Developing Social Capital in Reputation of Jepara as a Carving City

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Abstract

Jepara's reputation as “The World Carving Centre” is suspected of experiencing an identity crisis, marked by the decline in export value during the covid19 pandemic, the absence of regeneration of wood craftsmen, and other problems. The Jepara people's belief in the power of carving as local wisdom that is preserved needs to be accompanied by social capital consisting of the government, industry players, entrepreneurs, and craftsmen. Social capital has a role in building Jepara's reputation as a City of Carving with a Public Relations approach. Therefore, this study implemented the Reputation Management Theory by applying a qualitative method with a case study approach. After observation and in-depth interviews were conducted with the government, furniture entrepreneurs, and artisans, it was found that social capital becomes a relational dimension to achieve the goals of regional public relations reputation. Public Relations is recognized as an organisational function that includes boundaries responsible for communication engagement with various stakeholders to facilitate social relations, co-creation, and communication. Community involvement and social life such as building relationships, norms, and trust enable them to manage reputation effectively. Social capital is due to various elements, including trust, rules, and norms governing social action, social interaction, and network resources.

Keywords: carving city; furniture industry; public relations; regional reputation; social capital.
I. Introduction

Jepara city, which is located in Central Java, Indonesia, is a popular place for international buyers buying furniture, especially wood furniture. Not only offers high quality in furniture but also sourced through a sustainable process. Jepara, known for its potential for the furniture industry, is experiencing an economic and trust crisis that has impacted Jepara's reputation as "The World Carving Center." Historically, industry's strength in Jepara is the production of furniture and carving. RA Kartini, as a female figure in Jepara, helped develop the art of carving by selling carved souvenirs and marketing them in the Semarang and Jakarta areas so that they could be better known and have selling points so that the welfare of the people of Jepara increased (Seni Ukir Jepara Berkelas Dunia, 2019). From here, local people learned to carve and became craftsmen and cemented Jepara's designation as "The World of Carving Center." In 2011, almost all sub-districts in Jepara were engaged in furniture and carving and even absorbed 52,443 workers. Then in 2015, there were 113 export destination countries (Rasyid, 2020). However, this condition continues to decline.

The COVID-19 pandemic had a significant impact on the furniture industry. During covid19 pandemics, export value decreased approximately minus 14.60% throughout 2020. Reporting from Ayosemarang.com, exports made in Jepara were dominated by wood and furniture products. Wooden furniture, which became the main commodity in early 2021, was only able to penetrate USD 177 million, which is 54% of the industrial sector in Jepara (Rahmawati, 2021). Not only did the value of exports fall, it was recorded that in the 2021 quarter compared to the 2020 quarter, the number of export destination countries also decreased, from 74 destination countries with 564 exporters. However, in the first quarter of this year, there were only 57 destination countries with 236 exporters (Redaksi, 2021).

Furniture manufacturers are facing several difficulties due to the pandemic, including an increase in the cost of shipping containers of goods. This cost has tripled during the past year. Production has also experienced delays due to changes in consumer spending, as well as practical challenges in factories. For example, social distancing has been affecting the work in furniture production lines. Moreover, consumer behaviour has changed too, which is market demand to order minimalist design, that tends to functional furniture rather than aesthetic furniture.

This export value is indeed very much different when in its heyday in 1998, where the weakening of the rupiah against the United States dollar, the volume of furniture exports boosted high. The increase in overseas sales capacity in the 1997-1998 period was no joke, which was about three times the previous export volume or around 1200-1500 containers per month. Due to boom orders, people who did not have the skills and abilities in the furniture business joined in and played with wood fibre. Lack of knowledge in the field of furniture makes their business not last long. The drastic increase in demand has made some entrepreneurs only care about fulfilling orders without considering the quality of production factors, especially the raw material, namely wood. The downturn in the Jepara furniture industry is also exacerbated by the rampant practice of slashing prices. As a result of the actions of some unscrupulous entrepreneurs, foreign buyers who had put their trust in several business partners in Jepara became doubtful. The crisis at the end of the nineties was caused by various problems in the availability of raw materials, the quality of human resources, fiscal policy, loan interest rates, and the unchanged view of the banking industry on the industry's prospects.

Another reason for the decline in the value of Jepara's furniture exports is that some furniture entrepreneurs are strengthening the domestic market, in line with the global financial crisis that hit several developed countries. In addition to the impact of the global financial crisis, he said the invasion of products from China, Vietnam, and several other countries in foreign markets also contributed to the decline in the value of Jepara's exports to several foreign export destinations. The contribution of furniture exports from Indonesia
is still lower than China, reaching 11%, while Indonesia is around 3%. This is because the support from the Indonesian government is still considered inferior to the support from the Chinese government, especially the bank interest rates given to furniture entrepreneurs. This impacts the selling price of goods to the market, which is increasingly expensive because it is burdened with burdensome loan interest. In addition, the costs that must be borne by entrepreneurs who will export are also quite expensive, causing high economic costs. The problem of teak wood raw materials is also a particular problem for furniture entrepreneurs because price fluctuations significantly affect the selling price of furniture in the market. Furniture entrepreneurs rely heavily on teak and mahogany as raw materials, while other types of wood are number two.

Jepara entrepreneurs generally grow from local communities. Many of them have not received higher education, such as a university. With this method, the management of companies in Jepara is carried out more in a family way. For example, in looking for employees. Japanese entrepreneurs rely on family closeness. It should be, to run a professional organisation, every position in the company has specific qualifications. (BEI NEWS Edition 23 Year V, November-December 2004).

The problems of the furniture industry in Jepara certainly impact Jepara's reputation as a Carving City. This is indicated by the absence of regeneration of artisans in Jepara. Youths prefer to work in the garment industry than in the furniture industry. According to Radar Kudus, in 2021, the age of the youngest engraver is 25 years old; below that, there is none (Mustofa, 2021). The Jepara people's belief in the power of carving as local wisdom that is preserved needs to be accompanied by Social Capital consisting of the government, industry players, entrepreneurs, and artisans. Trust is the primary key in building relationships in social capital in organisations (Zhang & Abitbol, 2019). The organisation here is the Jepara district government. Although it is difficult to define and measure because it is an intangible asset, a good reputation will strengthen the position of the institution, which has an impact on public image and trust both at home and abroad. Building a reputation can not be done quickly. It takes a long time with consistent and continuous steps to reflect its vision, mission, and values to the internal and external public (Indrayani et al., 2020).

In supporting social capital, the government of Jepara Regency, through the Department of Trade and Industry, is trying to realise the Vision of the Regent and Deputy Regent of Jepara for the 2017-2022 period to realise a Jepara Madani with Character, Advanced and Competitive. Therefore, implementation is on the mission of realising a progressive and independent regional economy through various work plan strategies, such as training, financing, publications, and others (Jepara, 2021). Meanwhile, industry players are also actively developing the furniture business through associations, collaborations, and others. Efforts to build Jepara's reputation as a City of Carving cannot be separated from the Public Relations approach, where Public Relations is recognized as an organisational function that includes boundaries that are responsible for communication engagement with various stakeholders in a way that facilitates social relations, co-creation, and communication (Hurst & Johnston, 2021).

Therefore, researchers are interested in conducting research on Social Capital Development in the Reputation of Jepara as a Carving City.

II. Methods/Methodology

This research used a qualitative descriptive method with a case study approach. A single case study design offers you the opportunity to undertake a deep (but narrow) exploration of a particular phenomenon (Daymon & Holloway, 2011). Moreover, social capital is defined by its function. It is not a single entity, but a variety of different entities.
having two characteristics in common: they all consist of some aspect of social structures, and they facilitate specific actions of actors — whether persons or corporate actors — within the structure (Coleman 1988; Claridge, 2004). Therefore, collecting data for this paper is based on literature review, field observation, and in-depth interviews with District Head of Jepara, Head of industry and trade department, Head of the communications and informatics department, Furniture entrepreneur association (HIMKI and ASMINDO Komda Jepara), and Craftsmen.

III. Results, Analysis, and Discussions

The result of this research can be seen from this model (Figure 1). Social capital is the core of the formation of Jepara's reputation as a carving city. There are four elements of social capital, including trustworthiness, social action, social interaction, and network resources. This social capital supports the Furniture industrial sector in Jepara, and the local government carries out the function of Public Relations, which is recognized as an organisational function that includes boundaries that are responsible for communication engagement with various stakeholders to facilitate social relations, co-creation, and communication. From this model, Reputation is reflected in social capital and how to communicate it with

![Figure 1. Reputation-based on Social Capital Resources](Source: Processed Primary Data, 2021)

3.1. Social Capital in the Region of Jepara

Social capital is the core of the formation of Jepara's reputation as a carving city. Moreover, social capital is one of the bases in the study of Public Relations. Social capital is defined as a form of community involvement and social life such as building relationships, norms, and trust that allow them to work together effectively (Putnam, 1995; Zhang & Abitbol, 2019). According to Sommerfeldt (2019), building social capital is a public relations activity, which is a means to create shared meaning, voice collective opinions, and build relationships between groups (Zhang & Abitbol, 2019). Therefore, the dimensions of social capital include (Claridge, 2004): (1) Trust, (2) Rules and norms governing social action, (3) Social interaction, and (4) Network resources.

The first element is trustworthiness. Trust from buyers and market demand is external trust, while labour issues are internal trust as social capital. During the COVID-19 pandemic in early 2020 to 2021, there was a trade war between China and America, which
resulted in restrictions on product containers from the wood and processed industries from Jepara. According to furniture business players, they had difficulty getting buyers' trust during the pandemic because there were no shipping containers. Even if there is delivery, the shipping price will increase up to two times than usual. Although the local government is trying to roll out the KITE (Ease of Import for Export Destination) program or export-to-import policies, it is not enough to overcome the furniture business during the COVID-19 pandemic. So, some furniture entrepreneurs rely on domestic sales to survive. "Before the COVID-19 pandemic, the number of furniture workers was 250 employees, but in 2021 only 100 employees," said a furniture entrepreneur source. The COVID-19 pandemic has been experienced by all countries, making it difficult for furniture stores abroad to open their businesses.

In terms of carving as a characteristic of the city of Jepara, the craftsmen stated that so far, carving products have been interpreted as art; if you want to survive during the covid 19 pandemic, carving products should also be commodities and functional so that everyone can have these carving products in every corner of their house. Market demand for engraving is getting weaker until finally, business actors swerve so that the carving products are sold quickly. Craftsmen said that carved wood products are underappreciated in their selling price. This is reinforced by the statement by HIMKI as the furniture association that the furniture industry with carving motifs requires special skills; for example, in honing carving skills, it takes four to five months to learn a pattern, understands how to carve, including how to sharpen a carving place. Special techniques in wood carving require a mentor, and this becomes an obstacle.

The condition of the carving industry during the COVID-19 pandemic is in contrast to the furniture industry, which focuses on outdoor and minimalist designs. Most buyers choose a simple design because it is easier to maintain the furniture compared to carved products. Furniture entrepreneurs won the buyers' trust by naming Jepara as the central furniture manufacturer, where furniture is understood not only to carve even though it used to brand Jepara as The World Carving Center in business. This shows that at a macro level, Jepara is not only carving but the centre of the furniture industry because, in the furniture industry, there are not only carvings but also non-carvings. Based on data from HIMKI, it is seen that in 2020-2021, buyers still believe and tend to increase their market demand during the covid 19 pandemic.

In addition to the issue of market demand as external trust, there are also internal trust issues. The result shows that Jepara's people distrust the art of carving. It can be seen from the absence of regeneration. According to the head of the Industry and Trade Department, young people are not interested in becoming carving artisans. In addition, the craftsmen also stated that it is difficult to regenerate the carving artisans. In the early 2000s, in one family, there must be a family member who works as a carving craftsman. The people of Jepara learn self-taught and are passed down from generation to generation. However, due to changes in market demand that shifts towards functional products rather than aesthetics, carving artisans switch to other professions that offer higher salaries.

Craftsmen are pessimistic about the existence of artisans in the future if there is no anticipation and collaboration with the government. This distrust arises because they are shifting professions from artisans to be manufacturing garment workers. The garment industry offers higher salaries than the furniture industry. "For example, a carving craftsman is paid IDR 70,000 per day while a garment worker is IDR 100,000," said the carving craftsman. This is reinforced by issuing a factory establishment permit in Jepara as a factory relocation from the Jabodetabek area so that the labour-intensive manufacturing industry is now entering Jepara.

The second element is Social action; they do their daily activities, including their profession, due to family norms. Social action among business actors in Jepara still uses the traditional method, emphasising personal interests above industrial interests. The head of
the industry and trade department for the Jepara region stated that the furniture industry is familial. Carving artisan can work at home, more flexible in managing their work time. Although some have turned into garment factory workers, some Jepara people have become furniture craftsmen. If you work in a factory with stricter regulations, and you do not get paid when you get a work permit, the people of Jepara think again and even leave work from the garment factory and return to work at home for the convenience of working.

Besides being seen from the norms that apply in society, social action is also seen from how the regulations are made by the local government. The government educates how to manage the furniture industry professionally. Based on the data obtained, it shows that the people of Jepara only have carving skills but cannot market carving products. This is where the risk of price slamming is carried out by some furniture industry players. Here the role of the government is to set regulations on market prices and provide guarantees to business actors to continue to grow and not then compete like crazy. Another social action from the local government is to set market regulations such as regulating the price of raw materials and the quality of wood ready to be cut and processed into furniture.

Meanwhile, the problem of regeneration of carving workers in Jepara due to the absence of figures who can pass on carving skills has made the Jepara local government and furniture entrepreneur organisations take action to disseminate changes in performance to be more professional in their work as an effort to develop the furniture industry so that it can survive the COVID-19 pandemic.

The third element is Social interaction. Interaction is built-in formal and informal communication. Formal interaction is when there are meetings, socialisation, and meetings. Meanwhile, informal communication is carried out between furniture entrepreneurs and artisans to build a shared commitment to fulfilling market needs. The interaction of carving craftsmen, furniture businesses, and local governments often experiences problems unifying the ideas of developing the carving industry in Jepara. For example, communication between stakeholders who are influenced by political interests.

To maintain Jepara as a carving city, furniture entrepreneurs negotiate with carving artisans to complete orders for carving products according to the set target time. With the labour crisis in carving, carving artisans have a solid positioning to do work from home so that furniture entrepreneurs take an informal communication approach to meet market demand.

The last element of social capital is Network resources. Jepara's people preserve network resources in the furniture industry through the industrial organisation, business heritage, and region-based superior product centre. There are several associations in Jepara, which concern developing in the furniture industry, such as HIMKI and ASMINDO Komda Jepara. These associations are associations of business actors in the furniture and handicraft sector, in the broadest sense, aware of their responsibility to foster and develop harmonious cooperation, encourage the equal distribution of business opportunities, and participate in implementing national development in the economic field. Based on the study results, in the Jepara area, there is a gap in the ability of entrepreneurs, especially in paying employees, because the entrepreneurial level in Jepara is not all evenly distributed. Many entrepreneurs see their respective perspectives with their respective levels of difficulty, which ultimately have their problems with different solutions. Therefore, the purpose of the furniture industry organisation is to advance the national furniture and handicraft industry jointly. This organisation is expected to be an aspirational and accommodating institution with a spirit of equality among its members. One example of its activities is as a communication network container with the central government regarding the issue of container tariffs during the COVID-19 pandemic.

To build a network between furniture business actors, villages were formed, which became centres spread throughout the Jepara area. This industrial centre is by the characteristics of the village. For example, in the Pateken area, it is more of carved household
furniture, such as tables and chairs; in Kecapi, it is a kind of cupboard and gebyok; in Senenan village, it is a relief specialist, in Mulyoharjo a specialist in carving sculptures, and others. All regions can work on various wood products, but there are already centres in each region. For example, in the Cepogo area, they supply organ parts, so some have legs, some send table leaves and then send them to one place to be assembled. These network resources are the strength in the Jepara region because it is not easy for other regions to duplicate what was developed in Jepara; it takes 20-30 years to be able to imitate the industrial network in Jepara. Therefore, clusters are not created by the local government but are automatically formed by the expertise of local village craftsmen so that they are unique compared to other areas that develop "one village one product".

All elements show that social capital in reputation building is essential. This is a relational dimension to achieve the goals of Public Relations (Johnston & Lane, 2018; Johnston et al., 2018) and has an essential role in the communicative involvement of its participants (both individuals and society in general) to benefit from the process of involvement in creating capital (Marschlich & Ingenhoff, 2021).

3.2. Public Relations Approach for Reputation of Jepara as a Carving City

Reputation becomes a long-term result of the efforts made by the organisation. According to (Adhrianti, 2018), in building a positive reputation, efforts are needed through communication programs starting from formulating strategies, building commitment, and communicating the company’s quality in achieving organisational goals. In addition, reputation is the result of an ongoing process that is managed in obtaining goodwill and mutual understanding among stakeholders (IPRAHUMAS, 2021). Reputation has an essential role in doing business. Reputation is formed based on the Public Relations approach, where communicating goals, targets, and strategies and providing a sense of security are part of the function of Public Relations (Indrayani et al., 2020).

According to Cees van Riel and Charles Fombrun (Heath, 2013), there are six dimensions in building reputation, including visibility, distinctiveness, authenticity, transparency, consistency. Visibility is achieved through general excellence, for example, media presence and interrelated markets. The publication has positive and negative effects depending on the organisation’s performance. Distinctiveness means differentiation from competitors through characteristics that are exclusive and unique to the organisation. Authenticity is linked to organisational identity, core values, and business philosophy. This is reflected not only in organisational messages but also in behaviours that demonstrate administrative trust. Stakeholders and legislation pressure organisations to be transparent, which requires authentic insight into all company issues: policies, products, leadership, financial reporting, and socially responsible practices. The information provided must be complete, accurate, relevant, timely, and useful.

The identity of the organisation is reflected in its behaviour and communication. Organisations gain a positive reputation when actions and messages are consistent. The company’s actions and messages must be consistent across various departments, but also internally and externally to achieve the desired reputation with internal and external stakeholders. Finally, responsiveness is demonstrated by the organisation’s willingness to dialogue with its stakeholders and be ready to make adequate changes based on feedback. The feedback reveals stakeholder assessments as to whether the organisation meets its expectations (Heath, 2013).

This social capital supports the Furniture industrial sector in Jepara, and the local government carries out the function of Public Relations, which is recognized as an organisational function that includes boundaries that are responsible for communication engagement with various stakeholders to facilitate social relations, co-creation, and communication.
Social relations in Jepara are based on collectivistic-based community involvement; the culture of the Jepara community is based on togetherness. In fostering social relations among the people of Jepara, the local government contributes to providing training. As done by the SME department to foster the development of carving businesses. Local governments act in facilitating the needs of the furniture industry. In addition, a stimulus was also carried out for the younger generation in Jepara to maintain the economic strength of the furniture industry, for example by educating out-of-school children to have skills in the field of carving.

Co-creation was carried out by the local government by carving education policy as local content in Jepara's Senior High School and identity policy in institution building. Although during the COVID-19 pandemic, not all of the furniture business that developed could be carved, Jepara is still known as the city of carving. Therefore, based on the results of an interview with the Regent of Jepara, it was stated that the local government encourages and strengthens carving product centres such as carving craft centres and carving sculpture centres. Not only as a facilitator by making socialisation activities that introduce classical carving motifs, but it also accommodates creative ideas and carving innovations from the youth of Jepara. In the realm of policy, co-creation is carried out by the local government of Jepara by providing full scholarships, such as at SMK 2 Jepara with a major in carving. However, even though the school fees are accessible at the carving craft-based vocational school, it turns out that the students' interest from year to year has decreased from year to year. Another way to foster an interest in carving is by holding extracurricular activities as additional hours of learning to carve. Based on an interview with the Chairman of HIMKI as a furniture industry association, he suggested that there should be local content in the learning curriculum so that Jepara, the City of Carving, would not be eroded by time. This effort is to provide provisions to the next generation that there are particular skills owned locally because there is a need for togetherness that has a mission to make Jepara a Carving City. Another co-creation is the policy of requiring all government agencies to place carvings in every corner of the room or gate as a gate for local government agencies with a carving pattern as an identity.

Moreover, during the covid 19 pandemic, the local government promoted Jepara as Carving City through traditional ways, such as using the magazine as media promotion. Communication depends on word of mouth of tourism visits and promotion by printed media, not digital-based promotion. Based on the study results, it shows that the promotion of the Jepara City of Carving still emphasises print-based media. It makes it difficult to maintain relations during the covid 19 pandemic where there are restrictions on mobility. Tourism is one way to promote the furniture industry in Jepara. However, during the COVID-19 pandemic, tourist visits were drastically reduced due to regional restrictions. Therefore, the furniture industry has difficulty communicating its carving products. However, it does not dampen the future if you have passed the covid 19 situation; a route will be prepared for tourists with carving nuances along the road regulated by the regional government.

IV. Conclusion and Recommendation

The reputation of Jepara as the world carving centre is built from components of social capital which include trustworthiness, social action, social interaction, and network resources. Although some components of social capital have changed during covid19 pandemics, the identity of Jepara as the world carving centre still exists. Technically, for a development city, we recommend doing the following things:

- Industrial activities should be on collectivistic-based community involvement, which can improve trustworthiness, social action, social interaction, and network resources.
 Adoption of information technology as the way to innovate media promotion can strengthen the identity of Jepara as a Carving City

The principles of togetherness from all stakeholders, including the government, industrial sector, and people of Jepara, should collaborate and have one vision to rebuild the reputation of Jepara itself as a Carving City.

References


