Action Research Approach to Strengthening Small-scale Furniture Producers in Indonesia through Policy Development

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Abstract

Imbalanced value added distribution among actors participating in furniture value chains weaken the industry. Regional policies such as the ASEAN (Association of Southeast Asia Nations)-China Free Trade Agreement (ACFTA) can worsen the situation of small-scale producers, if they are not strengthened. Power imbalance among actors participating in teak furniture value chains jeopardizes the sustainability of the furniture industry. Jepara furniture industry absorbs 0.9 million cubic meters of wood annually. From 2008 to now, we have been carrying out a participatory action research (PAR) on teak and mahogany furniture value chains in Jepara aiming at developing furniture industry policy and strategic plan or roadmap. The roadmap can strengthen small-scale producers’ bargaining position, connect them to wider markets, improve trust from government bodies, and sustain the furniture industry for the benefit of small-scale producers. By having a clear roadmap and its supporting institution, small-scale producers strengthen their bargaining position, improve the commons institution and improve trust from government. The use of PAR in the forest product business to improve fairness can be implemented in other parts of the world.

Keywords: institution, furniture, participatory, policy, trade

I. INTRODUCTION

Furniture making is the most labor-intensive industry in the forestry sector. In 2011, the global furniture trade accounted for US$ 135 billion, or about 1% of the world trade in manufactured goods. About 54% of furniture exports came from developing countries (ITTO, 2006). All middle income countries e.g. Indonesia, Malaysia, and Brazil showed a very strong comparative advantage. However, their competitiveness index declined modestly (Han et al. 2009). Furthermore, Purnomo (2006; 2009) revealed that overseas stakeholders enjoyed more value added than the domestic stakeholders, and finishing and exporting companies take the biggest profit compared to SMEs and tree growers. More than 50% of furniture is made of teak.

Teak (Tectona grandis Linn) is the most sought after tropical hardwood due to its strength, cultural and aesthetic values. More than 90% of the world’s teak grows in South and Southeast Asia in natural forests amounting to 29.035 million ha and plantation forests amounting to 4.436 million ha. Teak grows naturally only in Myanmar, India, the Lao People’s Democratic Republic and Thailand (Kollert and Cherubini 2012). Teak plantation area in Java, Indonesia is more than 1 million ha, which is mostly used for high quality furniture.
Furniture is a sector where small and medium-sized enterprises (SMEs) have important roles. About 95% furniture is made with the involvement of SMEs. The livelihoods of millions of people in Java, Indonesia depend on the furniture industry and its chains (Ewasechko, 2005). Policies which sustain the furniture industry and favors SMEs is profoundly needed.

This paper describes the development of the roadmap or strategic plan for the furniture industry in Jepara, Indonesia as a way to strengthen furniture industry in Jepara. Finding agreements on the common future among small and big furniture players is never easy. As with other developing countries, the role of government in Indonesia is critical. However, the local government has a lack of experience in facilitating real participatory and multi-stakeholders processes. The work was interesting because it was the only one in Indonesia where district level communities could develop a clear roadmap. The roadmap was also unique because it was dedicated solely to the furniture industry.

II. CONTEXT AND METHODS
2.1. Context

Furniture is among the four biggest non oil and gas exports of Indonesia. The others are palm oil, footwear and rubber. The majority of players in the Indonesian furniture industry are composed of (SMEs), who contribute a significant amount to the national income. Its contribution can be seen from the export volume which is continuously growing. According to COMTRADE (2007), the export value of wooden furniture in 2005 was more than $1 billion.

In 2011, at least 11,981 business units of workshops, showrooms and warehouses of furniture industries exist in the Jepara district (Achdiawan and Puntodewo 2011). The furniture industry, which processes 0.9 million m³ wood per year, contributes about 26% for Jepara’s economy. However, the current trend of this industry is decreasing in terms of exported volume and value, as well as employment. The industry mostly produced low value-added products and is categorized as a ‘sunset industry’ by the government. SMEs have a low market position compared to the bigger players. The distribution of furniture enterprises in Jepara is shown in Figure 1.
The Jepara furniture industry faces problems of wood scarcity and fierce competition with China and Vietnam in both the domestic and international markets. Illegal logging which occurred in forest state owned companies in Java (PERHUTANI) caused wood scarcity, particularly teak and mahogany. China was able to produce furniture massively with good quality and low prices, while Vietnam is a new comer that grew rapidly. ASEAN-China Free Trade Agreement (ACFTA), which commenced in 2012, made the competition even tougher than before.

Purnomo et al. (2009b) provide details on value chains of furniture in Jepara as shown in Figure 2. The governance types between finishing companies/exporters and small-scale producers are hierarchichal in nature. This value chain positions SMEs in a weak position in comparison with large enterprises (LEs). The finishing companies collect instructions from global buyers about furniture specification and design. The global buyers are a subsidiary of overseas retailers. Some of the finishing companies own showrooms located in Jepara and other cities. However, exporters are driven by importers and global brokers, which are located in a directed network relationship with international retailers.
Small-scale producers are involved in a directed network relationship with domestic brokers. The relations between small-scale producers and sawmill owners and wood retailers were of a market-based type of governance. Small-scale producers could freely buy wood from retailers. However, if they did not have sufficient funds, they would take loans from closer wood retailers. They were also free to choose which sawmill sawed their logs. The relation between wood retailers and tree growers is a directed network. With about 1 million hectares of teak plantation, the state owned forest company PERHUTANI has more control and power than wood retailers, as pricing and quality were determined by them. However, community-based agroforestry, which is small scale, are less powerful than wood retailers.

2.2. Method

The roadmap development was carried out through a participatory action research (PAR). PAR is a process through which members of a community identify a problem, collect and analyze information, and act upon the problem to find solutions and to promote social and political transformations (Selener, 1997). These transformations were also used for improving adaptive and collaboration capacity of local community as defined by Colfer (2005). We
conducted the PAR through the following steps (a) Identifying problems and stakeholders; (b) Collecting and analyzing information; (c) Multi-stakeholder workshops to develop the roadmap; and (d) augmenting the roadmap to political elites and policy makers.

Stakeholder identification was conducted using the Who Counts matrix (Colfer et al. 1999). The Who Counts matrix scores each stakeholder between 1 (low) and 5 (high). The non Linear Principal Component Analysis namely ‘correspondence analysis’ was implemented to map stakeholders in a two dimension diagram. The usual way to define correspondence analysis is as a pair of principal component analyses, one for the rows and one 'for the columns, where each set of profiles defines a 'cloud' of points in multi-dimensional space, where the points are weighted by their respective masses, and, where distances and scalar products are defined in terms of the respective x2 metric (Greenacre 1993).

The roadmap was developed through five consecutive workshops, at which we ensured stakeholders communicated true interests during workshops to avoid communication problems when instrumental rationality overshadows value rationality (Habermas 1987). This participatory research was conducted by the ‘furniture value chains (FVC) team’, which comprised 15 people from Jepara furniture stakeholders, 4 people from the Center for International Forestry Research (CIFOR), 2 people from Bogor Agricultural University (IPB), 2 people from Forestry Research and Development Agency (FORDA) of Ministry of Forestry and 5 people from Jepara District Government (PEMDA). The PAR was executed during 2008-2012. The FVC office, located in the Jepara Trade and Tourism Centre (JTTC) building Jepara, facilitated research activities and stakeholder engagement.

III. RESULTS
3.1. Problem and Stakeholder Identification

Stagnant furniture exports, at around $100 million/year, had raised concerns among Jepara business actors and government. The financial crisis in 2008 and fierce competition against Chinese and Vietnamese furniture also made exports more difficult. Meanwhile SMEs felt that they obtained unfair value added compared with large enterprises (LEs). Shortage of wood material due to illegal logging during the 1998 political crisis and inefficient wood use rendered the sustainability of Jepara’s furniture industry in danger. Lack of concerted and strategic plans for the furniture industry had been raised by various actors including government, SMEs, LEs, NGOs and community colleges.

CIFOR in collaboration with IPB and MoF carried out an ACIAR funded furniture value chains (FVC) action research in 2008-2013 to improve the sustainability of the furniture industry in Jepara and livelihoods of SMEs. The first workshop on 23 December 2010 aimed to share ideas on various furniture policies made by different institutions. Understanding current policies was the basic for making improvements for the future. During the one day workshop, presentations were delivered by Jepara government institutions i.e. BAPPEDA, Industry and trade Government Unit and UKM Government Unit, forest state owned company PERHUTANI, business and commerce association KADIN, furniture business association ASMINDO and small-scale producer association APKJ. Each presentation was followed by a discussion. At the end of the workshop a general discussion was facilitated.

The Indonesian Ministry of Industry has issued Ministerial Regulation No. 119/M-IND/10/2009 on the Development of the Furniture Industry Cluster Roadmap as an execution of Presidential Regulation No. 28 year 2008 on the National Industry Policy. However, there was no clear implementation in Jepara nor any strategic plan for developing the furniture industry in.
BAPPEDA, as district planning development agency, mentioned that the national roadmap had to be elaborated down to the local level. Likewise, every local regulation must be derived from the national regulation. This local roadmap is necessary for developing action programs to improve the role of private sectors in increasing competitiveness, uniqueness of products and winning market competition as well as livelihoods of SMEs.

ASMINDO, as the association of furniture mostly for LEs, mentioned that producers need to innovate and develop new furniture products in meeting market "taste". The strength of Jepara is handmade products and fancy arts. The weakness lies in its inefficiency, unstandardized measures weak support in research and development, and a lack of database in market intelligence and promotion. This strategy must be outlined in a comprehensive plan such as a roadmap.

As part of the Jepara Government responsible for industry and trade, INDAG mentioned the basic problems of the Jepara furniture industry, which mainly concern the availability of raw materials, quality of products and design and the emergence of new competitors. The Forestry District Unit (DISHUT) urges the development of all district government regulation to involve all stakeholders including those who worked on wood trading and tree growing. Meanwhile APKJ underlined the need of solving small-scale producer problems such as improving their capacity on furniture making.

The workshop came up with the conclusion that there were many unaddressed problems in Jepara in which all stakeholders needed to work on together. To move forward, we agreed upon the following: (a) Jepara needed a blue print for their furniture industry; (b) Jepara needed a strong leadership; and (c) further workshops to follow up current results which will focus solely on the furniture industry.

The extensive list of workshop participants are in accordance with the need for stakeholders to be involved in the roadmap development process. Stakeholders were selected using the following criteria i.e. having their livelihoods dependent on the furniture industry, having a degree of power in the furniture business, having a degree of power in the policy making processes (e.g. bureaucracy/ governmental administrative system), having political power (e.g. political parties, allies) and knowledge on furniture. The list of stakeholders are shown in Annex 1. Table 1 provides the scores for each stakeholder against the criteria. Three most powerful stakeholders were ASMINDO, Bupati Office, District parliament and PERHUTANI. Additional stakeholders include community colleges (i.e. STIENU, STTDNU, SMIK), the multi-stakeholder forum (FRK), the district research council of DRD and an Islamic based non government organization namely LAKPESDAM NU.

<table>
<thead>
<tr>
<th>Stakeholder/ Criterion</th>
<th>Power in business</th>
<th>Power in policy making processes</th>
<th>Political power</th>
<th>Knowledge on furniture</th>
<th>Livelihood dependency</th>
<th>Score median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BAPPEDA</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2 KADIN</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>3 ASMINDO</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>4 FEDEP</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>5 HIPMI</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>6 APKJ</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>
This work was partly conducted with the support from the people of Jepara in which to collaboratively solve the problems of the furniture industry. With this process we reached an agreement on current problems and encouraged stakeholders to move forward together.

Figure 3 provides Correspondence Analysis of Stakeholders which indicates the strength and profile of each stakeholder. We can see clearly a polarizing of actors based on (1) Political power and business as one group, (2) Power in policy making-only as a separate group, (3) Livelihood dependency to furniture industry and knowledge on furniture and business as another group.

The private sector and small-scale enterprises i.e. APKJ, HPKJ, ASEPHI and FRK are relatively in the same group. They rely on the furniture industry and have good knowledge on wooden furniture and crafts. STIENU, STTDNU, SMIK are grouped as educational bodies that have good knowledge and relatively depend their livelihoods on the furniture industry. Meanwhile DRD also has good knowledge about the industry but is not directly reliant upon it.
As the large scale furniture producers association, ASMINDO is somehow dependent upon the furniture industry but at the same time they also have access to business and political channels. Hence ASMINDO is located strategically in terms of knowledge of the industry and power to influence policies. Another private sector which has access to business and political power is KADIN, which is interestingly less dependent upon the furniture business. Furniture is one of KADIN’s interests, however it is not the only one. Clearly government bodies such as the Bupati Office, District Parliament and PERHUTANI are standing in the same polar, where they have power in business, power in politics as well as power in policy making. Especially to PERHUTANI, its power in business and policy making is more raw material-related, e.g. defining wood prices. PERHUTANI is a state owned forest enterprise that supplies high quality wood for the furniture industry, mainly teak. Their role in defining raw material prices is very significant in influencing furniture industry in general.

Other government bodies, i.e. Dinas UKM, INDAG, Dinas Kehutanan and BAPPEDA are standing in slightly different corners. They are authorized to make policy are but less powerful than the Bupati and do not necessarily have access to political power. Some educational bodies, oppose the political and business power corner. The remaining stakeholders i.e. FEDEP, HIPMI and IWAPI are less significant players in the furniture business but they have power in business and knowledge of the furniture industry. LAPESDAM NU stands alone as a unique body which has power in politics, as its positioned as NU’s work unit--the biggest Islamic organization in Indonesia and particularly Jepara.

Interestingly, those who have power to influence regulations and politics do not necessarily have knowledge on furniture and business and their livelihoods are also less dependent on the industry. Therefore when regulations are set solely by the political power and policy makers, it will not sound and take site to direct beneficiaries. Regulations often miss the fundamental problems. In order to harmonize this, policy making has to involve all stakeholders who represent different strength and needs. The Road Map of the Jepara Furniture industry, follows this process. All stakeholders were actively involved in order to develop the concept and
raise concerns. District Parliament and Local governments are the downstream of the process. They transform all the needs documented and synthesized in the roadmap into regulations.

3.2. Collect, analyze information and find solution

All stakeholders listed in Table 1 were invited to the 2nd workshop on 8-9 March 2011 and 36 people came and participated in the workshop. The aim of the second workshop was to collect, analyze information from various actors and interests, and find solutions. An APKJ representative moderated the workshop. Participants shared their ideas and raised questions and comments. BAPPEDA elaborated on the vision of Jepara for 2030, as well as the national roadmap for the furniture industry 2010-2014. As there was no existing roadmap at the district level, the workshop was extremely important to strengthen the Jepara furniture industry. Meanwhile CIFOR outlined possible methods for developing the workshop.

ASMINDO explained that furniture in Jepara was a home industry, therefore China was not the main competitor because China mostly produce machinery based furniture. However Malaysia is a strong competitor. Furniture is also a buyer driven product, which renders the willingness to pay of buyers to drive the industry. It is true as well for certified furniture when it comes to premium prices. Meanwhile IWAPI explained that women in Jepara are mostly involved in handicrafts, face problems in accessing capital funding and have limitations in marketing their products.

On the second day of the workshop, FVC team presented the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis result for the Jepara Industry, followed by a gap analysis by IPB comparing current and future situations. FVC team also shared the possible vision, mission and possible long term actions plans. Meanwhile APKJ presented an important proposal of possible actions for the next 10 years, including a suggestion that a large proportion of the government budget should be allocated for small-scale producers.

The workshop participants agreed that a roadmap is a strategic solution for all identified problems in the furniture industry. In the previous workshop it was referred as a ‘blue print’ which was then renamed as a roadmap to harmonize with the national regulation. A roadmap illustrates a high level plan for the Jepara furniture industry in reaching its goals. They also suggest the roadmap to become a District Regulation or PERDA (Peraturan Daerah) instead of a Head of District Regulation or PERBUP (Peraturan Bupati) within a time interval of 10 years. They hoped that the roadmap could be the ‘rule of the game’ for all players and become implemented once it was developed. The workshop also requested that the FVC project and APKJ formulate the first draft based on all inputs and discussions occurring during the second workshop.

3.3. Ladder of outputs and outcomes

3.3.1. Grass root level work on roadmap basis

An imbalance of power among actors participating in teak furniture value chains in Jepara tells us that APKJ representatives cannot be introduced in the multi-stakeholder processes from the beginning of the roadmap development. Otherwise, they would be ‘quiet’ and unable to express their ideas. However, this imbalanced relation of power was addressed during the roadmap development. If unaddressed, domination of larger actors and enterprises e.g. the district government, finishing companies, brokers and exporting companies would have occured.
APKJ as an association of small-scale furniture producers represents the interests of about 11 thousand small-scale producers. APKJ was interested in having a roadmap that gave more opportunities for them to participate in decision making processes, more facilitation to improve furniture quality, marketing and capital access. Through focus group discussions (FGDs), APKJ and FVC project collected ideas and initiatives for the roadmap. We came up with a list of ideas to ensure SMEs are counted in the future of furniture industry development. The ideas among others were to (a) allocate a larger proportion of the government budget for SME development; (b) builds government funded training centers; (c) facilitate marketing of SME products; (d) provide low-interest credit for SMEs; (e) establish government funded wood terminals to allow SME to obtain wood at an affordable price. We collected and elaborated ideas, which then became the basis of the roadmap.

We implemented a SWOT analysis to develop the first draft for the roadmap. SWOT analysis or SWOT Matrix is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in furniture business in Jepara. The SWOT matrix is shown in Figure 4. Based on this figure we developed the first roadmap draft which consist of problems, competitive advantages, SWOT analysis, strategy and policy, and a 10 year program.

<table>
<thead>
<tr>
<th>INTERNAL FACTOR</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strength</strong></td>
<td><strong>Weakness</strong></td>
</tr>
<tr>
<td>1. Human resources gifted by carving talent and skill</td>
<td>1. Market demand drives and overrules production leading to lower product quality</td>
</tr>
<tr>
<td>2. The availability of labor supply in furniture industry</td>
<td>2. High production cost due to the increase of price of raw material and transportation costs</td>
</tr>
<tr>
<td>3. The establishment of association of small-scale furniture producers (APKJ)</td>
<td>3. Price of raw material fluctuates and lack of supply</td>
</tr>
<tr>
<td>4. Strong support from district head through MoU with CIFOR</td>
<td>4. Unhealthy competition among furniture actors</td>
</tr>
<tr>
<td>5. Other actors such as local government, ASMINDO etc. are willing to share information related to furniture</td>
<td>5. Lack of access to capital and information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXTERNAL FACTOR</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>1. Market demand for Jepara furniture is still high</td>
<td>1. The rise of similar furniture products from other districts outside Jepara</td>
</tr>
<tr>
<td>2. Skilled labors are underutilized</td>
<td>2. New competitors from abroad: China, Malaysia, Philippines</td>
</tr>
<tr>
<td>3. Price of raw material fluctuates and lack of supply</td>
<td>3. Pressure on green product (ecolabel)</td>
</tr>
</tbody>
</table>

Figure 4. SWOT Matrix of Jepara furniture industry
3.3.2. Multistakeholder process in roadmap development

All stakeholders (Table 1) came and participated in the 3rd workshop on 13 July 2011. The aim of the workshop was to discuss the structure and content of the roadmap. The FVC team and FORDA presented ideas on the roadmap which was followed by questions and answers. The District Head or Bupati of Jepara attended the workshop, listened and commented the roadmap. He fully welcomed and supported this idea, as it could be a basis for future furniture development.

Facilitated by members of the FVC project advisory group, workshop participants suggested the roadmap to have more local orientation and data rather than a national perspective. We then came up with the agreed roadmap 2013-2023 structure as follows: introduction, the current portrait, projection for the next 10 years, ideal condition and programs to achieve them. These would be chapters of the roadmap. In other words, the roadmap tried to respond the following: (a) where are we today? (b) what can normally happen if the current condition continue to exist? (c) where do we want to go? and (d) how are we going to go there? This structure is shown in Figure 5.

![Figure 5. The roadmap structure](image)

The first part, ‘where are we today?’ collected information from various studies and resources and describes the geography, land cover and population of Jepara. This was followed by the current situation of furniture producers, wood suppliers, retailers and their value chains. Details on wood material, trade and marketing, capital flows, credit, global trends, technology and design, national policies, employment and livelihoods, institutions and gender relation were also elaborated. This part provides objective data and information on the condition of the Jepara furniture industry. For example, female workers are paid less than male workers and capital circulation in Jepara is about $0.9 billion. The second part, ‘what can normally happen?’ projects the future condition of wood material, market, capital and spatial location of furniture business units. For instance, annual wood demand is currently 864,771,000 m3, and is projected to increase 24% in the next 10 years. Likewise, capital is also projected to increase more than 30% annually. Projections were mostly based on historical trends, though sometimes also based on common agreement among APKJ members.

The third part, ‘where do we want to go?’, comprised the situation we commonly dreamed in the next 10 years on wood raw material, capital, market, human resources,
infrastructure, institution and gender. We dreamed the growth of the furniture industry in Jepara reaches 7%, therefore wood, capital and infrastructure must also increase at the same rate. We believe the market for Jepara furniture will grow 7%, in accordance with the national industry growth target of 7% as outlined in the Masterplan for Acceleration and Expansion of Indonesia’s Economic Development (MP3EI) 2011-2025. The last part, ‘how are we going to go there?’, outlined programs to achieve the dream. The programs and targets of wood raw material, capital, market, human resources, infrastructure, institution and gender in the next 10 years were discussed and written down in the roadmap. The role of stakeholders in each year was discussed and agreed.

The fourth workshop on 17 November 2011 aimed to discuss the roadmap draft and finalize it. A BAPPEDA representative welcomed the participants. The participants appreciated the structure and content. The content was also locally correct. Furthermore, a Central Java Forestry Unit representative responded by saying the potential of super-teak species (Jati Unggul Nusantara or JUN) in providing raw material. He mentioned that Jepara needed to work together with forest farmers outside Jepara such as Wonogiri. A representative from STIENU urged the importance of kinship relation and informal management of furniture as well as government support for the furniture industry. Meanwhile a representative from STTDNU suggested public consultation for the roadmap, integration with existing plans, utilizing corporate social responsibilities (CSR) from private and state owned companies to provide financial support to small-scale producers, raw material diversity and creative touch to the furniture. The chairman of ASMINDO was proud of the roadmap, saying he would bring this idea to the national level. FVC team and APKJ considered and noted all suggestions for the roadmap draft. They would work together to improve the roadmap and share the results in a public consultation that will take part in early 2012.

Public consultation was carried out on 28 February 2012. The aim of the event was to socialize the roadmap and find the correct public policy vehicle for it (PERDA or PERBUP). A BAPPEDA representative opened the public consultation by acknowledging the positive impact that the roadmap may have for Jepara. The only concern he had involved the roadmap’s targets and when to achieve them needed, both of which needed to be clarified. Furthermore he mentioned that the roadmap would be used for reference for another medium term district development plan or RPJM. The FVC team followed by presenting the overall roadmap. All stakeholders were quite happy with the existing roadmap and provided revisions for it. Discussions also identified that the roadmap was more appropriate to become a PERBUP due to its shorter process compared to a PERDA, though less powerful. PERBUP is under the authority of the District Head, while PERDA needs to involve parliament’s approval. This process would take a longer time and is uncertain given the political process of PERDA. The public welcomed the idea of the PERBUP, and BAPPEDA will become the focal point for the process.

The final roadmap was officially handed to BAPPEDA on 29 February 2012 at the BAPPEDA office. In receiving the roadmap, BAPPEDA mentioned the possibility of a delay in the process due to new Jepara Head of District (Bupati) election. The new Bupati would only function after being formally inaugurated. We wanted the roadmap to be given to the newly elected Bupati instead of the old Bupati.
3.3.3. Meetings with the Head of District

The Head of Jepara District (Bupati) responded our meeting request, and we met to discuss the roadmap on 13 August 2012. FVC and APKJ informed the roadmap development to the Bupati, who was accompanied by high ranked staff of the Bupati office. The Bupati appreciated the roadmap effort and promised it would part of his program. The Bupati wanted the roadmap to be completed with yearly targets and clearer indicators to ensure the government of Jepara to easily execute the roadmap.

The FVC team and APKJ carried out a FGD on 20 September 2012 to determine yearly targets for the next 10 years and find appropriate indicators to measure them. During the FGD, in which key Jepara actors participated in, targets and indicators were developed. We also discussed how the roadmap became PERBUP. The roadmap would become the academic text, while the legal decree needed to be formulated in collaboration with the Bupati office.

The Bupati and district agency representatives received the FVC team on 10 January 2013. The meeting aimed to discuss and update the result of the roadmap document as well as to seek opportunity to integrate the roadmap into the Jepara district policy. The FVC team explained that the action research had been conducted since 2009 – 2013 in collaboration with Jepara small-scale furniture producers as well as other stakeholders such as district government (Pemda), KADIN, ASMINDO and local colleges. Based on a series of workshops and focus group discussions, participants urged the roadmap document to be proposed as a PERBUP in order to give it stronger authority. During the discussion, BAPPEDA provided alternatives of the roadmap whether to became PERBUP or PERDA, in which both have its own advantages and disadvantages. The Head of Economic division at the Bupati Office reiterated the importance of the furniture roadmap as a basis for further development, therefore it must become a PERDA to ensure an appropriate budget, a process only executable under the jurisdiction of the parliament. The meeting concluded to propose a PERDA rather than PERBUP, which has more power and longer time for enforcement. The Bupati suggested the FVC team request a hearing to the Jepara parliament.

3.3.4. Hearing with Jepara District Parliament

The FVC team was invited by the Jepara House of Parliament in a hearing forum to present the Roadmap of Jepara Furniture Industry 2013 – 2023 on 4 February 2013. The hearing was led by co-chair of House of Parliament and involved members of Parliament from Commission B on Economic and Industry, local government and local mass media. At the end of the discussion, the Chair House of Parliament made five conclusions as follows: (a) On behalf of the people of Jepara, the House of Parliament expressed their appreciation and gratitude to CIFOR for their research in Jepara which was then documented into The Roadmap of Jepara Furniture 2013-2023; (b) the House of Parliament requested the local government to follow up recommendations in the roadmap document and discuss them with local stakeholders; (c) the Chair of House of Parliament gave mandate to Commission B to discuss recommendations in the roadmap document with the local government; (d) House of Parliament will formulate the roadmap as a the House Initiative District Regulation in 2013 (PERDA Inisiatif); and (e) House of Parliament requested the Local government to interpret and package programs detailed in the roadmap into the local government program.

The FVC team received a courtesy visit from Jepara District Parliament (DPRD) members on 26-28 February 2013. Twelve DPRD members came and wanted to learn more about forests and its furniture industry and share their appreciation for CIFOR’s ACIAR-
furniture value chain work and its partners (IPB and FORDA) in Jepara particularly for the roadmap of furniture industry. The Jepara parliament was led by the Deputy parliament Chairman and Economic Commission Chairman.

IV. DISCUSSIONS

4.1. Discussion on Method

The PAR method implemented during roadmap development produced clear outputs and outcomes. This participatory method provides huge opportunities for everyone, particularly those who are weak and marginalized to participate in the process. It is common for the government to hire a professional consultant to develop plans. However, common people have limited opportunities to engage in the process and to be counted in the future industry development. During the roadmap development, SMEs represented by APKJ actively expressed their initiative and ideas and indeed took lead in many issues such as improving government budget allocation on training and trade exhibitions. We ensured at the beginning of the process that we level up the power of APKJ vis-à-vis larger actors, by providing them earlier opportunities to put forth ideas on the roadmap.

The PAR method facilitates a process for all stakeholders to share and learn the current status of the furniture industry and its future development. Series of workshops provide various actors continuous learning on the current situation, projected future, their common vision and desire and how to realize their common vision. Not everybody understands the current situation. Information is distributed and handed by different institutions e.g. governments, research outputs and scholars. The workshops provided information exchange. Projected future made them aware that they need to act soon to avoid disappointment in the future. More importantly they needed to have common vision to have common purpose and to act together. The roadmap is not only about accuracy of prediction, but also on how all actors have common belief, future and plans.

Roadmap development was demand driven. Stakeholders wanted to have clear policy guidance on how the furniture industry will be developed in the future. The district government had no guidance except a furniture industry roadmap from the Ministry of Industry. However, policies are broader at the national level, which makes things difficult to be implemented directly in Jepara. Large companies wanted to know the future direction on how to tackle raw material scarcity, appropriate labor payment or certification. Small-scale producers wanted to know how to market their products in more efficient ways in order to provide greater value added, or to organize themselves to better negotiate with large buyers. NGOs wanted to influence furniture policies for the sake of local communities. Enthusiasm among participants became possible due to the roadmap directly touching upon their interests.

4.2. Discussion on Results

The output of PAR was the roadmap document which evolved from grassroot level discussions to political elites. This output was accompanied with clear and strong support from four stakeholder categories. Likewise, outputs were both influenced and had influence on these stakeholders. The four steps for the development of the roadmap were i.e. (a) Workshops at grassroots level co-facilitated by Jepara small-scale furniture association (APKJ) and FVC team led to the roadmap initiative and ideas; (b) Multi-stakeholder processes in participation with local government, large enterprises, associations, women enterprises, NGOs and local colleges produced a roadmap draft, which reflected common interests and goal for all stakeholders; (c)
Sharing ideas with the Jepara head of district government (Bupati) produced a roadmap with improvements and endorsements; and (d) A hearing with district parliament members amended the roadmap, resulting in the local parliament initiative to be submitted as a district regulation (PERDA). In other words, outputs and outcomes were achieved step by step to form a ladder of outcomes (Figure 6).

Figure 6. Ladder of outcomes

Having a clear mandate from all stakeholders is essential to speed the roadmap development process (Awang et al. 2005). Problems and stakeholders must be clearly identified. Every problem has associated stakeholders. Likewise, stakeholders can define common problems. In this case, during the first workshop stakeholders has defined the need for the roadmap and its associated stakeholders. This becomes the basis for the work carried out by the FVC team with all identified stakeholders. As data and information can become bias, therefore during collection and data analysis, we ensured stakeholders were involved. In essence, we ‘only’ facilitated stakeholders to use their own selected data and analyze them to be used in the roadmap development.

The FVC team was completely aware that leveling power imbalances are extremely important to ensure weak and poor stakeholders were represented (Purnomo et al. 2003). In the situation where imbalanced power relations exist and stakeholders need to sit together, powerless stakeholders tend to be less active rather than powerful ones. Therefore the project decided to level up the power of SMEs represented by APKJ through various capacity building and as a result during the roadmap development, APKJ actively expressed their concerns and ideas and indeed took lead in many issues such as improving government budget allocation on training and trade exhibitions.

This process consumed a lot of time and dealt with complex situations in the sense that it can not be separated from the dynamic of local politics. During the beginning of this initiative, the FVC project received full support from the ruling Bupati. During the process, the political environment in Jepara shifted, indicated by a changing regime and a newly elected head of district. The change lead to the overhauling of some bureaucrats and officers in particular key government agencies. As a result we had to deal with new leaders as well as new officers in the district agencies we worked with.

Dealing with such challenges was the best way to sustain the roadmap initiative and keep stakeholders informed on the latest progress. This has been an effectively proven strategy, with the newly elected Bupati deliberately interacting with the project team as well as other stakeholders such as APKJ. In fact, the Bupati showed his interest on the roadmap initiative and
its relevance to industrial policy development in Jepara district. Likewise, the new appointed officers at particular government agencies echoed their leader and showed enthusiasm.

As the political constellation changed, the team realized that KADIN was unheard of since the beginning of the process, though becoming more important at the end of roadmap development process. Many of KADIN members are allies of the new Bupati. Thus we immediately invited and involved them in the process, although at the beginning they were ignored. As an action research is used to promote social and political transformation (Selener, 1997), active learning and acting upon problems are the keys of successful intervention. KADIN involvement was, in fact, one of the key leverage points to acquire the Bupati’s support.

4.3. Discussion on Theory

The roadmap development process was able to involve various stakeholders in communicating their legitimate interests and raise important issues in developing the furniture industry in Jepara. Communication is also a way to express their ideas and influence others. They also communicated actions to find agreement with others. This communicative action was suggested by Habermas (1987) as an effective tool to reach agreement among various actors as people tend to be influenced more by actions rather than ideas.

In this type of consensus building process, participation of stakeholders is indeed a must. There is a range of participation from passive participation to self-mobilization (Pretty, 1995). This study revealed that it started with interactive participation where stakeholders participate in joint analysis and agree on a common objective, which leads to action plans. In some cases, the degree of participation advances to self-mobilization—for example the time when APKJ took initiative to challenge the bank’s indifferent policy to SMEs by collectively requesting banks to improve the capacity of SMEs in accessing capital.

V. CONCLUSIONS

The participatory process can successfully produce the roadmap that is going be legally issued by the Jepara District head. Demand for intervention i.e. developing the roadmap is required to ensure the activity meets their expectation. Various actors communicate and learn during the roadmap development in analysing current situations, projected future, their common vision and desire and how to realize it. The roadmap development process strengthens small-scale producers’ bargaining position and improves trust from government bodies.

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REFERENCES


ANNEXES
Annex 1. Stakeholders of Jepara furniture industry

<table>
<thead>
<tr>
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<th>Abbreviation</th>
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<tr>
<td>1</td>
<td>BAPPEDA</td>
<td>Regional Planning and Development Board</td>
<td>Coordinate district plan development</td>
<td>Government</td>
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<td>2</td>
<td>KADIN</td>
<td>Chamber of Commerce and Industry</td>
<td>Coordinate business and commerce activities</td>
<td>Private sectors</td>
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<td>3</td>
<td>ASMINDO</td>
<td>Furniture Industry and Handicraft Association</td>
<td>Synchronize furniture business</td>
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<td>4</td>
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<td>Forum for Economic Development and Employment Promotion</td>
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<td>Multi-stakeholder forum</td>
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<td>Associate youth entrepreneurs</td>
<td>Private sectors</td>
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<td>College for economy</td>
<td>College</td>
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<td>College for furniture design</td>
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<td>Represent people</td>
<td>Parliament</td>
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<tr>
<td>15</td>
<td>INDAG</td>
<td>District Industry and Trade Office</td>
<td>Execute government program on industry and trade</td>
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<td>State owned forest company in Java</td>
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<td>Research at local level</td>
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<td>21</td>
<td>Bupati Office</td>
<td></td>
<td>Head of Jepara Government</td>
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*Entrepreneur Association*