Inovasi Keramik Plered. Paper presented at the workshop on Konsinyering Pengembangan Inovasi Teknologi Keramik. Plered, November 30, 2009.
- AntaraJawaBarat.com (2012). BJB Siap Fasilitasi Pembiayaan Wirausaha Muda. December 6, 2012. <http://www.antarajawabarat.com/lihat/berita/40925/bjb-siap-fasilitasi-pembiayaan-wirausaha-muda>, accessed January 7, 2013.
- Antara News (2011). Mendag: Industri Sepatu Cibaduyut Miliki Potensi Internasional. February 12, 2011. [http://www.antarane.ws.com/berita/245873\\_mendag-industri-sepatu-cibaduyut-miliki-potensi-internasional](http://www.antarane.ws.com/berita/245873_mendag-industri-sepatu-cibaduyut-miliki-potensi-internasional), accessed September 14, 2012.
- Antic, Miljenko (2003). Reexamining Role of the State in Promoting Development. In: *Politicka Misao*, Vol. XL, pp. 18-29.
- Ariyani, Desy (2012). Evaluasi Pelatihan Ketrampilan Bagi Perajin Keramik Plered Tahun 2008-2011. Skripsi, Bandung: Universitas Pendidikan Indonesia.
- Aspiranti, Tasya/Nurfahmiyati/Sundaya, Yukha (2008). Analisis 'Quality Function Deployment' Pada Sentra Industri Kecil Sepatu Cibaduyut. Bandung, Mimbar. *Jurnal Sosial dan Pembangunan*, Vol. 24, No. 1 (2008), pp. 1-11.
- Astriani, Yuni (2012). Tingkat Kesejahteraan Pengrajin Industri Keramik di Desa Anjun Kecamatan Plered Kabupaten Purwakarta. Skripsi. Universitas Pendidikan Indonesia.
- Badan Pusat Statistik (2010). Profil Industri Mikro dan Kecil 2010. Jakarta: CV Ryan Indah.
- Badan Pusat Statistik Kabupaten Purwakarta (2010). Purwakarta Dalam Angka 2009.
- Badan Pusat Statistik Kota Bandung (n.d.). Produk Domestik Regional Bruto Kota Bandung Tahun 2006-2009 Menurut Lapangan Usaha.
- Baier, Elisabeth/Kroll, Henning/Zenker, Andrea (2013). Regional Autonomy With Regard to Innovation Policy: A Differentiated Illustration of the European Status Quo. Working Papers Firms and Region No. R3/2013. Karlsruhe: Fraunhofer ISI.
- Baptista, Rui/Swann, Peter (1998). Do Firms in Cluster Innovate More? *Research Policy* 27, pp. 525-40.



## References

- Barkley, David L./Henry, Mark S. (2001). Advantages and Disadvantages of Targeting Industry Cluster. Clemson University Public Service Activities. REDRL Research Report 09-2001-01. [http://cherokee.agecon.clemson.edu/redrl\\_rpt3.pdf](http://cherokee.agecon.clemson.edu/redrl_rpt3.pdf), accessed January 9, 2014.
- Beaudry, Catherine/Breschi, Stefano (2003). Are Firms in Clusters Really More Innovative? In: *Economics of Innovation and New Technology*, Taylor and Francis Journals, Vol. 12 (4), pp. 325-42.
- Belanja Online Lewat Gerai KUMKM. [http://diskumkm.jabarpov.go.id/index.php?option=com\\_content&view=article&id=126:belanja-online-lewat-gerai-kumkm&catid=1:bewara&Itemid=65](http://diskumkm.jabarpov.go.id/index.php?option=com_content&view=article&id=126:belanja-online-lewat-gerai-kumkm&catid=1:bewara&Itemid=65), accessed June 14, 2013.
- Bennet, Richard (2010). Decentralizing Authority After Suharto: Indonesia's 'Big Bang', 1998-2010. *Innovations for Successful Societies*, Princeton University. <http://www.princeton.edu/successfulsocieties>, accessed January 9, 2014.
- Bhasin, Balbir B/ Venkataramany, Sivakumar (2010). Globalization of Entrepreneurship: Policy Considerations for SME Development in Indonesia. In: *International Business and Economics Research Journal*: April 2010, Vol. 9, No. 4, pp. 95-104.
- Black, Thomas R. (2002). *Understanding Social Science Research*. 2<sup>nd</sup> ed. London: Sage Publications.
- Boari, Cristina (2001). Industrial Cluster, Focal Firms, and Economic Dynamism: A Perspective from Italy. The International bank for Reconstruction and Development/the World Bank. Stock Number 37186.
- Brown, Jason (1993). The Role of the State in Economic Development: Theory, the East Asian Experience, and the Malaysian Case. Asian Development Bank, Economic Staff Paper No. 52. <http://www.adb.org/sites/default/files/pub/1993/es52.pdf>, accessed January 5, 2014.
- Buku Tanya Jawab Seputar Kredit Usaha Rakyat (KUR). <http://www.komite-kur.com>, accessed September 12, 2013.
- Burger, Kees/Kameo, Daniel/Sandee, Henry (2001). Clustering of Small Agro-Processing Firms in Indonesia. In: *International Food and Agribusiness Management Review*, 2 (3/4), pp. 289-99.
- Clark, Gordon L. (1984). A Theory of Local Autonomy. In: *Annals of the Association of American Geographers*, Vol. 74, No. 2 (June 1984), pp. 195-208.
- Cole, Stroma (2007). Entrepreneurship and Empowerment: Considering the Barriers – A Case Study from Indonesia. In: *Tourism Review*, Vol. 55, No. 4, pp. 461-73.
- Creswell, John W. (1994). *Research Design: Qualitative and Quantitative Approaches*. London: Sage Publications.
- Creswell, John W. (2013). *Qualitative Inquiry and Research Design: Choosing among Five Approaches*. 3<sup>rd</sup> ed. Los Angeles: Sage Publications.
- Corbin, Juliet/Strauss, Anselm (2008). *Basics of Qualitative Research*. 3<sup>rd</sup> ed. London: Sage Publications.
- Decree of Minister of Cooperatives and SMEs No. 14/2006 on Guideline on Guarantee Credit and Financial Fund for Cooperative and SMEs (Peraturan Menteri Negara Koperasi dan Usaha Kecil Menengah No. 14/2006 tentang Petunjuk Teknis Dana

- Penjaminan Kredit dan Pembiayaan Untuk Koperasi dan Usaha Kecil dan Menengah).
- deLeon, Peter/deLeon, Linda (2002). What Ever Happened to Policy Implementation? An Alternative Approach. In: *Journal of Public Administration Research and Theory: J-PART*, Vol. 12, No. 4 (October 2002), pp. 467-92.
- Departemen Perindustrian (2009a). Buku I: Peta Panduan (*Road Map*) Pengembangan Klaster Industri Prioritas Basis Industri Manufaktur Tahun 2010-2014.
- Departemen Perindustrian (2009b). Buku VI: Peta Panduan (*Road Map*) Pengembangan Klaster Industri Prioritas Industri Kecil dan Menengah Tertentu 2010-2014.
- Departemen Perindustrian dan PT INDULEXCO (n.d.). Pengembangan Kompetensi Inti Dalam Rangka Peningkatan Unggulan Daerah: Kabupaten Katingan. [http://rocana.kemenperin.go.id/index.php?option=com\\_content&view=article&id=112&Itemid=213](http://rocana.kemenperin.go.id/index.php?option=com_content&view=article&id=112&Itemid=213), accessed September 15, 2013.
- Deputi Bidang Pengkajian Sumberdaya Koperasi dan UKM (2009). Laporan Hasil Kajian Dampak Kredit Usah Rakyat 2009, Kementerian Koperasi dan Usaha Kecil Menengah. <http://www.smecda.com/kajian/get8.asp?id=504>, accessed January 13, 2014.
- Detik Finance (2010). 47,16 Juta Unit UMKM Belum Berbadan Hukum. September 3, 2010. <http://us.finance.detik.com/read/2010/09/03/121518/1434289/4/4716-juta-unit-umkm-belum-berbadan-hukum>, accessed September 29, 2011.
- Dinas Koperasi, Usaha Mikro, Kecil, Menengah, Perindustrian dan Perdagangan Kabupaten Purwakarta (2009). Pengembangan Klaster Keramik Plered – Purwakarta: FGD Tahap ke IV. Unpublished paper.
- Dinas Koperasi, UMKM, Perindustrian, dan Perdagangan Kabupaten Purwakarta (2011). Rencana Kerja Tahun 2011.
- Dinas Koperasi dan Usaha Mikro, Kecil, dan Menengah Provinsi Jawa Barat (n.d.a). e-Profile. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_wrapper&view=wrapper&Itemid=77](http://diskumkm.jabarprov.go.id/index.php?option=com_wrapper&view=wrapper&Itemid=77), accessed July 2, 2013.
- Dinas Koperasi dan Usaha Mikro, Kecil, dan Menengah Provinsi Jawa Barat (n.d.b). e-Profile: Rencana Strategis Tahun 2008-2013. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_wrapper&view=wrapper&Itemid=77](http://diskumkm.jabarprov.go.id/index.php?option=com_wrapper&view=wrapper&Itemid=77), accessed July 2, 2013.
- Dinas Koperasi dan Usaha Mikro, Kecil, dan Menengah Provinsi Jawa Barat (n.d.c). Rencana Strategis Dinas Koperasi dan UMKM Provinsi Jawa Barat. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_wrapper&view=wrapper&Itemid=77](http://diskumkm.jabarprov.go.id/index.php?option=com_wrapper&view=wrapper&Itemid=77), accessed July 2, 2013.
- Dinas Koperasi dan Usaha Mikro, Kecil, dan Menengah Provinsi Jawa Barat (n.d.d). Sentra Bisnis KUMKM. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_wrapper&view=wrapper&Itemid=77](http://diskumkm.jabarprov.go.id/index.php?option=com_wrapper&view=wrapper&Itemid=77), accessed July 2, 2013.
- Dinas Koperasi dan Usaha Mikro, Kecil, dan Menengah Provinsi Jawa Barat (n.d.e). Belanja Online Lewat Gerai KUMKM. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_content&view=article&id=126:belanja-online-lewat-gerai-kumkm&catid=1:bewara&Itemid=65](http://diskumkm.jabarprov.go.id/index.php?option=com_content&view=article&id=126:belanja-online-lewat-gerai-kumkm&catid=1:bewara&Itemid=65), accessed July 2, 2013.

## References

- Dinas KUKM dan Perindag Kota Bandung (n.d.). Profil Dinas Koperasi UKM dan Perindustrian Perdagangan Kota Bandung. <http://diskopukmperindagbdg.blogspot.de/p/profile.html>, accessed January 5, 2014.
- Dinas Perindustrian dan Perdagangan Pemprov. Jawa Barat dan PT. Nusantara Citra Konsultan (2007). Identifikasi Kebutuhan Pasar Penataan Data Base Industri Alas Kaki: Laporan Akhir. Bandung.
- Dinas Perindustrian dan Perdagangan Provinsi Jawa Barat (2009). Rencana Strategis Dinas Perindustrian dan Perdagangan Provinsi Jawa Barat 2009-2013.
- Dinas Perindustrian dan Perdagangan Provinsi Jawa Barat (n.d.). Data Statistik. <http://disperindag.jabarprov.go.id/index.php?mod=manageMenu&idMenuKiri=459&idMenu=463>, accessed January 7, 2014.
- Dinas Tata Ruang dan Bangunan Pemerintah Kabupaten Purwakarta (2003). Detail Engineering Design (DED) Sentra Keramik Plered: Laporan Pendahuluan.
- Dipta, I Wayan (n.d.). Strategi Membangun Keunggulan Daya Saing Usaha Mikro, Kecil, Menengah dan Koperasi di Indonesia Dalam Era Perekonomian Baru. Paper presented at the National Conference on Revitalisasi Strategi Pembinaan Usaha Kecil, Menengah dan Koperasi oleh Pemerintah/BUMN Dalam Perekonomian Baru. [http://www.smecda.com/deputi7/file\\_makalah/era-perekonomian-baru.pdf](http://www.smecda.com/deputi7/file_makalah/era-perekonomian-baru.pdf), accessed January 7, 2014.
- El-Meftah, Muhammad A. (2005). The Economic Role of the State in the Era of Globalization. In: *Electronic Journal of the American Association of Behavioral and Social Sciences*, Vol. 8, Fall 2005. <https://googledrive.com/host/0BWyZA6eD9SMqN0k5QV9YMkhGZ00/Perspectives/Perspectives2005/index.html>, accessed January 5, 2014.
- Enright, Michael J. and Ffowes-Williams, Ifor (2000). Local Partnership, Clusters, and SME Globalization. Paper presented in *Enhancing the Competitiveness of SMEs in the Global Economy: Strategies and Policies*. Conference for Ministers Responsible for SMEs and Industries Ministers. Bologna, Italy, June 14-15, 2000.
- Europe INNOVA (2008). *The Concept of Clusters and Cluster Policies and Their Role for Competitiveness and Innovation: Main Statistical Results and Lesson Learned*. Commission Staff Working Document SEC (2008) 2637. [http://ec.europa.eu/enterprise/policies/innovation/files/clusters-working-document-sec-2008-2635\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/clusters-working-document-sec-2008-2635_en.pdf), accessed November 3, 2013.
- European Commission (n.d.). *The New SME Definition: User Guide and Model Declaration*. Enterprise and Industry Publications. [http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf), accessed September 4, 2013.
- Feldman, Maryann P./Francis, Johanna/Bercovitz, Janet (2005). Creating a Cluster While Building a Firm: Entrepreneurs and the Formation of Industrial Clusters. In: *Regional Studies*, Vol. 39, No. 1 (February 2005), pp. 129-41.
- Feser, Edward/Renski, Henry/Glodstein, Harvey (2008). Cluster and Economic Development Outcomes: An Analysis of the Link between Clustering and Industry Growth. In: *Economic Development Quarterly*, Vol. 22, No. 4, pp. 324-44.



- Flick, Uwe (2007). *Managing Quality in Qualitative Research*. London: Sage Publications.
- Fujita, Masahita/Krugman, Paul/Venables, Anthony J. (2001). *The Spatial Economy: Cities, Regions, and International Trade*. Massachusetts: The MIT Press.
- Fukuyama, Francis (1995). *Trust: The Social Virtues and the Creation of Prosperity*. New York: The Free Press.
- Government of the West Java Province (n.d.). *Vision and Mission of the Government of the West Java Province*. <http://www.jabarprov.go.id/index.php/subMenu/79>, accessed February 6, 2013.
- Government Regulation No. 44/1997 on Partnership (Peraturan Pemerintah No. 44/1997 tentang Kemitraan).
- Government Regulation No. 32/1998 on the Development of Small Business (Peraturan Pemerintah No. 32/1998 tentang Pembinaan dan Pengembangan Usaha Kecil).
- Government Regulation No. 38/2007 on the Division of Government Affairs among the (Central) Government, the Provincial Government, and the City/Regency Governments (Peraturan Pemerintah No. 38/2007 tentang Pembagian Urusan Pemerintahan antara Pemerintah, Pemerintah Daerah Provinsi, dan Pemerintah Daerah Kabupaten/Kota).
- Hadiwinata, Bob Sugeng (2003). *The Politics of NGOs in Indonesia: Developing Democracy and Managing a Movement*. London: Routledge.
- Hadiz, Vedi R. (2004). Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives. In: *Development and Change*, Vol. 35, No. 4, pp. 697-718.
- Haggard, Stephan (1990). *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries*. Ithaca: Cornell University Press.
- Harian Kontan (2012). *Pengesahan UU: Akhirnya, DPR Sahkan UU Lembaga Keuangan Mikro*, December 11, 2012.
- Hill, Hal (2001). Small and Medium Enterprises in Indonesia: Old Policy Challenges for a New Administration. In: *Asian Survey*, Vol. 41, No. 2, pp. 248-70.
- Hofstede, Geert/Hofstede, Gert Jan (2005). *Cultures and Organizations: Software of the Mind*. New York: McGraw-Hill.
- Huggins, Robert/Izushi, Hiro (2011). Competition, Competitive Advantage, and Cluster: The Ideas of Michael Porter. In: Huggins, Robert/Izushi, Hiro (eds). *Competition, Competitive Advantage, and Cluster: The Ideas of Michael Porter*. Oxford: Oxford University Press, pp. 1-22.
- Indonesian Chamber of Commerce and Industry (KADIN) (2010). *Key Challenges Faced By Entrepreneur: Indonesia*. Paper presented at the Workshop on Reducing Start-Up and Establishment Time of Business. Hiroshima. [http://aimp.apec.org/Documents/2010/EC/WKSP1/10\\_ec\\_wksp\\_1\\_006.pdf](http://aimp.apec.org/Documents/2010/EC/WKSP1/10_ec_wksp_1_006.pdf), March 1-2, 2010.
- Inkubator Agribisnis dan Agroindustri-Institut Pertanian Bogor. <http://inkubator.ipb.com/index.php?nama=Home>, accessed June 8, 2013.

## References

- Instalasi Pengembang Industri Kecil Menengah Alas Kaki/Persepatuan Bandung (2008). Laporan Instalasi Pengembang Industri Kecil Menengah Alas Kaki/Persepatuan Bandung.
- Isbasoiu, George-Marian (2006). Industrial Cluster and Regional Development: The Case of Timisoara and Montebelluna. Munich Personal RePEc Archive (MPRA) Paper No. 5037. <http://mpra.ub.uni-muenchen.de/5037>, accessed January 4, 2014.
- Jati, Wasisto Raharjo (2012). Inkonsistensi Paradigma Otonomi Daerah di Indonesia: Dilema Sentralisasi dan Desentralisasi. In: *Jurnal Konstitusi*, Vol. 9, No. 4 (December 2012), pp. 743-73.
- Joint Decree of the Minister of Finance, Minister of Interior, Minister of Cooperatives and SMEs as well as the Governor of Bank Indonesia No. 351.1/KMK.010/2009, No. 900-639A/2009, No. 01/SKB/M.KUKM/ IX/2009, No. 11/43A/Kep. GBI/2009 on Strategic Development of Microfinance Institutions (Keputusan Bersama Menteri Keuangan, Menteri Dalam Negeri, Menteri Negara Koperasi dan Usaha Kecil Menengah, dan Gubernur Bank Indonesia No. 351.1/KMK.010/2009, No. 900-639A/2009, No. 01/SKB/M.KUKM/IX/2009, No. 11/43A/Kep. GBI/2009 tentang Strategi Pengembangan Lembaga Keuangan Mikro).
- Kadin Bandung (n.d.). Badan Promosi dan Pengelola Keterkaitan Usaha. <http://kadinbandung.org/nonstruktural/divisi/bppku>, accessed January 7, 2014.
- Kementerian Koperasi dan UKM (2010). Rencana Strategis Kementerian Koperasi dan UKM Republik Indonesia Tahun 2010-2014. [http://www.depkop.go.id/index.php?option=com\\_phocadownload&view=category&id=20&Itemid=82](http://www.depkop.go.id/index.php?option=com_phocadownload&view=category&id=20&Itemid=82), accessed January 5, 2014.
- Kementerian Koperasi dan UKM (n.d.). Visi dan Misi Kementerian Koperasi dan UKM. [http://www.depkop.go.id/index.php?option=com\\_content&view=article&id=5&Itemid=2](http://www.depkop.go.id/index.php?option=com_content&view=article&id=5&Itemid=2), accessed January 5, 2014.
- Kementerian Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional (2010a). Lampiran Peraturan Presiden Republik Indonesia No. 5/2010 tentang Rencana Pembangunan (RJPMN) Tahun 2010-2014: Buku I Prioritas Nasional.
- Kementerian Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional (2010b). Lampiran Peraturan Presiden Republik Indonesia No. 5/2010 tentang Rencana Pembangunan (RJPMN) Tahun 2010-2014: Buku II Memperkuat Sinergi Antar Bidang Pembangunan, Bab III Ekonomi.
- Kementerian Perindustrian (2010). Rencana Strategis Kementerian Perindustrian 2010-2014. [http://rocana.kemenperin.go.id/index.php?option=com\\_content&view=article&id=132&Itemid=237](http://rocana.kemenperin.go.id/index.php?option=com_content&view=article&id=132&Itemid=237), accessed September 8, 2013.
- Kementerian Perindustrian (n.d.a). Industri Unggulan Provinsi. [http://rocana.kemenperin.go.id/index.php?option=com\\_content&view=article&id=99&Itemid=201](http://rocana.kemenperin.go.id/index.php?option=com_content&view=article&id=99&Itemid=201), accessed September 8, 2013.
- Kementerian Perindustrian (n.d.b). Pemantauan Ekspor 31 Kelompok Hasil Industri. <http://kemenperin.go.id/statistik/kelompok.php?ekspor=1>, accessed September 8, 2013.



- Kementerian Perindustrian (n.d.c). Laporan Akuntabilitas Kinerja (LAKIP) 2010. [http://rocana.kemenperin.go.id/index.php?option=com\\_content&view=article&id=137&Itemid=256](http://rocana.kemenperin.go.id/index.php?option=com_content&view=article&id=137&Itemid=256), accessed September 8, 2013.
- Kementerian Perindustrian (n.d.d). Working Meeting of the Ministry of Industry. <http://rocana.kemenperin.go.id>, accessed September 8, 2013.
- Kementerian Perindustrian (n.d.e). Rumusan Hasil Rapat Kerja Kementerian Perindustrian dengan Dinas Perindustrian dan Bappeda Provinsi tahun 2010. [http://rocana.kemenperin.go.id/index.php?option=com\\_content&view=article&id=119&Itemid=220](http://rocana.kemenperin.go.id/index.php?option=com_content&view=article&id=119&Itemid=220), accessed September 8, 2013.
- Keputusan Gubernur Jawa Barat No: 561/Kep.1665-Bangsos/2009 tentang Upah Minimum Kabupaten/Kota di Jawa Barat 2010.
- Ketels, Christian H.M. (2003). The Development of the Cluster Concept: Present Experiences and Further Development. Paper prepared for NRW Conference on Clusters in Duisburg, Germany. December 5, 2003.
- Kuah, Adrian T.H. (2002). Cluster Theory and Practice: Advantages for the Small Business Locating in a Vibrant Cluster. In: Journal of Research in Marketing and Entrepreneurship, Vol. 4, No. 3 (2002), pp. 206-28.
- LaPalombara, Joseph (1971). Penetration: A Crisis of Government Capacity. In: Binder, Leonard/Coleman, James S./LaPalombara, Joseph/Pye, Lucian W./Verba, Sidney/Weiner, Myron. Crises and Sequences in Political Development. New Jersey: Princeton University Press, pp. 205-32.
- Law No. 5/1984 on Industry (Undang-Undang No. 5/1984 tentang Perindustrian).
- Law No. 32/2004 on Regional Government (Undang-Undang No. 32/2004 tentang Pemerintah Daerah).
- Law No. 20/2008 on Small and Medium-sized Enterprises (Undang-Undang No. 20/2008 tentang Usaha Mikro, Kecil, dan Menengah).
- Marijan, Kacung (2005). Mengembangkan Industri Kecil Menengah Melalui Pendekatan Kluster. In: Jurnal INSAN, Vol. 7, No. 3, pp. 216-25.
- Marijan, Kacung (2007). Industrial Policy, Industrialisation and Custer Industries in Indonesia: An Overview. In: UNISIA, Vol. XXX, No. 64, pp. 103-21.
- Markusen, Ann (1996). Sticky Places in Slippery Space: A Typology of Industrial Districts. In: Economy Geography, Vol. 72, No. 3 (July 1996), pp. 293-313.
- Marshall, Alfred (1966 (1890)). Principles of Economics. 8<sup>th</sup> ed. London: Macmillan.
- Marshall, Alfred (1919). Industry and Trade. London: Macmillan.
- Meyer-Stamer, Jörg/Harmes-Liedtke, Ulrich (2005). How to Promote Clusters. Mesopartner Working Paper 08/2005.
- Minister of State-Owned Enterprises Decree No. 236/MBU/2003 on the Partnership Program between State-owned Enterprises and Small Businesses (Keputusan Menteri Badan Usaha Milik Negara No. Kep. 236/MBU/2003 tentang Program Kemitraan Badan Usaha Milik Negara dengan Usaha Kecil dan Program Bina Lingkungan).
- Ministry of Cooperatives and SMEs (2010). Data of SMEs 2010. (Kementerian Koperasi dan UKM (2010). Data UMKM 2010). <http://www.depkop.go.id/in>

## References

- dex.php?option=com\_phocadownload&view=category&id=27:data-umkm&Itemid=93, accessed January 5, 2014.
- Ministry of Cooperatives and SMEs (n.d.). *Statistics SMEs 2007-2009*. (Kemenne-gkop&UKM (n.d.). *Statistik Usaha Kecil dan Menengah Tahun 2007-2009*).
- Möhring, Johanna (2005). *Clusters: Definition and Methodology*. In: *Local Economic and Employment Development* OECD. 2005. *Business Clusters: Promoting Enterprise in Central and Eastern Europe*.
- Ontario Association of Trading Houses (n.d). *Trading Houses: A Practical Guide*. [http://www.oath.on.ca/publications/PDF\\_En/EN\\_TradingHouses Pra-ctical.pdf](http://www.oath.on.ca/publications/PDF_En/EN_TradingHouses_Pra-ctical.pdf), accessed September 12, 2013.
- Pakpahan, Aknolt K. (2010). *Increasing SMEs' Capacity*. In: *The Jakarta Post*, August 16, 2010, p. 7.
- Pakpahan, Aknolt K. (2013). *Micro, Small, and Medium-Sized Enterprises in Indonesia: Towards More Coordinated Policies and More Competitive-based SME*. In: Heise, Matthias/Rucktäschel, Kathrin (eds.). *Indonesia's Search for Democracy: Political, Economic, and Social Developments*. Baden-Baden: Nomos, pp. 299-318.
- Perry, Martin (2005). *Business Cluster: An International Perspective*. New York: Routledge.
- Pepinsky, Thomas B./Wihardja, Maria M. (2011). *Decentralization and Economic Performance in Indonesia*. In: *Journal of East Asian Studies*: September-December 2011, Vol. 11, No. 3, pp. 337-71.
- Porter, Michael (1990). *The Competitive Advantage of Nations*. New York: The Free Press.
- Porter, Michael (1998a). *On Competition*. Harvard: Harvard Business School Press.
- Porter, Michael E. (1998b). *Clusters and the New Economics of Competition*. Harvard Business Review, Reprint Number 98609.
- Porter, Michael E. (2003). *The Economic Performance of Regions*. *Regional Studies*, Vol. 37, August/October 6-7, 2003, pp. 549-78.
- Porter, Michael E. (2008). *On Competition: Updated and Expanded Edition*. Boston: A Harvard Business Review Book.
- Prasetyo, Pius S. (2005). *Democracy in the Indonesian Village Society: The Impact of Local Autonomy Policy and the Role of Local Culture toward Democratization in Village Society*. Munster: LIT Verlag.
- Presidential Instruction No. 10/1999 on the Empowerment of Medium-sized Business (Instruksi Presiden Republik Indonesia No. 10/1999 tentang Pemberdayaan Usaha Menengah).
- Presidential Instruction No. 3/2006 on the Policy Package for Improving the Investment Climate (Instruksi Presiden Republik Indonesia No. 3/2006 tentang Paket Kebijakan Perbaikan Iklim Investasi).
- Presidential Instruction No. 6/2007 on Acceleration of the Real Sector and Development of Micro, Small and Medium-sized Enterprises (Instruksi Presiden Republik Indonesia No. 6/2007 tentang Kebijakan Percepatan Pengembangan Sektor Riil dan Pemberdayaan Usaha Mikro, Kecil dan Menengah).

- Presidential Instruction No. 1/2010 on Accelerating the Implementation of National Development Priorities in 2010 (Instruksi Presiden Republik Indonesia No. 1/2010 tentang Percepatan Pelaksanaan Prioritas Pembangunan Nasional Tahun 2010).
- Presidential Instruction No. 3/2010 on the Equitable Development Program (Instruksi Presiden Republik Indonesia No. 3/2010 tentang Program Pembangunan Yang Berkeadilan).
- Primont, Diane F. and Domazlicky, Bruce (2008). Industry Cluster Analysis for the Southeast Missouri Region. Center for Economic and Business Research. [http://www6.semo.edu/cebr/studies/Southeast\\_rpc\\_industry\\_cluster\\_study\\_1.pdf](http://www6.semo.edu/cebr/studies/Southeast_rpc_industry_cluster_study_1.pdf), accessed September 8, 2013.
- Regulation of the City of Bandung No. 13/2012 on the Obligation of Implementating Social Responsibility Program (Peraturan Daerah Kota Bandung No. 13/2012 tentang Pelaksanaan Kewajiban Program Tanggung Jawab Sosial dan Lingkungan Perusahaan).
- Regulation of the Minister of Home Affairs No. No. 24/2006 on the Guidelines on One Stop System (Peraturan Menteri Dalam Negeri No. 24/2006 tentang Pedoman Penyelenggaraan Pelayanan Terpadu Satu Pintu).
- Regulation of the Minister of Home Affairs No. 20/2010 on Community Empowerment through the Appropriate Technology Management (Peraturan Menteri Dalam Negeri No. 20/2010 tentang Pemberdayaan Masyarakat Melalui Pengelolaan Teknologi Tepat Guna).
- Regulation of the Minister of Home Affairs No. 64/2012 on Guidelines on Incentives and Investment facilitation in the Region (Peraturan Menteri Dalam Negeri No. 64/2012 tentang Pedoman Pelaksanaan Pemberian Insentif dan Pemberian Kemudahan Penanaman Modal di Daerah).
- Regulation of the Minister of Industry No. 78/2007 on the Increasing the Effectiveness of Developing SMIs using the One Village One Product (OVOP) Approach in Business Center (Peraturan Menteri Perindustrian Republik Indonesia No. 78/2007 tentang Peningkatan Efektifitas Pengembangan Industri Kecil dan Menengah Melalui Pendekatan Satu Desa Satu Produk (One Village One Product – OVOP) di Sentra).
- Regulation of the Minister of Industry of the Republic of Indonesia No. 110/M-IND/PER/10/2009 on the Roadmap of the Development of the Footwear Industrial Cluster (Peraturan Menteri Perindustrian Republik Indonesia No. 110/M-IND/PER/10/2009 tentang Peta Panduan (Road Map) Pengembangan Klaster Industri Alas Kaki). <http://kemenperin.go.id/artikel/19/Kebijakan-Industri-Nasional>, accessed July 4, 2013.
- Regulation of Minister of Industry of the Republic of Indonesia No. 135/M-IND/PER/10/2009 on the Roadmap of the Development of Pottery and Decorative Ceramic Industrial Cluster (Peraturan Menteri Perindustrian Republik Indonesia No. 135/M-IND/PER/10/2009 tentang Peta Panduan (Road Map) Pengembangan Klaster Industri Keramik dan Keramik Hias). <http://kemenperin.go.id/artikel/19/Kebijakan-Industri-Nasional>, accessed July 4, 2013.



- Regulation of the Minister of Industry No. 105/2010 on the Organization and Administration of the Ministry of Industry (Peraturan Menteri Perindustrian Republik Indonesia No. 105/2010 tentang Organisasi dan Tata Kerja Kementerian Perindustrian).
- Regulation of the Minister of Industry No. 98/M-IND/PER/12/2011 on the Restructuring Programs of Machinery and Equipment for Small and Medium-sized Industry (Peraturan Menteri Perindustrian Republik Indonesia No. 98/M-IND/PER/12/2011 tentang Program Restrukturisasi Mesin/Peralatan Industri Kecil dan Menengah).
- Regulation of the Minister of Industry No. 13/2013 on the Restructuring Programs of the Machinery and Equipment for Small and Medium-sized Industry (Peraturan Menteri Perindustrian Republik Indonesia No. 13/2013 tentang Program Restrukturisasi Mesin dan/atau Peralatan Industri Kecil dan Menengah (IKM)).
- Regulation of the Minister of State-owned Enterprises No. 236/2003 on the Partnership Program with the Small Business and the Community Development Program (Peraturan Menteri BUMN NO. 236/2003 tentang Program Kemitraan Badan Usaha Milik Negara dengan Usaha Kecil dan Program Bina Lingkungan).
- Regulation of the President of the Republic of Indonesia No. 28/2008 on the National Industrial Policy (Peraturan Presiden Republik Indonesia No. 28/2008 tentang Kebijakan Industri Nasional).
- Regulation of the President of the Republic of Indonesia No. 47/2009 on the Establishment and Organization of State Ministry (Peraturan Presiden Republik Indonesia No. 47/2009 tentang Pembentukan dan Organisasi Kementerian Negara).
- Regulation of the President of the Republic of Indonesia No. 5/2010 on the National Medium-term Development Plan 2010-2014 (Peraturan Presiden Republik Indonesia No. 5/2010 tentang Rencana Pembangunan Jangka Menengah Nasional Tahun 2010-2014).
- Regulation of the Regent of Purwakarta No. 44/2009 on the Organization, Duties, Functions, and Administration of the Technical Service Unit at the Office of Cooperatives, SMEs, Industry and Trade (Peraturan Bupati Purwakarta No. 22/2009 tentang Organisasi, Tugas, Fungsi dan Tata Kerja Unit Pelayanan Teknis pada Dinas Koperasi, Usaha Mikro, Kecil, Menengah, Perindustrian dan Perdagangan).
- Regulation of the Governor of West Java No. 69/2009 on the Main Duties, Functions, Details of Unit's Duties, and Administration of the Office of Industry and Trade of the West Java Province (Peraturan Gubernur Jawa Barat No. 69/2009 tentang Tugas Pokok, Fungsi, Rincian Tugas Unit, dan Tata Kerja di Lingkungan Dinas Perindustrian dan Perdagangan Jawa Barat).
- Regulation of the Governor of West Java No. 113/2009 on the Organization and Administrative of the Technical Service Unit and Other Agency in the Province of West Java (Peraturan Gubernur Jawa Barat No. 113/2009 tentang Organisasi dan Tata Kerja Unit Pelaksana Teknis Dinas/Badan di Pemerintah Provinsi Jawa Barat).
- Reinert, Erick S. (1999). The Role of the State in Economic Growth. In: Journal of Economic Studies, Vol. 26, No. 4/5, pp. 268-326.
- Ridwan, Asep M. (n.d.). Potensi Peluang Pasar Keramik di Jawa Barat. Dinas Perindustrian dan Perdagangan Jawa Barat. Unpublished paper.

- Ridwan, Asep M. (2009). Kebijakan Ekspor Keramik Jawa Barat. Dinas Perindustrian dan Perdagangan Jawa Barat. Unpublished paper.
- Rondinelli, Dennis A./McCullough, James S./Johnson, Ronald W. (1989). Analysing Decentralization Policies in Developing Countries: A Political-Economy Framework. In: *Development and Change*, Vol. 20, pp. 57-87.
- Rosenfeld, Stuart A. (1997). Bringing Business Cluster into the Mainstream of Economic Development. In: *European Planning Studies*, Vol. 5, No. 1, pp. 3-23.
- Sandee, Henry et al. (2000). Small Firm Development During Good Times and Bad: The Jepara Furniture Industry. In: Manning, Cris and van Diermen, Peter (eds.). *Indonesia in Transition: Social Aspects of Reformasi and Crisis*. London: ZED Books, pp. 184-98.
- Satriawan, Bondan/ Oktavianti, Henny (2012). Upaya Pengentasan Kemiskinan Pada Petani Menggunakan Metode Tindakan Kolektif Kelembagaan Pertanian. In: *Jurnal Ekonomi Pembangunan*, Vol. 13, No. 1 (June 2012), pp. 96-112.
- Sentra Bisnis KUMKM. [http://diskumkm.jabarprov.go.id/index.php?option=com\\_wrapper&view=wrapper&Itemid=77](http://diskumkm.jabarprov.go.id/index.php?option=com_wrapper&view=wrapper&Itemid=77), accessed July 2, 2013.
- Sigurdson, Jon (2004). Regional Innovation Systems (RIS) in China. European Institute of Japanese Studies (EJIS) Working Paper No. 195. <http://swopec.hhs.se/eijswp/papers/eijswp0195.pdf>, accessed January 5, 2014.
- Silverman, David (2001). *Interpreting Qualitative Data: Methods for Analysing Talk, Text, and Interaction*. 2<sup>nd</sup> ed. London: Sage Publications.
- Soekarni, Muhammad/Suryanto, Joko (2009). Analisis Rantai Nilai UMKM di Jawa Barat: Studi Kasus Sentra Sepatu Cibaduyut Bandung. In: Soekarni, Muhammad (ed.) *Peran Value Chain (Rantai Nilai) Dalam Meningkatkan Kinerja Usaha Kecil dan Menengah*, Jakarta: LIPI Press.
- Soetrisno, Noer (2009). Pengembangan Klaster IKM/UKM di Indonesia: Pengalaman dan Prospek. Paper presented at the Workshop on Developing SMEs' Cluster. Surakarta, October 26-28, 2009.
- Solusi Magazine (2012a). Persoalan Gas Industri Keramik Perlu Koordinasi banyak Pihak. In: *Solusi Magazine*, Vol. 2, No. 1, March 2012.
- Solusi Magazine (2012b). Balai Besar Keramik Bandung: Ujung Tombak Kementerian Perindustrian Untuk Mengembangkan Industri Keramik. In: *Solusi Magazine*, Vol. 2, No. 1, March 2012.
- Storper, Michael (1997). *The Regional World: Territorial Development in a Global Economy*. London: Guildford Press.
- Stough, Roger R. et al. (1998). Small Business Entrepreneurship in the High Technology Services Sector: An Assessment for the Edge Cities of the U.S. National Capital Region. In: *Small Business Economics*, Vol. 10, pp. 61-74.
- Subari (2010). Pengembangan Potensi Industri Keramik di Daerah Provinsi Jawa Barat Dengan Memberdayakan Bahan Baku Lokal. Unpublished paper.
- Suherman, Agus (2006). Potret Usaha Mikro Kecil (UMK). In: *Sosialisasi hasil Sensus 2006: Sensus Sampel (SE06-SS)*. [http://www.bps.go.id/sosialisasi\\_SE/SE2006-Potret\\_UMK-Agus\\_Suherman.pdf](http://www.bps.go.id/sosialisasi_SE/SE2006-Potret_UMK-Agus_Suherman.pdf), accessed September 2, 2011.

## References

- Sulistiyastuti, Dyah Ratih (2004). *Dinamika Usaha Kecil dan Menengah (UKM): Analisis Konsentrasi Regional UKM di Indonesia 1999-2001*. In: *Jurnal Ekonomi Pembangunan: Kajian Ekoomi Negara Berkembang*, pp. 143-64.
- Tambunan, Tulus (2005). *Promoting Small and Medium Enterprises with a Clustering Approach: A Policy Experience from Indonesia*. In: *Journal of Small Business and Management*, Vol. 43, No. 2, pp. 138-54.
- Tambunan, Tulus (2007). *Entrepreneurship Development: SME in Indonesia*. In: *Journal of Development Entrepreneurship*, Vol. 12, No. 1, pp. 95-118.
- Tambunan, Tulus (2008a). *SME Development, Economic Growth, and Government Intervention in a Developing Country: The Indonesian Story*. In: *Journal of International Entrepreneurship*, Vol. 6, No. 4, pp. 147-67.
- Tambunan, Tulus (2008b). *SMEs Development in Indonesia: Do Economic Growth and Government Support Matter?* In: *International Journal of Asia Pacific Studies*, Vol. 4, No. 2, pp. 111-33.
- Tambunan, Tulus (2009a). *Export-Oriented Small and Medium Industry Clusters in Indonesia*. In: *Journal of Enterprising Communities: People and Places in the Global Economy*, Vol. 3, No. 1, pp. 25-58.
- Tambunan, Tulus (2009b). *SME in Asian Developing Countries*. New York: Palgrave Macmillan.
- Tambunan, Tulus TH. (2009c). *Productivity in SMEs in Indonesia: Facts and Constraints*. Policy Discussion Series 14/10/09.
- Tambunan, Tulus (2010). *Apakah Kebijakan Pengembangan Usaha Kecil dan Menengah di Indonesia Selama Ini Efektif?* Paper presented at the BPPT Workshop, April 8, 2010.
- Tambunan, Tulus (2011). *The Impact of Trade Liberalization on Indonesian Small and Medium-sized Enterprises*. In: *Trade Knowledge Network (TKN) Policy Paper*.
- Tambunan, Tulus (n.d.). *Development of Small and Medium Enterprise Clusters in Indonesia: A Review*. [http://www.cadi.org/fileadmin/WG\\_Documents/Reg\\_WG/tambunan.pdf](http://www.cadi.org/fileadmin/WG_Documents/Reg_WG/tambunan.pdf), accessed January 9, 2014.
- Tabellini, Guido (2004). *The Role of the State in Economic Development*. In: *Innocenzo Gasparini Institute for Economic Research (IGIER) Working Paper No. 265*, July 2004. <ftp://ftp.igier.uni-bocconi.it/wp/2004/265.pdf>, January 4, 2014.
- The Need to Develop SMEs Global Market Network, Purpose: Information*, Submitted by: Indonesia, paper presented at the 26<sup>th</sup> SMEWG Meeting, Kaohsiung, Chinese Taipei, March 30-April 4, 2008. [http://www.oath.on.ca/publications/PDF\\_En/EN\\_TradingHousesPractical.pdf](http://www.oath.on.ca/publications/PDF_En/EN_TradingHousesPractical.pdf), accessed January 7, 2014.
- Triwibowo, Albert/Pakpahan, Aknolt K. (2012). *Fighting Corruption in Indonesia: In Search of Greater Political Will*. In: Heise, Matthias/Rucktäschel, Kathrin (eds.). *Indonesia's Search for Democracy: Political, Economic, and Social Developments*. Baden-Baden: Nomos, pp. 233-58.
- United States International Trade Commission (2010). *Small and Medium-sized Enterprises: Overview of Participation in the US Exports*. Investigation No. 332-508. USITC Publication 4125. <http://www.usitc.gov/publications/332/pub4125.pdf>, accessed January 6, 2014.

- UPTD Litbang Keramik Disperindag & PM Kabupaten Purwakarta, Dinas Perindustrian, Perdagangan, dan Penanaman Modal Kabupaten Purwakarta (2006/2007). Profil Industri Keramik Plered. Unpublished paper.
- UPTD Litbang Keramik Dinas Koperasi, UMKM, Perindustrian, dan Perdagangan Kabupaten Purwakarta (n.d.). Sejarah Singkat Keramik Plered, Purwakarta. Unpublished paper.
- Van Meter, Donald S./Van Horn, Carl E. (1975). The Policy Implementation Process: A Conceptual Framework. In: *Administration and Society*, Vol. 6, No. 4 (February 1975), pp. 445-88.
- Wee, Thee Kian (2006). Policies for Private Sector Development in Indonesia. ADB Institute Discussion Paper No. 46.
- West Java Provincial Regulation No. 21/2008 on the Organization and Administration of the Province of the West Java Regional Office (Peraturan Daerah Provinsi Jawa Barat No. 21/2008 tentang Organisasi dan Tata Kerja Dinas Daerah Provinsi Jawa Barat).
- West Java Provincial Regulation No. 10/2010 on the Empowerment and Development of SMEs (Peraturan Daerah Provinsi Jawa Barat No. 10/2010 tentang Pemberdayaan dan Pengembangan Usaha Mikro, Kecil dan Menengah).
- West Java Provincial Regulation No. 25/2010 on the Amendment of the West Java Province Regional Regulation No. 2/2009 on the Regional Medium Term Development Plan 2008-2013. (Peraturan Daerah Provinsi Jawa Barat No. 25/2010 tentang Perubahan Atas Peraturan Daerah Provinsi Jawa Barat No. 2/2009 tentang Rencana Pembangunan Jangka Menengah (RPJM) Daerah Provinsi Jawa Barat Tahun 2008-2013).
- West Java Provincial Regulation No. 21/2011 on (Capital) Investment (Peraturan Daerah Provinsi Jawa Barat No. 21/2011 tentang Penanaman Modal).
- Wilson, Dominic/Drysdale, Peter (2000). Perspectives. In: Drysdale, Peter (ed.). *Reform and Recovery in East Asia: The Role of the State and Economic Enterprise*. London: Routledge, pp. 1-12.
- Yang, Hua et al. (2008). A Three-stage Model of Industrial Cluster and an Empirical Analysis. <http://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=4681223>, accessed July 2, 2013.
- Yazid, Sylvia (2012). Practicing Democracy in Indonesia: The Involvement of NGO in the Process of Making and Implementing Policies on Labor Migration. In: Heise, Matthias/Rucktäschel, Kathrin (eds.). *Indonesia's Search for Democracy: Political, Economic, and Social Developments*. Baden-Baden: Nomos, pp. 211-32.

This book examines small and medium-sized enterprises (SMEs) in Indonesia, focusing on Indonesian government policy for developing industrial clusters. It elaborates on such challenges as of political coordination as well as cultural factors for the long-term growth of business clusters in the footwear and ceramic industries in West Java, Indonesia.

**About the author:** Dr. Aknolt Kristian Pakpahan is a lecturer at the Department of International Relations and currently Vice Dean for Student Affairs at the Faculty of Social and Political Sciences, Parahyangan Catholic University (UNPAR), Bandung, Indonesia. He obtained his doctorate from the Department of Philosophy and Political Science at TU Dortmund University, where he was a recipient of the Japan Indonesia Presidential Scholarship of the World Bank, which is funded by a grant from the Government of Japan.

**The series** Transformation, Development, and Regionalization in Greater Asia is edited by Professor Dr. Christoph Schuck and Matthias Heise, M.A., Department of Philosophy and Political Science, TU Dortmund University, Germany.

PERPUSTAKAAN UNPAR



000000146266

Nomos Verlag

ISBN 978-3-8487-0694-5



9 783848 706945

Bloomsbury

ISBN 978-1-4742-2499-4



9 781474 224994