

THE IMPACT OF KENDAL INDUSTRIAL PARK (INDONESIA-SINGAPORE COOPERATION) IN ECONOMIC PERSPECTIVE

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Abstract— Kendal Industrial Park (KIP) is a bilateral cooperation between Indonesia and Singapore. The cooperation is expected to be the driving force of the Indonesian economy, without prejudice to the economic impacts of surrounding communities. This study aims to analyze the impact of KIP on the changes in society welfare. This type of research is qualitative research using case study approach. The data collected from community, government and manager through purposive sampling method. The analysis result showed that KIP did not have a significant impact on changes in livelihoods because there were still many companies that have not operated and been under construction, therefore the agricultural sector still dominate the livelihoods of population. Changes in income as a result of the development industrial estates brought different effects to the community. People who felt the positive impact of livelihood changes were those who could work at KIP. However, the people who were still in agricultural sector did not feel a change of their income. The impact of KIP development could not be enjoyed by the community so far, synergistic steps are needed between the government, KIP and community to integrate well in order to achieve the success of regional development.

Index Terms— Industrial Park, Livelihoods, Income, Welfare, Regulation

1 INTRODUCTION

THE presence of the industrial sector is required to be able to create various economic activities. Companies need competent labor to improve industrial performance [1][2]. The development of the industrial sector for Indonesia is something that must be done considering the large number of workforce. Meanwhile, to create new jobs, industrial development is also able to create economic activities in services and trades. Opening employment means increasing economic activity and supporting the emergence of multiplier effects from other sectors. Changes due to industrial development, in addition to bringing prosperity to the community also have an influence on the social, economic and local cultural environment. Industrial development not only had a positive impact, but also had a negative impact [3]. The positive impact of industrial development is expected to be able to absorb labor and increase people's income. However, the positive impact is only enjoyed by some people, namely those who have certain levels of education and skills. The negative impact of industrial development concerns bio physical, social, economic and cultural aspects. Bio-physical aspects have an impact on water, air, land pollution which at a certain level endangers the survival of all creatures. The socio-economic aspect can be seen from the high mobility of labor to the industrial estate hence not all existing labor can be accommodated. This causes high unemployment in the estate. Cultural aspects can be seen from the shift in values embraced by communities around industrial estates. Economic development is associated with changes from agrarian societies with traditional culture to

rational, industrial, and economic-focused societies [4]. There are several reasons public assess the industrial sector as the more important sector to be developed than the agricultural sector. First, investment in the agricultural sector is considered less profitable. Second, the agricultural sector considered facing slow growth. Third, industrialization is expected to overcome the problem of the narrower employment opportunities in the agricultural sector.

Having various types of promising business potential, economic growth in Kendal Regency experienced a significant increase. Divided into two plain estates, namely the lowlands (coast) and the highlands (mountains). Kendal Regency has an area of around 10.002.23 km² which is divided into 20 districts, 265 villages and 20 sub-districts. It is directly adjacent to the Java Sea in the north, Semarang city to the east, Temanggung Regency and Semarang Regency to the south, and Batang Sub-district to the west. The location of Kendal sub-district which is very strategically located on the main route of the island of Java, turns out to provide many benefits for the economic growth of the local community. One of the new potencies in Kendal that contributes to the economic growth of the community is the construction of Kendal Industrial Park (KIP). An industrial estate is an area that is usually dominated by industrial activity. Industrial estates usually have combination facilities consisting of industrial plants, research and laboratories for development, office buildings, banks, and other infrastructure such as social and public facilities that include offices, housing, schools, worship places, open spaces and others [5]. Kendal Industrial Park (KIP) or Kendal Industrial Estate is a joint venture project between PT. Jababeka, Tbk. and Sembcorp Development Ltd. Located in a strategic location facing the sea in Central Java, this industrial estate was built as an alternative to industrial locations in Jakarta and its surrounding estates with the support of superior infrastructure, availability of skilled labor with competitive wage rates. KIP, which covers an estate of 2,700 hectares, is an independent industrial city with modern facilities and complete infrastructure.

KIP is the bilateral cooperation between Indonesia and Singapore which was inaugurated by President Joko Widodo

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on November 14, 2016. The integrated estate is expected to create 15,000 jobs with an estimated absorption of investment in the initial stages reaching IDR 20 trillion. Currently there are 20 investors who have invested in the KIP with a total investment of IDR 4.3 trillion and will absorb 4,000 direct workers. Located about 21 km west of Semarang and 20 km from Ahmad Yani International Airport and 25 km from Tanjung Emas Port, KIP offers the availability of production land, complete infrastructure and the availability of a skilled workforce that is competitive with labor costs as well more competitive than other regions. The creation of industrial zones is aimed at industrial development in the region in order to enhance the attractiveness of the estate, with the hope that benefits will be obtained as follows: saving government spending to create infrastructure, creating higher efficiency in industrial activities, creating faster regional developments and maximizing the role of regional development in a comprehensive economic development [6]. Based on the results of preliminary field observations in Brangsong village, problems began to emerge as the construction of the KIP. The first problem is the conversion of land that has now turned into industrial land, initially it was a green land in the form of rice fields. The development of KIP in Brangsong Village forced some of its villagers to be willing to sell their fields to be built for industrial estates. The second problem, with the conversion of land, automatically changes the livelihoods of the surrounding communities. Most of the residents' livelihoods are in the agricultural sector, hence some residents, especially rice field owners, lose their main livelihoods. The third problem which is the impact of the first and second problems is that not all villagers can become employees of the KIP, because the skills possessed by them are very limited. Not all villagers have sufficient skills to work in the industrial sector. In addition, due to changes in economic aspects, changes in socio-cultural aspects also occur, namely changes from the agricultural sector to the industrial sector which results in cultural change. One of them is the transition of labor and population movements. Because workers cannot have the skills they need from their regions of origin, inevitably the company will recruit workers from outside the region who have more qualified skills. The conversion of green land to industrial land also results in a lower soil fertility, resulting in the decrease of crop productivity. Therefore, this study seeks to reveal in more depth the effects of the development of the KIP on the economic aspects of the community. The impact on the economic aspects of the community is assessed using four economic aspects, namely: livelihoods, income, economic regulation and community welfare. The study of economic aspects with these four elements is based on the theory of Singgih, Bambang (1991) which suggests that the opening of employment in a large industry results in the formation of new opportunities, both directly caused by industry, such as the opening of new employment opportunities, which will be employed as employees in the new business unit, and other direct consequences, for example, opportunities in free economic enterprises. Free economic enterprises are businesses that directly meet industrial needs [7]. Whereas the existence of industry in a region will influence society, as according to Parker (1992) that industrial influence on society can be in the form of values, physical influence on society and

industrial *interest group* efforts to influence society [8].

This case study was carried out to the community involved in the construction of KIP in Brangsong Village, Kendal Regency. In this study the focus of the impact of the KIP on the community economy only examines 4 components, namely livelihood, economic income, welfare, and economic regulation. This research refers to the previous research entitled "The Impact of the Development of Industrial Estates in Bekasi Regency against the Transfer of Land Functions and Population Livelihoods". The results of his research show that by making Bekasi sub-district as an industrial estate, it resulted in: (1) the conversion of paddy fields to 9,385 hectares over the past ten years. On the other hand, built-up land including industrial land increased by 11,542 hectares, (2) a shift in the business sector / livelihoods of the people from the agricultural sector to the industrial sector, trade and services, (3) there was a correlation between land use change and the expansion of the business sector / livelihoods [9].

Development in the industrial sector will result in changes in physical, social, economic and cultural components. In relation to the economic component, industrial development will have an influence on the economy of the community around the industry. Based on the background above, there are interesting issues to be examined, namely: (1) What is the impact of the KIP on changes in the livelihoods of the communities around the industrial estate? (2) What is the impact of the KIP on changes in people's income? (3) What are the economic regulations with the construction of the KIP? (3) How is the impact of the KIP on the welfare of the community around the industrial park?

In general, the purpose of this study is to examine the impact of industrial estates on changes in the lives of surrounding communities. The specific objectives of this study are: (1) To explain and analyze the impact of the KIP on changes in the livelihoods of communities around industrial estates; (2) To explain and analyze the impact of the KIP on changes in community income; (3) To explain economic regulations with the construction of the KIP and (4) to explain and analyze the impact of the KIP on the welfare of the community surrounding the industrial estate.

2 METHODS

The research approach used in this study is qualitative research. This approach is directed at the background of the individual holistically (intact). So in this case it is not permissible to isolate individuals into variables or hypotheses, but need to view them as part of a need. This qualitative research is specifically directed at the use of case study methods, namely in-depth and detailed research on everything related to the subject of research. Basically, research with a type of case study aims to find out something in depth. Therefore, in this study, researchers will use a case study method to reveal self-concept and the underlying factors of the community around the KIP, by understanding and interpreting the views and events of the research subjects in order to explore the development impact of the KIP on the economic aspects of society. The method was chosen based on the fact that the theme in this study is unique and is a behavior that is directly experienced by the community.

In order to draw a systematic implementation of this research, the stages of research were arranged as follows: First, the pre-field stage. The researcher conducted a preliminary survey by looking for a subject as a resource. During this survey process researchers conducted a field study of the research background, looking for data and information about the lives of people around the KIP. The researcher also pursued scientific confirmation efforts through searching literature including supporting books and research references. At this stage the researcher prepared a research design which included an outline of the research methods used in conducting the research. The pre-field stage was carried out by researchers within two months. Secondly, the phase of field work. At this stage, researchers entered and understood the research background in order to collect data. Third, the data analysis phase. The third stage in this study is data analysis. Researchers at this stage conducted a series of qualitative data analysis processes up to the interpretation of data that had been obtained previously. In addition, researchers also took the data triangulation process that was compared with the theory of literature. Fourth, the evaluation and reporting phase. At this stage the researcher tried to conduct a discussion with the team about the results of the research obtained for the next process of evaluating the results of the research, and compiling the report of the research results.

Determination of the subject in this study was based on the choice of the researcher about what aspects and who are the focus at a particular situation throughout the research. The subjects of this study were people who were in the KIP and village government officials in the KIP. Looking at the limitations of the researcher and the research approach used, the subject of the study was determined based on certain characteristics. The characteristics used are as follows: (1) Residents who have an identity card (KTP) originally from Brangsong Village, Brangsong Sub-district, Kendal Regency. (2) Men and / or women who are still actively working in the KIP. (3) Men and / or women whose land is used for the KIP. (4) Men and / or women whose land is used for the KIP and actively work there. (5) Village government officials, for example the head of village and the secretary. This criterion was chosen to facilitate and focus more research in one estate. Determination of the subject was carried out by the researcher using the criteria mentioned above. This was done so that researchers were easier to conduct research. This research was carried out at the research subject's house and the KIP in Brangsong Village, Brangsong Sub-district, Kendal Regency. This is because the subject of research was carrying out activities around the industrial estate and in the Brangsong village where the industrial estate is located. To obtain the data needed in this study, the techniques used were as follows: First, In-depth Interview. Interviews are conversations conducted by two parties, namely interviewers who ask questions and interviewees who provide answers to those questions. This in-depth interview technique is obtained directly from the subject of research through a series of questions and answers with parties that are directly related to the subject matter. In this study, interviews were conducted using guided free interview guidelines, namely by asking questions that were raised freely; questions are not fixed on the interview guidelines about the main problems in the study and could then be developed according to conditions in the

field. In this interview, the interviewer carried a guideline that only contains an outline of questions that will be asked. There are seven steps in the interview, including: (1) assigning informants, (2) main issues as discussion topics, (3) starting or opening interview flow, (4) interviewing, (5) confirming the interview results summary, (6) writing down the interview results (7) identifying follow-up interview results that have been obtained. Second, the observation. Before making this observation, researchers approached the research subject so that there was familiarity between the researcher and the research subject. This study used a type of non-participant observation where the researcher did not participate in the activities that the subject does, but observations were made during the interview. Observations used structured observations, namely by making observations using the observation guidelines at the time the observations is done. This observation is carried out during the interview and outside of the interview during the period of the study, which focuses on the daily activities carried out by the research subject. The instruments used by researchers in this case are principal instruments and supporting instruments. The main instrument is the man himself while supporting instruments are observation guidelines and interview guidelines. The main instrument in this study was the researchers themselves. Researchers as instruments can relate directly to respondents and are able to understand and assess various forms of interaction in the field. The position of the researcher in qualitative research is that he is also a planner, executor, data collection, analysis, data interpreter, in the end he becomes the reporter of the results of his research. The second instrument in this study is the interview method. Before conducting an interview, the researcher first makes the interview guideline grid in Table 1.

TABLE 1
GRID OF INTERVIEW GUIDELINES

Variable	Sub variable	Indicator
Economic aspects	Livelihood	1. Type of work
		2. Position in the job
		3. Job location
	Income	1. Amount of Salary / wages
		2. Expenditures
		3. Savings
	Economic Regulation	1. Government regulations
		2. Regulations in the workplace
	Public welfare	1. Satisfaction and pleasure in meeting needs
		2. Health
		3. Education
		4. Management of daily needs

The third instrument in this study was observation. Before conducting observations, researchers first make a grid of observation guidelines as follows.

TABLE 2
GRIDS OF OBSERVATION

Variable	Sub-Variable	Indicators
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Self-concept	Physical condition	1. Body posture 2. Dress style
	Psychological condition	1. Cognitive 2. Affective 3. Psychomotor 4. Moral
	Social conditions	Involvement in the environment

To test the validity of the obtained data whether it is truly in accordance with the purpose of the study or not, the researchers used the triangulation technique. Data triangulation is a data checking technique that utilizes other things outside of the data for checking or comparing data. The triangulation used in this study is triangulation of sources and methods which means comparing and checking good degrees of trust in information obtained through time and different tools in qualitative methods. Another validity test technique used by researchers is the extension of participation (time triangulation). In this study, researchers extended or added time to interviews and observations on the subject of research until the data reached saturation. The data analysis technique used in this study refers to the concepts of Miles, Matthew dan Huberman, (1992) namely interactive models that classify data analysis in three steps, namely as follows: First, data reduction [10]. Data reduction is a process of sorting, focusing on simplification, abstracting and transformation of raw data that arises from written records in the field. Every time getting data, the researcher immediately analyzes and reduces the data that is not needed. Reducing data in this study must be adapted to the focus and formulation of the problem, hence the data relating only to the impact of KIP has changes in community livelihoods, changes in income, economic regulation and community welfare. If the data obtained is not in accordance with the focus of the study, it will be eliminated or reduced. Second, display data. After the data has been reduced, then, the next step is to display the data. Display in this research was in the form of interviews with various sources, observational field notes. These data were arranged in such a way as to give the possibility of drawing conclusions and taking action. Third, verification. This conclusion must be in accordance with several focus issues raised by the researcher. All data that has been reduced and presented, is verified. If there are no additions and changes in planning during the study, the verification does not change. In this study will be revealed about the meaning of the data collected. From these data we will obtain conclusions that are tentative, vague, rigid and dubious, so that these conclusions need to be verified. Verification is done by looking back at data reduction and data display so that the conclusions taken are not distorted.

3 RESULTS AND DISCUSSION

Kendal Industrial Park (KIP) or Kendal Industrial Estate is a joint venture project between PT. Jababeka Tbk. and Sembcorp Development Ltd., located in Brangsong Sub-district, especially in Brangsong Village, Kendal Regency. Brangsong is a sub-district in Kendal Regency, Central Java

Province, Indonesia. Brangsong sub-district is one of 20 sub-districts in Kendal Regency, Central Java Province, with the estate bordering on the Java Sea in the North, South Kaliwungu Sub-district and Ngampel Sub-district in the South, Kendal City Sub-district and Ngampel Sub-district in the West, sub-district Kaliwungu in the East. Brangsong sub-district consists of 12 villages, with a total of 76 hamlets (RW) and a total of 256 households (RT). The highest number of RW is in the villages of Tunggulsari and Turunrejo as many as 9 hamlets (RW) respectively while the highest number of households (RT) is in the village of Sidorejo with a total of 33 households (RT). The population of Brangsong Sub-district in 2015 was 46,606 people, consisting of 23,623 people (50.68 percent) men and 22,983 people (49.32 percent) women. The largest population was in Brangsong Village with 6,243 people (11.57 percent) of the total population of Brangsong Sub-district while the smallest population was Penjalin Village with a population of 1,772 people (1.56 percent) of the total population of the Brangsong Sub-district. The main plant species cultivated in Brangsong sub-district is lowland rice. In 2015 the estate of wetland rice reached 2,456 ha with production of 17,052.56 tons. Besides, Brangsong sub-district is also a potential estate for corn plants, which in 2015 reached 207.72 tons. The largest harvest estate is in Turunrejo Village with an estate of 402 Ha which produces rice production of 2,791.18 tons. Whereas the largest harvested corn plant is in Tunggulsari Village with an estate of 14 Ha which produces a production of 93.81 tons of corn. In addition to rice and secondary crops, Brangsong Sub-district is also an estate of potential for horticulture and fisheries. The largest production of horticultural crops in Brangsong Sub-district in 2015 was water spinach with a production of 2,761 tons while the dominant fishery product in Brangsong Sub-district in 2015 was brackish water fish farming with production reaching 1,308,244 tons. The following is presented in the estate of Brangsong sub-district data detailed according to its use.

TABLE 3
LAND USE AREA IN BRANGSONG SUB-DISTRICT

Type of Use	Area (Km ²)	Percentage (%)
1. Rice Field	23,89	39,09
2. Land Yard	5,42	15,25
3. Upland Land	6,28	17,67
4. Fishponds and Pools	3,00	8,44
5. Forest	1,65	4,64
6. Plantation	0,00	0,00
7. Others	5,31	14,91
Total	46,54	100,00

Source: Badan Pusat Statistik Kecamatan Brangsong Kabupaten Kendal (2016) [11]

The results of the study on the structure of the economy as a result of the construction of the KIP in terms of changes in people's livelihoods, changes in income, changes in welfare and economic regulation. First, livelihood changes. Changes in the economic pattern of the Sub-district of Brangsong are characterized by changes in the livelihoods of the population. From table 4, it can be seen the composition of the population according to the livelihoods of the Brangsong sub-district.

TABLE 4
POPULATION LIVELIHOODS IN BRANGSONG SUB-DISTRICT

Village	Agriculture	Industry	Trading
1. Tunggulsari	1.991	173	266
2. Sumur	1.632	102	262
3. Penjalin	557	327	92
4. Kertomulyo	944	500	260
5. Blorok	572	350	140
6. Sidorejo	886	303	353
7. Tosari	688	219	189
8. Rejosari	594	623	726
9. Turunrejo	1.266	563	276
10. Purwokerto	553	243	235
11. Brangsong	1.411	668	315
12. Kebonadem	234	174	153
Total	11.328	4.245	3.267

Source: Badan Pusat Statistik Kecamatan Brangsong Kabupaten Kendal (2016) [11]

The sector that shows the greatest ability to absorb labor is the agricultural sector. This can be seen from the large number of workers absorbed in the sector. This situation is due to the condition of the level of education and skills of workers who are not ready to enter the industrial sector, even though the industrial sector occupies the second position of employment. The quantitative results are supported by the results of interviews with residents of Brangsong village. Informants were native residents of Kendal Regency who owned land that was now built as Kendal industrial estate. The results of interviews with informants are as follows.

".... The livelihoods of local people will eventually reduce. For example the people who usually work there every day can get income and eventually it won't be possible to continue making it. In the end farmers and ordinary laborers... I want it or not, it's automatically expelled later."

From the results of the interview, it can be seen that there is a shift in the livelihoods of the people, especially those who originally worked on agricultural land, inevitably have to sell their land because of the construction of industrial estates. They are unable to maintain their land because it will result in future selling prices. Those who initially worked in the agricultural sector were also unable to move to the industrial sector due to their limited age and skills. Therefore, they were forced to stay in the agricultural sector by buying land in another place or working on someone else's land, even those who had continued to work also could not continue their activities and were forced to become unemployed. This was reinforced by the answers of informants to support the first informant.

"For example, the elderly cannot work, finally the impact is

unemployment..."

The results of other studies related to the impact of the construction of KIP on changes in livelihoods obtained different results by informants who are native of Brangsong and at the same time got the opportunity to be able to work in one of the industries built in the Kendal industrial estate. The results of the interview obtained the following information.

"I have changed jobs. Before working in KIK (KIP), in the plywood, in the garment too, to fulfill the necessity in the household, it's enough and also pretty good. There is no problem. The position here is a member security. Yes, for the future, there is a better possibility. This is for the long term. Later it will be more (salary) in the future."

From the 2 results of the above research, there are differences in the impact of industrial estate development on changes in livelihoods. The problem occurs is that the absorption of labor in the industrial sector with the construction of the Kendal industrial estate does not significantly impact livelihood changes because there are still many companies that have not yet operated and there are still many companies that are under-construction. So that the agricultural sector still dominates the livelihoods of residents in Brangsong Sub-district, especially in Brangsong village.

Second, Changes in Income. The existence of an industry will have an effect on the income and expenditure of residents in the region. Both directly and indirectly will be related to the economy in this case are opinions and expenditures from the local community. With changes in livelihoods, although not too significant it also has an impact on people's income.

"... The impact of KIP on changes in livelihoods, old age people becomes a spectator, that is the system of contract, later that is just a promise. The impact on people's income, we do not know yet. The negative impact is we cannot work. There is no income. Those who have farms still have income. One harvest of one pond, they can get around 3 hectares at least 5 quintals to 1 ton. Starting one month, two months of fertilizer continues for up to 6 months. The results are no longer there."

The results showed that there were no significant changes from the construction of the KIP, because they could not enjoy the changes that occurred. They are still working in the agricultural sector, especially ponds, although the income earned decreases from year to year due to a decrease in the level of soil fertility as one of the effects of land conversion. The income change was felt differently by the informants who worked at KIP who suggested that the informant 1 "If the salary is OK, the minimum wage of Kendal city can be more" and the informant two (2) reinforces the informant 1's answers as follows.

"Yes, I have to be happy. Being accepted (in this) work is happy, the salary is quite large, so it is above 2 (million rupiahs) if security, minimum wage of Kendal is around 1.7 (million rupiahs) and Semarang 2.1 (million rupiahs) if we have been able to work there because the factory is already running. Now, we work in Semarang, UMR 2.1 (million rupiahs), this is 1.7 (million rupiahs). It is difference between 300 and 400 thousands. The Kendal area has proceeded

according to the people's plans.”.

Changes in income as a result of the development of industrial estates bring different effects to the community. People who feel the positive impact of livelihood changes, namely those who can work in KIP benefit from changes in their income. In line with Gittell, Nordenflycht & Kochan (2004) stated that employee wages have a strong relationship to employee productivity. However, the people who are still in the agricultural sector do not feel a change in income from the development of KIP [12]

Third, Changes in welfare. One measure of success in development is the success of family planning programs. The welfare change in this study is related to family health. If specified according to the number of families according to the village and the type of stages, the families in the Brangsong village are divided into poor families, prosperous I, prosperous II, prosperous III and prosperous III plus.

TABLE 5
NUMBER OF FAMILIES BY TYPE OF STAGES IN BRANGSONG SUB-DISTRICT

Family	2013	2014	2015
Poor Family	4.650	4.275	3.314
Prosperous I	2.533	2.601	2.717
Prosperous II	2.049	2.681	3.292
Prosperous III	4.287	4.513	5.060
Prosperous III plus	156	179	175

Source: Badan Pusat Statistik Kecamatan Brangsong Kabupaten Kendal (2016)

From Table 5, there is an increase in family welfare in Brangsong sub-district from 2013 to 2015 for each welfare group. Regarding the construction of the KIP, the same thing was expressed by informants that felt the impact of changes in the welfare of the family in the emergence of new industrialization in the Kendal estate, as follows:

“...being accepted here then moving here is different, yes there are still advantages. More comfortable here. Surely this friend is also prosperous. For just the securities about 21-24 people. The one is off. morning 2 days, noon 2 days, night 2 days, continued by holiday 2 days. Holidays are 2 days a week. With such an incredible salary”.

The meaning of welfare by informants in research is welfare related to their work system. The work system that is not too tight and an adequate holiday makes them feel at home to work in the KIP, which is also supported by a conducive work environment. This fact contrasts with what was revealed by informants who were still working in the agricultural sector. Other informants reveal facts that contradict the effects that should have arisen from industrialization, which express their

opinions as follows.

“...is there any impact of KIP on people's welfare? for citizens here?, don't have experience yet. Those who don't have experience, they can't get in there, others don't know yet. ”.

The results of this research with informants show that the impact of the construction of industrial estates cannot yet be fully felt by all Brangsong village communities, both those who work in the industry and those who cannot yet have the opportunity to work there. The low absorption of labor and the lack of skills and experience of the community make them unable to get a good position in the Kendal industrial estate. Those who have more qualified experience and skills can finally enter, while being supported by the suitability of the productive age of the workforce.

Fourth, The Economic Regulation. The regulation on the construction of the KIP is a central government program that is handed down to regional governments. The development agreement was carried out by the head of the regional government with the local village head. Economic regulation in the study highlighted the licensing process for industrial estate development to the impact of cooperation agreements. The results of the interview indicate that the Kendal industrial estate is a government program and the result of cooperation between Indonesia and the Singapore government, which is confirmed by the answers of the informants as follows.

““This is a program from the Government. From Jokowi. Can't be tolerant.... never collected. This is from Semarang, from the local community.... like yesterday, November 16, 2016, President Jokowi and Singapore came here.”

Similar opinions were expressed by informants from residents who survived in the agricultural sector, who revealed similar things with the results of the above research. The informant also highlighted the involvement of village heads in fighting for their citizens so that they could work in the industrial sector as a reciprocal from the sale of their land to the development of the Kendal industrial estate. The efforts of the village government, namely by identifying and collecting data from residents who have a minimum high school diploma to be able to get priority, join to work in one of the Kendal industrial estate companies. The results of the interview are as follows. Indicators of economic progress in a region can be seen from several things, including the large number of economic activities of the community. The construction of industrial factories has led to increased demand for food, clothing and shelter. Workers who work in the industrial estate not only come from the estate around the factory. But many come from outside the region. The development of industrial estates, among others, aims to provide facilities for industrial activities and encourage industrial activities to be located in industrial estates. The benefits gained by the existence of industrial estates are the regional government is easy to manage the environment, reducing regional government spending in financing the construction of infrastructure and facilities because it has been built by industrial estate managers, increasing land values which increases land and building tax revenues (PBB) and BPHTB and increased

income from value added tax (VAT) and income tax (PPH), and in the end the existence of industrial estates will increase regional economic growth. The Kendal Industrial Estate in Brangsong sub-district absorbs workers, both local workers and workers from outside the region, although the number is not too much. Based on the data obtained, the absorption of labor for the population around the industrial estate is less when compared to the population originating from outside the estate. The tendency of residents around industrial estates to prefer farming is due to limited experience and skills that are needed in the industrial sector. The additional income earned by the community around the industrial estate can change their way of thinking to become even better. When the income they previously earned was good their access to health services was limited. Additional income is getting bigger, encouraging their easy access to health services, resulting in an increase in the number of prosperous families. The importance of education turned out to be a priority for the community to improve their welfare. Getting a better life is what every human being dreams on this earth. The same is true for communities around the KIP. Most of them expect the existence of these industrial estates which provide opportunities for people to continue to get decent jobs. Industrialization does not only occur in urban estates, but even in rural estates industrialization is needed to accommodate rural communities who cannot work in the agricultural sector. With the existence of industrialization in the village there have also been social changes in their lives. This is in accordance with what was stated by Suwarsono dan Alvin Y. So. (2004) that industrial society is in a stage of high consumption with high economic growth, while traditional societies experience only minor changes in the economic and socio-cultural fields [13]. In line with it, Ahmad & Phil (2012) stated that the emergence of globalization become competition for companies has reached a higher level as companies are exposed to other companies not only within their own countries but also around the world [14]. Broadly speaking, this research is a study of practical analysis of the impact of industrial mechanisms on the economic life of the community, which incidentally is a micro part of industrial activities that exist in the world. Industry is the economic driving force of the community with all the pros and cons which cover daily activities. The results of the research show that the KIP has not fully given a large and positive effect on the socio-economic life of the community. The research implications are for the government, industry and society which is a unit that complements, such as mutualism symbiosis should be able to integrate well in order to achieve the success of regional development

4 CONCLUSION

The conclusions of this study are: (1) The Kendal industrial estate did not significantly impact livelihood changes because there were still many companies that have not yet operated and in the development stage. So that the agricultural sector still dominated the livelihoods of the population. (2) Changes in income as a result of the construction of industrial estates brought different effects to the community. People who felt the positive impact of livelihood changes, namely those who can

work in KIP benefit from changes in their income. However, the people who were still in the agricultural sector did not feel a change in income from the development of KIP. (3) The impact of the development of industrial estates could not yet be fully felt by all communities both those who worked in the industry and those who could not yet have the opportunity to work there. (4) The government, industry and society which constituted a complementary unit could integrate well in order to achieve the success of regional development. Suggestions that researchers propose are: (1) Development of industry should also be developed in rural estates by paying attention on the condition of the surrounding community, so that the benefits can be felt both directly and indirectly. (2) Provision of facilities and infrastructure, as well as cooperation between industry parties and the community in the creation of regional development should be improved to achieve the success of regional development. (3) There are needs to be involved of government, industry and society in planning regional development policies.

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