ABSTRACT

Jepara furniture industry is the leading economic sector that expands from local artistic talents in Kabupaten Jepara. Well-crafted furniture started with cottage industry by Jepara community becomes a source of their household income. Rapid expansion of Jepara furniture industry occurred during the era of 1990's and reached its peak in 2004, driven by abundance supply of raw materials and growing export demand. However there was a sharp drop in demand after 2004 to 2010 due to short supply of raw materials and global recession.

This research is aimed at analyzing: performance, level of competitiveness and empowerment strategy in the furniture industry of KabupatenJepara. The research focused on the small, medium and large scale furniture makers. Using the multistage sampling method through stratified and purposive sampling, a sample of 127 furniture makers was selected. Data for the analysis was obtained from secondary sources, through observation, detailed interviews with competent business leaders, FGD and the data was processed using descriptive statistics and the Hierarchy Process Analysis.

The results of the analysis showed that the leading sectors in KabupatenJepara has decreased to 3 sectors, as shown by the value of Location Quotient (LQ) more than one as compared to six sectors in 2007. Using the Shift-Share analysis, this reduction can be attributed to the negative contributions (- Rp 36,323,890,000) from the processing sector. The Structure-Conduct –Performance analysis indicates that the Jepara furniture industry is very much of monopolistic competition. The market conduct, as perceived by market players especially the small and medium scale industry is rather weak. The performance of large-scale industry, as measured by their profitability, R/C ratio, value added and efficiency is considered as good. The competitiveness level of small and medium industries is low (≤50%) while it is high (≥50%) for large scale ones. The strategies derived from detailed interviews, FGD with competent individuals and supported by quantitative evidences from AHP analysis revealed that the competitiveness priority should be accorded to the small and medium enterprises especially in the aspects of production and distribution. Distributional aspects include sales promotions, tax incentives and strengthening market intelligence. The production aspects meanwhile call for capital loan with low interest rate, availability of raw materials and regulations on raw materials business.

Key Words: Leading sector, performance, furniture industry, competitiveness, competitive strategy,Jepara.