

Social Capital of Wood Carving Artisans Facing Global Economic Competition: (Case Study of Craftsman on Cipacing Village Sumedang Regency, West Java)

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Abstract: *The presence of ASEAN China Free Trade Area (ACFTA) and the ASEAN Economic Community (AEC) is significant challenges in the life of Artisan in Cipacing Village. Small and medium enterprises in the field of handicrafts, which they wrestled since the Dutch colonial period no longer run smoothly. It gets intense competition from products made by other local Craftsmen and China product. In the past, Cipacing village artisans claimed that they were able to trade in local and international markets by earning big profits, but after AEC and ACFTA they were challenged by local craftsmen and craftsmen from other countries. Cipacing village artisans continue to strive to survive in competition with all their potential. Trusts, norms, and networks between fellow Artisans make them always help each other in doing craft-making activities to marketing, so they can survive in the competition in local and international markets. "This is not solely the fulfillment of life needs, but the identity of the citizens of Cipacing as a craft maker is inherent in the citizens" said one of the Artisan there. This article is the result of research on social capital owned by Cipacing village artisans who provide support to the sustainability of handicraft businesses that experience challenges after ACFTA and AEC rolling out.*

Keywords: Social Capital, Trust, Medium-Small Enterprise, craft Industry

1. Introduction

Small and medium enterprises are business units that are considered potential to sustain the national economy. Since the multidimensional crisis in 1998, small –medium enterprises (SMEs) succeeded in becoming the driving force of the Indonesian economy. This toughness is continuously tested with various changes to national and international economic politics. In 2009 the agreement on ASEAN China Free Trade Area began to be rolled out, plus in 2015 has been signed the agreement of ASEAN Economic Community (MEA). This means that competition in the business world in Indonesia faces enormous challenges related to open competition not only with fellow indigenous businessmen, but also from of other nations.

Constraints that experienced by SMEs in Indonesia mostly include internal and external factors. SMEs in Indonesia are still faced with the problem of weak competitiveness of imported products, as well as knowledge of business actors who have not supported on improving product quality and capable marketing ability to compete on an international scale. Kartasasmita (1997) explains that there is a gap due to the unequal source of production and productivity, as well as the market distribution system that occurs between small and medium business actors and large-scale business actors. So generally it can be concluded that small business group with the ownership of limited production factor and low productivity have low level of prosperity.

Tambunan (2008) stated that the large potential of SMEs is hampered by changes in the global world. Highly competitive SMEs are characterized by: (1) an increasing trend of growth in production volume, (2) increasing domestic market share and or export market, (3) for

domestic market not only serving local market but also national, and (4) for export markets, not only serving in one country but also many countries.

Cipacing Village is located in Sumedang district is a village that most of the population have a livelihood as anartisans. Type of craft made by Cipacing community is handicraft made of wood such as sculpture, musical instrument, traditional toy, wall decoration, traditional weapon, etc. Handicrafts made by the people of Cipacing village are in great demand by local and international markets. Not infrequently Cipacing village artisans get orders from entrepreneurs in other countries to make musical instruments or weapons in the country typical. For example countries that often make orders are businessmen from Australia and South Africa.

Resnawaty (2007) in research about partnership on artisans stated that there is a craftsman structure in Cipacing village that determines the position of each craftsman in that region. There are three actors of artisans those who are called (1) Collector Artisans (called Bandar), (2) Small Artisans and (3) Artisans Labor. Bandar is a craft collector made by other artisan, they sell the handicraft to local and international markets. Bandar have large capital so that able to hire small artisans and labor artisans in the region. Small artisans are people who have skills to make handicraft, they sell their goods directly to consumers and to Bandar, as the name implies small artisans havelittle capital. While those so-called artisanslabor are people who have craft skills, but do not have the capital. Usually they get orders from Bandar to make crafts or finish small components of craft in accordance with their ability, before the craft is assembled into a craft intact.

Economic and political turmoil in Indonesia gave a big impact for Cipacing village artisans. In 1998 when the economic crisis occurred marked by the weakening of the rupiah against the US Dollar, Cipacing villagers get a very big blessing. They got profits abundantly from the payment of orders importers abroad. At that time the area changes with the construction of nice and luxurious homes owned by Bandar and craftsmen. The toughness of the handicraft business of Cipacing residents is tested by the success of the ups and downs due to social and economic changes. Rising oil prices along with rising prices of staples, led to a decrease in the value of sales in the local market. People prefer to meet daily needs compared to buying handicrafts. Another phenomenon that occurs is the enactment of AEC and ACFTA, handicrafts coming from China pounding the market souvenirs in the tourist spots and become heavy competitor from the local craft made by Cipacing Artisans. But the toughness of Cipacing Artisans in making the craft is still reliable, people still survive to make handicraft and still market their craft to various areas in Indonesia and sometimes doing export to other countries.

Fukuyama (2000) states that social capital is a set of internal values or norms distributed among group members that allow them to cooperate with one another. Important prerequisites for the emergence of social capital are the existence of trust, norms, and networks. The social capital owned by the people of Cipacing village is considered capable of making craftsmen can continue to survive with all the challenges that exist. The trust between craftsmen and the norms held by the whole craftsmen makes the distribution of work flowing in the hierarchy or structure of their artisans. In facing the EAC and ACFTA there is a change in one component of social capital owned by the craftsman is the development of network (network). To cope with the existing globalization, Cipacing village artisans strive to develop stronger networks, while retaining their values, norms and possessions.

2. Social Factor Capital is Important in Economic Development

Social capital is a form of capital that has an important role in the implementation of development. In the past, the implementation of development only focuses on economic capital as the main capital. In the sense as if the community have no economic capital and human capital, then a society is called lack of capital. Fukuyama (2000); Collier (1998); Grootaert (1998); Narayan and Pritchett (1997) states that development is not only driven by the availability of natural resources, the amount of financial capital or high economic investment and industrialization. Social capital today is considered an important part of the development, even in this sustainable development era. Social capital is considered a prerequisite that is able to explain why a development program has failed.

The social capital according to Fukuyama (2000) is defined as a set of values or norms distributed among members of a group that allow them to cooperate with each other. An important prerequisite of social capital is the existence of trust, norms, and networking. Social capital has the power to influence the principles underlying the economic progress

and social welfare of a country. Countries that are categorized high trust societies tend to have remarkable economic success. Conversely, low trust societies tend to have progress and economic behavior that is slower and inferior.

In harmony with that Dasgupta (2003); social capital has an important role in society, consciously or unconsciously the relationship between human beings in society has institutionalized into a value and norm for the society. Relationships between communities have a solid rule that can be utilized in the development of society itself because based on trust with each other. It is meant that social capital is an intangible asset of inestimable value, although its form is not as clear as physical capital or human capital. Further Dasgupta (2003) views Social capital as an important asset in the economic development of people in developing countries. Social attributes in social capital are: 1) the existence of mutual benefit at least between two people, 2) obtained through social processes, 3) referring to social relations, institutions, and social structures; 4) all attributes related to trust, reciprocal relationships, rights and obligations, and social networks.

Trust is the main dimension in social capital. Every individual who engages in activity rests on the belief of one another that they have the same goal. Trust will create a sense of secure. Each individual will focus on the development of himself without thinking to survive from the attack by the others or feel discomfort. Putnam, 1993; Fukuyama, 1995; Norms are built and evolved based on the history of cooperation in the past and applied to support the cooperative climate.

Mollering (2001) argued that social capital is a capability possessed by a person or group through relationships on the basis of trust between each other through the formation of social networks. This social network is the result of a social process formed on the basis of mutual need and mutual trust. Trust has a function in social relationships that is to build cooperation, making a decision, division of labor, order, cohesiveness and guarantee social structure in society. Trust has a function in the development of a society whether it is social development or economic development. Furthermore Woolcock (1998) explains that the dimensions of social networking consist of integrity, linkage, organizational integrity (organizational capacity), and synergy.

To explain the phenomenon artisans of Cipacing village as a small and medium business community that survives in various challenges and developments, social capital owned by craftsmen produce a unique strategy, so as to solve the problems they face with the capital of trust, norms and networks they have.

3. Research Methods

The research approach used in this research is qualitative approach with case study. Case study in Cipacing village, Sumedang District, West Java Province, Indonesia was chosen to produce information about social capital performance of carving and ornamental carpenters in Cipacing village in depth, thorough and detailed.

This type of research is an explanative research to understand the characteristics, sources, and explain the factors or social phenomena related to the survival skills of the craftsmen. The number of informants collected to obtain the data is 21 people according to the scale of the craftsmen worker (9), small craftsmen (7), and Bandar (2). In the research process found a new category in the structure of the craftsmen marketing with the number of informants 3 people. Implementation of data collection is done through in-depth interview, nor-participatory observation, and literature study.

4. Quality of Work, Kinship and Solidarity as the foundation of Trust

Some experts say that trust is the main capital in social capital. Cipacing Village artisans feel that during this time belief is the most decisive factor how they can foster cooperation with fellow artisans. All of artisans in this village agree that their business have been able to survive due to the trust between them, as well as build trust with exporters and foreign importers.

Cipacing village artisans believe that if they do not have trust, they will not working and sharing when there is any demand of crafts from buyer. So they will not progress the business as survive as it is now. Their beliefs are institutionalized into cooperation in making craft ordered from the buyer. An interesting phenomenon in the village of Cipacing is that they usually receive orders from abroad in the form of pictures or photographs. The picture is then brought to the craftsman who they trust the most ability to ask about how to make the craft in question so as to be in accordance with the wishes of the buyer.

The reason for the growth of trust is due to quality of work and the kinship owned by the artisans. If they work with artisans from outside the Cipacing area they will get more benefit because of the low price of wages, but they are more confident in the ability of the artisans in their own village. Bandar is a craftsman that most often divides the work of small and labor artisans, to produce crafts in accordance with buyer's order, Bandar will contact the small artisans and labors who have good quality of work. Thus control of the resulting product is done in detail. This is the reason why the craft from Cipacing village can still compete in local and international markets.

Another reason for the growth of trust among artisans is the kinship that exists between them, for the division of work of kinship elements into the second determining factor after the quality of work. In addition, the reason for solidarity is the reason why a craftsman gives trust to divide the work to other craftsmen. Fellow artisans do not bear to see his friend idle. This prompted Bandar to divide the work of making handicraft components on some artisans, in addition to making the job faster and faster.

Trust among craftsmen basically not only on the process of making crafts, but also in everyday life. They trust that each other will not let his friend on hunger. The division of work not only done by Bandar, but it happened among the artisan laborers, especially female laborers. They are happy to share

the task and do it together. According to them it encourages to complete the crafts faster besides working together will open communication between neighbors.

Trust is also established between fellow artisans in terms of capital to produce handicrafts. When Bandar gives jobs to small artisans as well as labors, usually Bandar only pay half of the total cost of production. The rest will be paid when the ordered goods are made. In this case small artisans must budget funds to make craft from their own capital.

Another visible trust is the belief from the craftsmen to the Bandar in terms of remuneration. Labor believes that they will be paid when the work is done even though they are not paid any at the earliest. They do it with pleasure, because if they still involved in the activities to make the components of the craft they will continue to get a source of income despite the small wages.

Cipacing Village artisans are keen persons in addition to good at making craft they clever to negotiate. These negotiations are conducted on external parties from outside the village or abroad. Negotiations made to cultivate the trust of potential buyers. The prospective buyers are not doubted the quality and ability of Cipacingartisansin make crafts even though the craft was firstly made.

5. Norms and Values between Artisans: Mutual Help, Mutual Training, and Mutual

Cooperation that exists between artisans so far is a manifestation of socio-economic institutions in the region Cipacing. In the cooperation formed the norm that became the foundation of how cooperation is run. Although there are no written regulations, but the Cipacing villagers have rules that are formed by the habits that have taken place along with the development of carving and decorative woodcraft industry in this region.

The value owned by the Cipacing artisans is the value of mutual help, mutual train, and mutual love by each other. Mutual help is reflected in the crafting of handicrafts components that are divided and worked together in mutual cooperation. Train each other is seen clearly when there is a new type of craft that became a trend, then the artisans will learn from each other so that in the end all the artisans are able to make the craft. While mutual love is reflected in social solidarity, where the craftsmen of Cipacing village willingly divide their work with others if their neighbors are unemployed and really need of work.

The norms possessed by artisans are the result of repetitive working mechanisms that are undertaken by every craftsman of Cipacing village. In this case the norm of division of labor has a mechanism that Bandar will give work to artisans who have a quality of work, work in hurry with good results, even though the artisans are not relatives or their families. Meanwhile, the wages usually determined by Bandar. The artisans do not mind with the small wages, but they hope Bandar will never ending to give work throughout the year. In addition, in the social structure of Bandar society is seen as a respected figure because of its authority and ownership. In everyday life small artisans or laborers

often ask to the Bandar for financial assistance to meet their daily needs.

In cooperation that has been established between fellow artisans in Cipacing, full power to determine the price lies in Bandar. Likewise with the provision of wages, Bandar will usually pay in full on the artisans when they have been paid from the buyer. In this case there is an imbalance in the relationship between the artisans in the Cipacing Village, because small artisans and laborers do not have the power to negotiate against what has been determined Bandar. In the end the craftsmen workers can only be grateful to still earn the trust of Bandar to get a job.

In the system of division of labor, the norm formed is a ball-picking system. Workers of craftsmen should often ask Bandar about the availability of work. If they do not ask, usually only laborers who live around the house of Bandar will get a job, so those who are far away from Bandar home often have difficulty getting orders. Similarly, in determining price of the craft, Bandar is the one who determines how much the price of a craft that is made. It happen because all of the craft raw materials have been prepared by Bandar.

Another norm owned by Cipacing villagers is competition in terms of quality. Usually craft orders come from buyer outside the region and from abroad. Cipacing village artisans understand that the order that comes is an appointment. If they have said able to do it, they will do it perfectly. Habit to

keep this promise make Cipacing village artisans is very disciplined. They afraid if the work is done is under what buyer expected and crossed the time limit.

6. Internal Networking and External Networking

Networking is an important part of social capital that can explain the relationships that exist between fellow craftsmen who support the ability of artisans to survive in face of a down and up economic situation. The networks are divided into two, including internal and external networks. Internal network is defined as the relationship between fellow artisans on Cipacing village in carrying out craft making activities. While the External network is the relationship between Cipacing village artisans with stakeholders (raw material suppliers and buyers) who are located outside the village of Cipacing.

Internal network

There are typical structures of Artisans in the village of cipacing, according to what Resnawaty (2007) states earlier that there are 3 (three) business actors. On 2017 we found 4 (four) handicraft businessmen consisting of Collector (called Bandar), Small artisans, laborers, and Marketers (local people call it marketing).

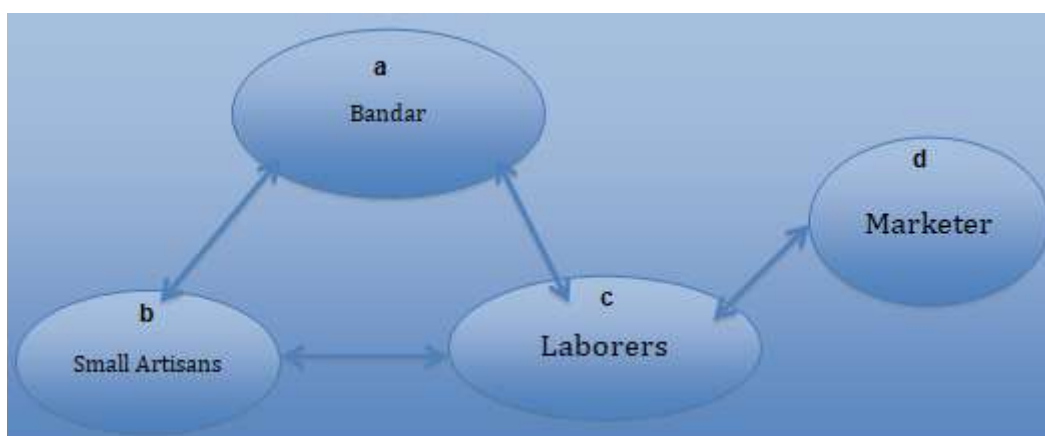


Figure 1: Internal Network of Cipacing Village Artisans

- a) Bandar is a craftsman with huge capital, has been able to penetrate national and international market. Bandar get orders from within and outside the country do cooperation subcontract with small artisans. The forms of subcontracting are commercialism (ordering finished goods, capital from small artisans) and industrial subcontracting (ordering components of handicrafts and finished goods, capital from Bandar). In addition Bandar also contracts with workers artisans. Bandar gives a job to the artisans who are paid on a daily wage system.
- b) Small Artisans are craftsmen who have small capital, able to make handicrafts independently, able to market handicrafts in the local market, get the whole craft order and craft components from Bandar.
- c) Laborers: are people who have craft skills but do not have the capital, they usually do crafts orders from

Bandar, or just work on craft components before the craft is assembled into a craft intact. Laborers earn wages according to how many handicrafts are made or with daily wages determined by Bandar.

- d) Marketers are people who have or do not have skill to produce crafts, local people call it "marketing". This marketer sells crafts from small artisans in online shop.

Along with increasing technological sophistication in the internal networking has been born a new actor in the world of artisans in Cipacing village. This marketer is the answer how the Cipacing villagers still participate in the free market. If in the year 2000s only Bandar who able to penetrate the international market, nowadays small artisans and marketers have been able to sell crafts abroad.

The network between artisans in the village of Cipacing tightly intertwined and institutionalized. This network grows due to the need equation. For example Bandar achieve success to successfully export craft thanks to the support and cooperation of small artisans and laborers.

External Network

This external work network is described as a business partner of all crafts actors. Along with the era of development, Cipacing artisans began to realize that business competition becomes increasingly tight. Therefore Cipacing artisans began to expand its marketing network to various tourist destinations in Indonesia. In the past, the networking in Bali was only use by some artisans. But now with the ease of communication with the outside, all artisans have connections with tourist areas in the archipelago. Especially in Bali, many Cipacing village artisans who originally traveled to sell crafts eventually settled in the area. After settling in Bali, residents from Cipacing village who initially only as small artisans have been able to become the Bandar who make order to small artisans and laborers who still live in the village of Cipacing. External networks continue to be developed by Cipacing craftsmen, in addition to competing with domestic handicraft products (origin Banyuwangi) now the competition began enlivened with goods originating from China and ASEAN countries after the rolling EAC and ACFTA.

7. Conclusions

The social capital of the Cipacing villagers is a factor that gives the Cipacing Village craftsmen the strength to survive in today's global economic situation. Trust becomes the main force in the craftsmen to continue to produce goods with good quality and can compete with handicrafts originating from other regions, as well as selling overseas. Because of trust in producing craft rests on the quality of work by individual. Thus quality is maintained even though kinship and solidarity become one of considerations.

Local values of mutual training provide strengthening and skill enhancement to all of artisans. This mutual sharing of knowledge and institutional skills has become an enormous capital for the sustainability of the Cipacing village handicraft business. Norms formed in pricing are felt a bit lame, because Bandar became a very decisive figure. But more and more small craftsmen who can access information and have a network outside the village of Cipacing give opportunities to small craftsmen to be more developed.

A very significant change occurred on the network, where initially there are only three actors, but with the development of technology and follow the development of the era there are other actors who craft to foreign craft that opens opportunities from the village of Cipacing increasingly in the world.

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