

Lokal Economic Development of UKM Batik Jember to Increase Competitiveness in Jember

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Lokal Economic Development of UKM Batik Jember to Increase Competitiveness in Jember

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Abstract. UKM Batik Jember as one of the local economic resources, has the potential to contribute to special characteristics for the city of Jember so that it is known inside and outside the region. The government and the public need to pay attention to the development of UKM Batik Jember in order to be competitive with other economic actors. The purpose of this research is to get a strategy for local economic development in UKM Batik Jember in Jember. This research is a survey research conducted in Jember with the population being batik entrepreneurs in Jember. The analytical method used in this study is SWOT analysis. This analysis is used to determine the internal and external conditions of an organization which will then be used as a basis for designing strategies and work programs. The results of the SWOT analysis of the position of UKM Batik Jember are in the position that this industry is still weak so it still needs to make improvements from internal and external Jember Batik UKM. The recommended strategy is a survival strategy through business cooperation or business partnerships, building forums and partnerships with local governments and improving internal business problems.

3 Introduction

Regional economic development is a process whereby local governments and communities manage existing resources and form a partnership pattern between local governments and the private sector to create new jobs and stimulate the development of economic growth in the region.[4]

Economic development of a region can be measured through economic growth, which at the same time provides an illustration of the extent to which regional economic activity in a given period is resulted in increased income for the community as indicated by an increase in per capita income. Regional economic growth is basically influenced by the comparative advantage of a region, regional specialization, and the economic potential of the region. Therefore the utilization and development of all economic potentials is a top priority that must be explored and developed in carrying out sustainable regional economic development. Regional development is considered very strategic in the framework of implementing national development because regional development is recognized as being successful in promoting increased equity, stability, growth, and welfare of the people as the main actors of development.

Local Economic Development is a process in which local government and community organizations are involved to encourage, stimulate, maintain business activities to create jobs [1]. Jember Regency's regional potential is not only from the agricultural sector but also from other sectors, one of which is through UKM Batik Jember.

The climatic conditions of UKM Batik Jember business in Jember are seen from time to time, from place to place, and from sector to sector have not experienced a significant development (stagnant). This has resulted in Jember Batik UKM not being able to contribute directly to special characteristics for the city of Jember so that it is known inside and outside the region. The existence of these problems requires great attention to the development of UKM Batik Jember from the government and the community so that they can develop competitiveness with other economic actors. Government policy is indispensable in supporting the empowerment of UKM, developing mutually beneficial business partnerships between large entrepreneurs and actors in UMKM and improving the quality of human resources.

Based on the existing problems, the purpose of this study is to identify the driving and inhibiting factors for the development of UKM Batik Jember in Jember both external and internal factors and get a strategy design for local economic development in UKM Batik Jember in Jember.

2. Research Methods

The method used in this research is a quantitative descriptive method. According to [6], Descriptive Method is a method in research aimed at describing, an object, a condition, a system of thought, a phenomenon that occurs in the present. While qualitative methods is a method of research to understand the phenomenon or social phenomena by focusing on a complete picture of the phenomenon to be studied.

The study was conducted intentionally and carried out in Jember Regency with the population being batik entrepreneurs in Jember Regency. Sampling used is simple random sampling. [5] states that simple random sampling is a technique to get samples that are directly carried out at the sampling unit. Thus each sampling unit as a remote population element has the same opportunity to become a sample or to represent the population. This method is carried out if members of the population are considered homogeneous.

This research will be carried out approximately 6 months starting in May 2018 ending in October 2018 which includes the preparation of proposals, conducting research, and monitoring and evaluating proposals for research activities.

Analysis of the data used in this study uses SWOT analysis. According to [2], SWOT Analysis is an analysis of internal and external conditions of an organization which will then be used as a basis for designing strategies and work programs. The internal analysis includes the assessment of strengths and weaknesses. Meanwhile, the external analysis includes opportunity factors (Opportunity) and challenges (Threats).

The qualitative approach of the SWOT matrix as developed by Kearns shows eight boxes, namely the two left-hand boxes are the external factor box (Opportunities and Challenges) while the top two are internal factors (Strength and Weakness). The other four boxes are boxes of strategic issues that arise as a result of the meeting point between internal and external factors.

3. Results and Discussion

3.1 Driving and Inhibiting Factors for the Development of UKM Batik Jember

Some aspects that are driving and inhibiting factors for the development of UKM Batik Jember are human resources, capital, geographical location, and marketing.

Human resources are one aspect that influences the development of UKM Batik Jember. The batik skills of the craftsmen were obtained through training provided by the Jember Regency Job Training Center. This has the potential to grow new entrepreneurs in Jember batik craft. Batik craftsmen who are able to share their skills with others. They have this ability because they have been engaged in the batik business for more than 3 years. This is a driving factor in the development of UKM Batik Jember

Low productivity, managerial skills and lack of innovation are obstacles to the development of UKM Batik Jember. Limitations of knowledge in the management of batik businesses result in an

inability to accept new things, so the development of UKM Batik Jember tends to be stagnant and sluggish

The capital aspect of Jember batik craftsmen is still dominant in using their own capital. This is because there are still many UKM Batik Jember that have just started their business. Based on data from the Jember Regency Trade and Industry Office, there were only 9 UKM Batik registered with a business license. Most UKM Batik Jember are still limited in business management, especially recording or financial bookkeeping. This financial recording or bookkeeping is needed as a condition to get capital assistance from banks and non-bank financial institutions. The availability of venture capital is an obstacle or an inhibiting factor in the development of UKM Batik Jember

The geographical location of the city of Jember is a strategic location that is passed by tourists going to Banyuwangi, Bondowoso, Situbondo or the island of Bali. In addition, Jember is one of the world's carnival cities because of the annual carnival event Jember Fashion Carnaval (JFC). This makes it possible to market products through exhibitions at the event. This condition is a driving factor for the development of UKM Batik Jember.

In the sales aspect, UKM Batik Jember still has limitations. Most of the marketing areas are still on the islands of Java and Madura. There are also UKM Batik Jember that deliver goods to Kalimantan, Sulawesi and Overseas. For other UKM Batik Jember, the limited marketing area needs to expand the market. Marketing can be done through national and international exhibition events, word of mouth promotion, and social media and e-commerce.

2. UKM Batik Jember SWOT Matrix

Table 3.1 SWOT Strategy Matrix

Internal factors	<p>Strength</p> <ul style="list-style-type: none"> • Good quality batik with attractive motifs and colors characterized by tobacco • The business unit is based on a family system • Good relationships with customers 	<p>Kelemahan (Weakness) :</p> <ul style="list-style-type: none"> • The limited number of skilled workers • Limited business capital • The development of innovations from batik motifs and colors is still lacking • Lack of ability to market products through e-commerce • Prices are sometimes too high for some types of bati • Limitations in business management
External factors	<p>Strategi SO</p> <ul style="list-style-type: none"> • Maintaining product quality • Cooperate with investors or stakeholders in business development • Increased production using modern technology 	<p>Strategi WO</p> <ul style="list-style-type: none"> • Skills training for workers • Recruiting experts • Collaborate with banks or non-bank financial institutions for capital • Increase the promotion of batik products through e-commerce or websites • Offer products to government and private institutions
	<p>Threats</p> <ul style="list-style-type: none"> • Competitor products • The absence of intellectual property rights related to batik craft motifs • Consumer purchasing power • Free trade era 	<p>Strategi ST</p> <ul style="list-style-type: none"> • Improve unique and interesting designs and motifs • Improve service to customers
		<p>Strategi WT</p> <ul style="list-style-type: none"> • Add distribution channels • Increase capital by making loans to the government through BUMN • Increased promotion • Improve business managerial

Based on the UKM Batik Jember SWOT matrix strategy table in table 3.1, you can choose which one suits your business conditions. UKM Batik Jember can utilize the power they have to get the opportunities that exist by using strategies such as:

1. Maintaining product quality by using good raw materials. The raw material of batik consists of primes and prime mori fabrics, good quality nights, good dyes or using natural dyes from surrounding plants and motifs that can be made according to the characteristics of Jember city (tobacco leaves and JFC theme);
2. Collaborate with investors or stakeholders in business development to strengthen capital. In order to fulfill batik raw materials, UKM Batik can cooperate in purchasing materials with suppliers. This collaboration can be useful when getting orders in large quantities while the supply of raw materials is limited. In addition, owners of UKM Batik Jember can collaborate with capital owners to form a new business entity in the form of a CV or partnership;
3. Increasing production by using modern technology through the use of batik tools and modern support. The use of traditional and modern batik tools is determined by the desire of UKM Batik Jember owners. Some choose to use traditional batik tools (stoves, pans, manual canting) to keep the art created from batik. While those who choose modern batik (canting electric) for speed in batik.

UKM Batik Jember can use the power they have to overcome existing threats with strategies including:

1. Improving the design and motifs that are unique and interesting and making various other handicrafts made from batik, such as fans, handicrafts, clothes, bed sheets, chair covers and so on
2. Improving services to customers by fostering good relationships with customers through producing batik according to order and on time, giving discounts at a certain minimum purchase.

In addition to utilizing the opportunities that exist by minimizing existing weaknesses by using strategies:

1. Conduct skills training for workers. Training provided to workers to improve skills related to making motifs and making handicrafts made from batik.
2. Recruiting experts. Experts are needed in the field of batik (design and motives), in the field of entrepreneurship (helping improve financial management, marketing, and HR).
3. Collaborate with banks or non-bank financial institutions for capital. Collaboration with banks and non-bank financial institutions to obtain additional capital can be done by applying for credit. Owners of UKM Batik Jember can include business financial records presented in the financial statements including daily journals and business income statements.
4. Increasing the promotion of batik products through e-commerce or websites, offering products to government and private institutions. The general condition of UKM Batik Jember is minimal promotion through social media or e-commerce. Most still rely on word of mouth promotion. Some already use social media, Facebook, Instagram, WhatsApp. There are also those who use marketer services. Sales made through e-commerce and websites are still minimal so there is a need for marketing that covers a wider area through these facilities.

Strategies that can be used by UKM Batik Jember to minimize existing weaknesses and to avoid the threats that come, that is:

1. Add distribution channels. The addition of distribution channels through marketing collaboration conducted with several batik outlets, fashion stores, boutiques in the city of Jember. this needs to be done to increase the sale of batik produced by UKM Batik Jember.
2. Increase capital by making loans to the government through BUMN. The government through related institutions provides some credit for small and medium-sized businesses with a repayment period and affordable installments. UKM Batik Jember can take advantage of this opportunity to increase business capital.
3. Increase promotion. Promotions made by batik owners are still limited. Promotions can be made through internet facilities, sales cooperation with shops or outlets, exhibitions, and batik packaging.

4. Improve business managerial. A healthy and sustainable business has good conditions in terms of financial management, production, marketing, and human resources. For businesses that have only been established for less than 3 years, they still need business managerial improvement in order to survive when business competition is getting higher. While other batik business owners can survive under any conditions because the managerial is already good. Evaluation of the business performance must continue to be done so that the business is stronger in the face of competition.

4. Conclusions

Based on the results of the analysis conducted at Jember Batik UKM, that:

1. The driving and inhibiting factors for the development of Jember Batik UKM are human resources, capital, geographical location and marketing
2. Based on the UKM Batik Jember matrix SWOT strategy table, a strategy includes (1) maintaining product quality; (2) cooperate with investors or stakeholders; (3) increased production; (4) improve unique and interesting designs and motifs; (5) improve service to customers; (5) skills training for workers, recruiting experts, (6) cooperating with banks or non-bank financial institutions for capital; (7) increasing the promotion of batik products through e-commerce or websites; (8) offering products to government and private institutions; (9) adding distribution channels; (10) increase capital by making loans to the government through BUMN; (11) increased promotion; (12) improve business managerial.

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