

# REBANA INVESTMENT STRATEGY AND INDUSTRIAL AREA DEVELOPMENT IN WEST JAVA INDONESIA

**Ria Arifianti, Universitas Padjadjaran**  
**Mohammad Benny Alexandri, Universitas Padjadjaran**  
**Lina Auliana, Universitas Padjadjaran**

## ABSTRACT

*West Java Provincial Government will combine three the areas Patimban, Kertajati and Cirebon become special areas that are named the REBANA Triangle (Cirebon, Patimban, Kertajati) .The objective of this study are (1) to find out what factors are the most dominant determinants of investment attractiveness to improve the investment climate in the “Rebana” Industrial Estate (2) To find out the most appropriate strategy in developing the “REBANA” industrial estate to increase regional investment. The type of research conducted by the author when viewed from the level of exploration is classified as descriptive research. The results factors which are the most dominant determinants of investment attractiveness to improve are: institutional, services, policy and economic potential and the most appropriate strategy in developing the “REBANA” industrial estate in an effort to increase regional investment are (a) by mapping human resources that would be adjusted to the needs of the growing industry (b) preparing the policies (c) By revising the West Java National Spatial Planning (RTRW) (d) By speeding up Jakarta-Bandung fast train project.*

**Keywords:** Industrial Area, REBANA Triagle, Investment Strategy, West Java, Province.

## INTRODUCTION

About 60% of the manufacturing industry in Indonesia is located in West Java. Last year, the investment value that was successfully invested was more than IDR 116 trillion. However, manufacturing industries in West Java are still concentrated in the Karawang, Bekasi, and Purwakarta areas. In the future, industry players in West Java will also be directed to move to the eastern region of West Java.

The West Java Provincial Government has requested that in the future the industry can provide other needs such as housing for workers close to the work location and transportation. The West Java Provincial Government will combine the three regions namely Patimban, Kertajati and Cirebon to become a special area that is named the Rebana Triangle (Cirebon, Patimban, Kertajati). “*We will soon release the REBANA Triangle region, Cirebon-Patimban-Kertajati*”, said West Java Governor, Ridwan Kamil after the Leadership Meeting with the head of the Regional Apparatus Organization in Gedung Sate, Bandung, Monday 11 February 2019. The Governor of West Java asks, someday if the REBANA Triangle is realized, then all labor-intensive industries along the Citarum River move to that area. That way waste pollution in the Citarum watershed can be minimized.

This study tries to examine the readiness and evaluation of the West Java Government's plans. There are several aspects reviewed in this study. The determinants are (1) Institutional (2) Social Politics (3) Regional Economy (4) Labor and (5) Infrastructure (Munir, 2015).

The Rebana area has received attention from President Joko Widodo. In terms of employment, the governor calculated that the Rebana area project could employ 5 million people. The population in the Rebana Metropolitan area is 9.28 million or about 18.82 percent of the total 49.3 million inhabitants of West Java in 2019. As the heart of this region's growth, there are Patimban Port in Subang Regency and West Java International Airport (BIJB) Kertajati in Majalengka Regency which functions as a connectivity and logistics center (Figure 1).



**FIGURE 1**  
**REBANA INDUSTRIAL ESTATE DESIGN**

Integration, namely realizing regional development synergies through the integration of large, medium, small industrial logistics chains and increasing regional connectivity for the integration of logistics relations in industrial areas, urban areas and rural areas. Tambourine is also projected as a Super Special Economic Zone (SEZ) that provides fiscal and non-fiscal facilities, to increase investment competitiveness in the region supported by the readiness of supporting infrastructure. Some of the priority industrial estate developments in Rebana Metropolitan include the areas of West Subang, Indramayu, Kertajati, Jatiwangi, Cirebon, Krangkeng, Tukdana, Balongan, Butom, Losarang, Patrol, and Patimban. What are the most dominant determinants of investment attractiveness to improve the investment climate in the “Rebana” Industrial Estate? And what the most appropriate strategy in developing the “REBANA” industrial estate in an effort to increase regional investment?

## LITERATURE REVIEW

### Industrial Estate

Estate is an area of concentration of industrial activities that is equipped with supporting facilities and infrastructure developed and managed by an Industrial Estate Company that already has an industrial estate business license.

The development of Industrial Estates is intended to encourage the growth of industrial sectors that are more directed, integrated and provide more optimal use results for the regions where the industrial estate is located. Some important aspects that are the basis of the concept of industrial estate development include efficiency, spatial planning and the environment.

The efficiency aspect is one of the basic foundations that form the basis of industrial estate development. Through the development of industrial estates, investors for users of industrial lots will get a good location for industrial activities where there are several benefits such as assistance in the licensing process, availability of complete infrastructure, security and certainty of business premises in accordance with the Regional Spatial Plan. Meanwhile, in terms of regional government, with the concept of developing industrial estates, various infrastructure networks provided to industrial estates will become more efficient because in infrastructure planning the capacity has been adjusted to industrial activities in industrial estates. From the aspect of spatial planning, with the presence of industrial estates, problems of land use conflicts will be avoided. Likewise, when industrial activities can be directed at their intended locations, it will be easier for regional spatial planning, especially in areas around industrial estate locations.

From the environmental aspect, the concept of industrial estate development clearly supports the overall improvement of the quality of the regional environment. By grouping industrial activities in one management location, it will be easier to provide waste treatment facilities and also control waste.

It has become a reality that individual industrial growth has a major influence on environmental sustainability because it is not easy to control pollution carried out by industries that grow individually.

1. Magnitude of land demand
2. The tendency of the type of industry that is growing
3. Various environmental problems that have and may arise as a result of the growth of existing industries.
4. Availability of infrastructure
5. Availability of Human Resources (HR)

If we discuss for industries, there are many aspects which is correlate with industry. Creative In some industries and SMEs research, we found that the difficulties of SMEs operating in creative industries to be responsive to the rapid technological changes that are affecting Customer Knowledge Management, as well as the lack of support from information technology vendors in the decision-making process for choosing adequate digital systems (Castagna et al., 2020).

The main digital technologies adopted in the customer knowledge management domain were divided into three groups: (1) relational tools, (2) marketing tools and (3) search optimisation tools. As for the relational tools, it emerged that firms generally used traditional digital technologies. This aspect was a managerial implication for information technology vendors to capture the attractiveness of the increasing market represented by SMEs. On the other hand, it was a policy implication to support SMEs, which need financial incentives for their technological and digital innovation (Castagna et al., 2020).

## **Entrepreneurship**

Drucker (1986) beliefs that entrepreneurship is not science or art, it is a practice with knowledge base, and it is not about just making money, it is about being creative and innovation.

Furthermore, researchers found that entrepreneurship as such is still a field with no clear borders and that it lacks a clear conceptual framework (Merten, 2007; Almahry, 2018).

Leadership also as variable which connect to organization performance. Some studies found that there is a direct relationship between leadership and accountability, particularly in the promotion of best practices and behaviours that provide more effective and efficient organizations (Melo et al., 2020).

Funding policies to fund working capital and company investment were able to increase entrepreneurial performance as reflected by the increase in sales and profits each period. The availability of sufficient funds for investment and business development, especially for human capital, also has a positive and significant impact on entrepreneurial performance. In other words, human capital investment can mediate the effect of funding policies on entrepreneurial performance (Nohong et al., 2021).

Customer's business requirement has the strongest contributed factors to the strategic competitive advantages of the fertilizer industry, followed by company reputation and market attractiveness. Following the increased competition in fertilizer markets, the result suggests fertilizer company should prioritize in fulfilling customer expectation among other determinant factors in order to maintain its customer share (Wahyuningdyah et al., 2021).

Globalization is the cause of the introduction of international financial reporting standards (IFRS). The application of IFRS is an issue concerned by many countries. The IFRS guarantees international cooperation thereby expanding the business of enterprise and nation. However, the application of IFRS in developing countries is proving ineffective because the number of small and medium enterprises (SMEs) in these countries has a large proportion and they consider whether the benefits outweigh the cost of IFRS application.

Total quality management, entrepreneurial orientation, and market orientation were significant predictors of performance of small and medium enterprises (Asad et al., 2020). To identify any moderating effect of size of the enterprise on the relationship between entrepreneurial orientation, innovation and performance of MSEs. These elements basically show the contribution that is made by the innovation and performance of the MSE's. The results reveal that the size of enterprises moderated the relationship between risk taking and performance, pro-activeness and performance as well as innovation and performance (Asad et al., 2018).

## METHODOLOGY

The type of research conducted by the author when viewed from the level of exploration is classified as descriptive research. Various kinds of definitions of descriptive research, including research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons, or linking one variable with another variable (Sugiyono, 2003).

The research method used in writing this article is descriptive qualitative. The qualitative descriptive study is aimed at gathering actual and detailed information, identifying problems, making comparisons or evaluations, and determining what other people are doing in facing the same problem and learning from their experiences to set plans and decisions in the future.

Thus, descriptive qualitative research merely outlines responses to situations or events, so it does not explain causality or do hypothesis testing.

## The Object of Focus

The object of focus in this study consists of variables that will be considered in anticipation of the "Rebana" Industrial Estate in West Java.

## Unit of Analysis

The unit of analysis in this study consists of several parties involved in decision making related to Industrial Friends which include several Government Work Units (SKPD) within the government of West Java and those involved in implementing these policies within the environment West Java Province such as communities, universities, professional group associations and non-governmental organizations (Table 1). The unit of analysis in question consists of:

NO.	Informant group	Element
1.	Regional Planning Board	Government
2.	Investment Department	Government
3.	Industry and Trade	Government
4.	Law and Human Rights Section	Government
5.	Bandung Police	Government
6.	Institute of Technology Bandung (ITB)	Educational Institution
7.	Padjadjaran University	Educational Institution
8.	PTPN	Business
9.	PT. RNI	Business
10.	West Java Chamber of Commerce and Industry (KADIN)	Business

Source: Field Data, 2019

## Types and Research Methods

The Type of research conducted by the author when viewed from the level of exploration is classified as descriptive research. Various kinds of definitions of descriptive research, including research conducted to determine the value of independent variables, either one variable or more (independent) without making comparisons, or linking one variable with another variable (Sugiyono, 2003).

Another opinion says that, descriptive research is research that is intended to gather information about the status of an existing symptom, which is the state of symptoms according to what they were at the time the study was conducted.

So the purpose of descriptive research is to make a systematic, factual and accurate explanation of the facts and characteristics of a particular population or area. In this sense descriptive studies actually do not need to look for or explain mutual relations or comparisons, so they also do not need a hypothesis.

## Data Collection Sources and Techniques

The data source chosen in this study was conducted with a non-probability sampling technique, namely by purposive sampling. Through purposive sampling the researcher considers the unit of analysis that will be used as the informant. Considerations taken by researchers are

those who are considered: competent in explaining (experts), policy makers, as well as actors in activities that fall within the scope of Industrial Estates.

Data collection techniques that will be carried out by researchers consist of:

### **Literature and Document Study**

Researchers conducted research on various literatures such as books and scientific publications relating to understanding the concepts of business and creative economy. In addition, researchers collected various written documents owned by various sources and related to the research topics chosen by researchers, namely in the context of urban marketing and the creative industries.

### **Non-participant Observation**

Non-participant observation is done through direct observation without being involved with the object being studied. Observations of this model include the behavior that is raised by individuals and communities in carrying out activities that are included in creative business activities.

### **Interview**

Researchers conducted interviews with open questions and closed questions to the stakeholders of the city of Bandung who were selected as informants by selecting the category of informants from among: Bandung city government officials, Chairman of the Creative Community, NGOs, the police, academics and practitioners in the creative industry.

### **Focus Group Discussion**

Researchers conducted focus group discussions with academics, city governments, academics and creative industry practitioners to produce a more comprehensive analysis after the analysis by the author.

### **Research Variables**

In a study there are variables that must be clearly defined before data collection. Variables are objects or what is the focus of research. The variables in this study are as follows:

1. Institutional Variables which include indicators of legal certainty, regional finance, regional policies and government apparatus.
2. Social Political Variables which include indicators of security, social politics and culture of the community.
3. Regional economic variables include indicators of economic potential and economic structure.
4. Labor and Productivity Variables include indicators of labor availability, labor costs, and labor productivity.
5. Variable physical infrastructure includes indicators of the availability of physical infrastructure and the quality of physical infrastructure.

### **Operational Definition**

Operational definitions are definitions that are based on observable characteristics of what is being identified, or change concepts in the form of constructs with words that describe behaviors

or symptoms that can be observed and which can be tested and determined by others. The operational definition of this variable is as follows (Table 2):

<b>Variables</b>	<b>Indicators</b>
Institutional Variable	a) Legal certainty that is measured through the consistency of the government that regulates business activities outside the bureaucracy of business activities in industrial areas. b) Apparatus and services measured through the ease of service bureaucracy to the business world. c) Regional finance is measured through the government's ability to allocate regional budget for development. d) Local government policies as measured by the success rate of local regulations that are specifically related to the business world.
Social and Political Variable	a) Security measured through the level of security disturbances to business activities in industrial estates and the speed of security forces handling security disturbances b) Socio-political as measured through the potential for conflict in the community and the intensity of demonstrations that can hamper business activities in the industrial area. c) Community culture as measured by the level of public openness to the business world and non-discriminatory behavior.
Economy Variable	a) Economic potential as measured by GDP per capita and the growth rate of West Java's GDP. b) The economic structure is measured by the added value of the primary sector, secondary sector and tertiary sector through the West Java GDP ratio
Labor Variable	a. Availability of labor is measured through the availability of workers of productive age and the availability of workers seeking employment. b. Labor costs are measured through the ratio of wages received by workers. c. Labor productivity is described through the quality of existing workforce and its contribution to produce output in the process of production activities.
Infrastructure Variable	a. Availability of physical infrastructure, measuring the availability of facilities to support production activities in industrial estates which include land, electricity, transportation access and communication access. b. The quality of physical infrastructure, measures the quality available in industrial zones to support business activities.

Source: Munir (2015)

## DISCUSSION

### Institutional Variable

Having established a special agency to prepare a REBANA Industrial Zone has been declared by the Governor of West Java Majalengka in 2018.

West Java government has make cooperation with the Indonesian Industrial Estate Association in cooperation with land owners, which are PT RNI and PTPN.

PT.RNI and PTPN are state owned enterprises. Since 2018, The REBANA is already become the national issue concerning the development of the Economic Zone.

### Institutional Variable

There are some programs which are government has prepare. The programs are:

1. The joint program (Pentahelix), the source of information on the REBANA area has not been determined.

2. The Industry and Trade Office, Spatial Planning Office, BAPPEDA (Regional Planning Board) preparing the land readiness assessment stage,
3. PT.RNI as state owned enterprise is the most ready land provider in the Subang area
4. The Department of Industry and Trade make REBANA as the champion program

### **Social and Political Variable**

Related to the second mission of the West Java Province Regional Medium-Term Development Plan, namely "Realizing a competitive economy and based on regional potential" The West Java Regional Medium-Term Development Plan directs to strengthening the industrial sector, through:

1. Strengthening industrial potential,
2. Creating employment opportunities in large numbers
3. Optimizing the utilization of domestic potential
4. Expanding foreign trade networks.

The focus of industrial development in the 4<sup>th</sup> Province Regional Medium-Term Development Plan stage:

1. Increasing the competitiveness of industries oriented to the national market and even exports can create employment opportunities in large numbers.
2. It is expected that in 2025 the value of exports will grow to IDR 91 billion, the production of SMEs and households will reach IDR 250 billion and the value of large industrial production will be IDR 1.13 trillion.
3. Development of agricultural business fields through the development of agroindustry, namely in the 2nd year (2020) and the 5th year (2023).

### **Culture**

Rabana Regionalis the agricultural area and the culture brought is agriculture. REBANA Region is also a coastal area; the culture that is brought is also a coastal culture. Strategic issues such as the development of the proposed Special Economic Area REBANA, the readiness of policies taken by the regions of Cirebon, Patimban, Majalengka in the face of the REBANA triangle area.

### **Economy Variable**

Development of GDP based on constant 2010 prices in West Java Province showed positive growth in the period 2010 to 2016. There was an increase in economic growth of 40.86% from 2010 to 2016.

The sector with the largest proportion of contributors to GDP was the industrial sector , followed by the trade and construction sector. In 2017, the population was 1,562,509 people, male population was 789,211 people, female population was 773,298 people. In 2017, the population worked in industry: 144,923 people. Residents work in services: 378,368 inhabitants. Population working in agriculture: 201,017 people. In 2016 the GDP at current prices in Subang Regency reached 31.49 trillion IDR, while at the constant 2010 prices it was 24.97 trillion IDR. The rate of economic growth in Subang Regency on the basis of constant prices reached 5.40% while in 2015 it reached 5.29%.



The agriculture, forestry and fisheries sectors contributed the most to the GDP, followed by the wholesale and retail trade sectors, then mining and quarrying, and ranked fourth in the manufacturing industry sector.

The contribution of the manufacturing sector to the GDP in 2013 was 12% then in 2014 it experienced a less significant increase to 13%. Since 2014 until 2016, the manufacturing sector has not experienced an increase or decrease, which still accounts for 14% of the GDP structure.

### **Labor Variable**

The Governor plans to prepare skilled workers, some of whom can be trained through vocational training, as is done by other developed countries. The West Java Provincial Education Office plans to reduce unemployment from Vocational School

The REBANA Regional will absorb up to 3 million workers, for this reason every region in the region is asked to be prepared. This is so that residents around REBANA can work and it is necessary to prepare human resources, especially for the Regional Government.

The government asking all regions in the triangle area of REBANA to prepare Human Resources (HR), because later will open up employment opportunities up to 3 million people. Quality labor from industry players is challenging.

Human Development Index of Majalengka Regency which is still below the average of West Java. The average length of schooling of children in Majalengka is eight years from the target of the 12-year education program.

Answering the challenge, the government was mapping human resources that would be adjusted to the needs of the growing industry in Majalengka and the REBANA Triangle Region later. The REBANA Triangle Region will convince many stakeholders. Majalengka Regency is worthy of attention and becomes an investment destination.

The most appropriate strategy in developing the REBANA industrial estate in an effort to increase regional investment are (a) by mapping human resources that would be adjusted to the needs of the growing industry in Majalengka and the Rebana Triangle Region in the future. (b) preparing the policies which are physical and infrastructure development progress, follow-up and the impact of changes in the agricultural sector (c) By revising the West Java National Spatial Planning which includes as the National Strategic Projects which currently worked by the West Java government. (d) By speeding up Jakarta-Bandung fast train project, and 3 TOD (Transit Oriented Development) that followed the project which will trigger the investment at REBANA in the future.

In the REBANA region, it is expected to grow the automotive component and parts industry as well as the food processing industry. Industrial development in Java is focused on high-tech industries.

The others constraint from West Java National Spatial Planning. By revising the West Java National Spatial Planning which includes as the National Strategic Projects which currently worked by the West Java government.

Opportunity comes from Jakarta-Bandung fast train project. By speeding up Jakarta-Bandung fast train project, and 3 TOD (Transit Oriented Development) that followed the project which will trigger the investment at REBANA in the future.

## **CONCLUSION**

1. Factors which are the most dominant determinants of investment attractiveness to improve are : Institutional, services, policy and economic potential.

2. The most appropriate strategy in developing the "REBANA" industrial estate in an effort to increase regional investment are (a) by mapping human resources that would be adjusted to the needs of the growing industry in Majalengka and the Rebona Triangle Region in the future. (b) preparing the policies which taken in Cirebon, Patimban, Majalengka which are physical and infrastructure development progress, follow-up and the impact of changes in the agricultural sector in the Majalengka region into industrial areas such as the cargo industry, textile industry, and industrial industriesflight (c) By revising the West Java National Spatial Planning which includes as the National Strategic Projects which currently worked by the West Java government. (d) By speeding up Jakarta-Bandung fast train project, and 3 TOD (Transit Oriented Development) that followed the project which will trigger the investment at REBANA in the future.

## Suggestion

1. The REBANA Triangle area consisting of Cirebon, Subang and Majalengka is a proposed area that is motivated by a number of strategic issues, which is there is environmental carrying capacity in the three regions, an increase in the economic value of the region, the need for encouragement to improve the socio-economic conditions of the Subang region, Indramayu, Cirebon, and Majalengka where two of the three REBANA triangle points are in the Cirebon, Indramayu, Majalengka, Kuningan (Ciayumajakuning) area.
2. When The Rebona Triangle has been realized, The Governor asked all labor-intensive industries along the Citarum watershed to move to the REBANA region.

## Limitations of the Study

This study has limitations in the form of limited data, because the REBANA program is still in the development stage. Due to the COVID-19 pandemic, REBANA still has to wait to be built and get approval to be completed until now (in 2021).

## REFERENCES

- Almahry, F.F., Sarea, A.M., & Hamdan, A.M. (2018). A review paper on entrepreneurship education and entrepreneurs' skills. *Journal of Entrepreneurship Education*, 21(1), 1-7.
- Asad, M., Chethiyar, S.D., & Ali, A. (2020). Total quality management, entrepreneurial orientation, and market orientation: Moderating effect of environment on performance of SMEs. *Paradigms: A Research Journal of Commerce, Economics, and Social Sciences*, 14(1), 102-108.
- Asad, M., Shabbir, M., Salman, R., Haider, S., & Ahmad, I. (2018). Do entrepreneurial orientation and size of enterprise influence the performance of micro and small enterprises? A study on mediating role of innovation. *Management Science Letters*, 8(10), 1015-1026.
- Castagna, F., Centobelli, P., Cerchione, R., Esposito, E., Oropallo, E., & Passaro, R. (2020). Customer knowledge management in smes facing digital transformation. *Sustainability*, 12(9), 3899.
- Melo, P.N., Martins, A., & Pereira, M. (2020). The relationship between Leadership and Accountability: A review and synthesis of the research.
- Mertens, D.M. (2007). Transformative paradigm: Mixed methods and social justice. *Journal of mixed methods research*, 1(3), 212-225.
- Munir, M.M. (2015). Kendal industrial zone development strategy in efforts to increase regional investment, Diponegoro University.
- Nohong, M., Munir, A.R., & Hakim, H. (2021). Financing decision, human capital investment, and entrepreneurial performance: an empirical study on sme in makassar. *Academy of Strategic Management Journal*, 20(3), 1-12.
- Sugiyono. (2003). *Research methods*. Bandung: Alfabeta.
- Wahyuningdyah, K.L., Soemaryani, I., & Komaladewi, R. (2021). Competitive advantages strategy of fertilizer industry in java, Indonesia. *Academy of Strategic Management Journal*, 20(3), 1-9.