

**Strategic Planning Development for MSMEs (Micro, Small, and Medium Enterprises) of the Creative Economy: A Study on Batik MSMEs in Tuban Regency, Indonesia**

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**Abstract:**

*The mechanism of strategic planning development of Batik MSMEs in Tuban is inseparable from the role of the relevant actors (government, employers, intellectuals) in balancing cooperation to promote and develop the productivity of Batik MSMEs in Tuban through the process of strengthening access to production, human resources development, and expansion of local, regional, and global level marketing.*

**Keywords:** *strategic planning, MSMEs, creative economy, batik*

## 1. INTRODUCTION

Creative industries are a driver of economic value creation in the era of the creative economy. In the process of creative value creation, creative industries not only create economic transactions, but also social and cultural transactions. The general process that occurs in the value chain is of creation-distribution-commercialization, but each group of creative industries has different creative value chain. Based on this insight, the creative industries are defined as an industry that produces output from the utilization of creativity, expertise, and individual talents to create value-added, employment, and improved quality of life. Despite the development of creative industries that is quite promising, strategic sector has become the new focus in the process of increasing the level of the economy. Peter Coy said that, "Now the industrial economy is giving way to creative economy" which means that the future is within the grasp of the creative economy.

One of the rising-star commodities as the product of creative economy these days is batik as part of fashion industry. Of the regional areas throughout Indonesia, batik commodity exports have reached USD 278 million in 2013, and in January to March 2014, it has reached USD 50.07 million. Since the announcement of batik as world heritage by UNESCO, batik has become so famous all over the world. As a display of both cultural and economy product, the presence of batik is accompanied by the history of the nation because it is not mere a fashion product but it has such close relationship with our identity, lifestyle, and social and economic life of Indonesian. Indonesian batik industry has grown well bringing such multiplier effect on small and medium enterprises as well as other level of enterprises.

**Table 1. Indicators of Batik SMEs from the Perspective of Gross Domestic Product(GDP), Employment, and Export**

Indicator	Unit	2011	2012	2013	Ave.
1. Based on Gross Domestic Product (GDP)					
a. Gross Value Added (GVA)	Billion	3.41	4.78	7.38	8.92
b. The Growth of GVA	Percentage	2.17 %	2.67 %	3.74 %	3.86 %
c. % toward GVA	Percentage	6.54 %	5.67 %	6.30 %	6.17 %
2. Based on Employment					
a. Number of employment	Orang	74.968	92.378	70.910	79.085
b. Employment participation level	Percentage	6.24 %	5.14 %	5.79 %	5.72 %
c. The growth of employment	Percentage	15.66 %	8.12 %	5.74 %	9.17 %
d. Employment productivity	Thousand/ Employee	15.539	21.375	19.466	18.793
3. Based on Export					
a. Export value	Billion	1.91	2.42	3.36	2.56
b. Export growth	Percentage	4.59 %	4.67 %	8.21 %	5.82 %
c.% export toward total export	Percentage	10.61 %	9.13 %	10.56 %	10.10 %

Source: Data processed, from The Ministry of Industry and Trade in 2013

Many private and government institutions oblige their staff to wear batik on certain days. This has led to increased demand for batik. However, the bad news is that foreign batik products take most domestic market potential. Batik products made in China have flooded most local markets and many do not know that the item is an imported one. Thus, batik MSMEs must be supported by an integrated policy from upstream to downstream. Batik industry has a high benefit as it involves thousands of workers, that it helps improve the economy.

Batik SMEs in East Java is not progressing significantly. Batik MSMEs are said to be unable to give a direct contribution to the local economy and revenue, as well as to make it famous in locally and internationally. The strategic planning in the development of MSMEs in terms of access to production chain of

business unit, development of human resource capacity, utilization of technology and communication as a medium for the expansion of product marketing provisionally is not contributing significantly to the goal of MSME development itself. Thus, the strategic planning for the development of batik MSMEs is only procedural and technical, and therefore has not fully reached the substance of MSME development (i.e. to grow competitiveness and regional economy, to reduce poverty and unemployment) (Peter, 2013:95). Given these problems, the development of MSMEs as Creative Economy in East Java based on batik needs greater attention from both government and the community in order to develop the competitiveness of the industry along with other economic actors in Indonesia.

The study on MSMEs Creative Economy of batik took place in Kampung Batik, Gedog District, Tuban Regency, Indonesia, as there are many MSMEs batik there considered able to develop the business with the potential human resources, science, technology and creativity. Creativity is an important role in the mechanism of development of Micro, Small, and Medium Enterprises (MSMEs). This is the reason for the researchers to conduct a study of the development of creative economy strategy to develop batik industry in Tuban. Batik MSMEs in Tuban are expected to raise the local economy and increase the GDP of the region. Tuban is located in a strategic position on northern coastal roads between East Java and Central Java. Tuban potentially has a leading sector of batik MSMEs to help improving the welfare of local people of the area.

## **2. RESEARCH METHOD**

This study was descriptive using a qualitative approach. Descriptive study (Sanapiah Faisal, 2010: 20) is meant for exploration and clarification on any phenomena or social reality, clearly describing a number of variables relating to the problem and the unit to be studied. As for the data analysis, SWOT with scorecard approach was used as an instrument to look at the internal or external strategic factors in the strategic planning in the development of MSMEs batik in Tuban.

### 3. RESULTS AND DISCUSSION

Strategic Planning of Batik MSMEs in Tuban as Part of Creative Economy

#### *External Factors*

**Table 2. Opportunities**

No.	Opportunities	Weight	Rating	Total
1.	Guidance by the Government and Semen Gresik in the development of batik MSMEs (especially in the field of entrepreneurship training and marketing strategies)	0.07	3.4	0.23
2.	The role of experts / academics in terms of product development innovation of batik MSMEs	0.05	3.4	0.17
3.	The plan of Local Government to create Kampung Batik, almost finished in 2016	0.07	3.4	0.23
4.	The role of Local Government and Semen Gresik in the expansion of the market	0.07	3.6	0.25
5.	SIDa policy as a creative process in the creation of local raw materials at batik MSMEs	0.06	3.2	0.19
6.	Online application with virtual connectivity to facilitate the process of trade and transaction	0.07	3.4	0.23
7.	Assistance in the form of capital to stimulate the growth of MSMEs batik by Local Government and Semen Gresik	0.07	3.6	0.25
Total				1.58

**Table 3. Threats**

No.	Threats	Weight	Rating	Total
1.	Competition with batik imported from China as it has cheaper prices now flooding the local market	0.06	3.2	0.19
2.	Price fluctuations of raw material for batik	0.06	3.2	0.19
3.	Weak protection of IPR and counterfeiting which is dangerous for creativity	0.07	3	0.21
4.	MEA is less favorable to local batik entrepreneurs	0.06	3.6	0.22
5.	The low demand from local and regional markets for products of batik MSMEs Tuban	0.05	3.2	0.16
6.	Distributor has bigger bargaining power than the manufacturer	0.06	3.4	0.2
7.	Strong product innovation of foreign batik	0.06	3	0.18
Total				1.36

**Internal Factor**

**Table 4. Strengths**

No.	Strengths	Weight	Rating	Total
1.	Creative human resources with hereditary expertise of making batik	0.10	3.2	0.32
2.	Expertise to teach the next generation and others (as an employee)	0.08	3.4	0.27
3.	Good communication skills (visible from the networking of business units)	0.08	3.6	0.28
4.	Most of the existing business unit is currently taking a family system, intertwined well	0.09	2.4	0.21
5.	Most of batik entrepreneurs are skilled in communication technologies	0.09	2.8	0.25
6.	Increasing market access coverage of most including the international market	0.08	3.4	0.27
Total				1.60

**Table 5. Weaknesses**

No.	Weaknesses	Weight	Rating	Total
1.	Administrative and technical requirements in obtaining credit	0.06	2.4	0.14
2.	Lack of human resources as most are leaving the industry to other industries paying higher salary	0.05	3	0.15
3.	Low innovation against batik products, especially in the manufacture of alternative raw materials	0.08	2.8	0.22
4.	The problem of cash flow, mostly debt, hindering the pace of business	0.06	2.6	0.16
5.	Most industrial centers do not have the ability to sell the products; they can only produce	0.07	2.8	0.20
6.	Low price in the local or regional market	0.09	3.2	0.23
Total				1.20

$$X \text{ Axis} = \text{Total Strength} - \text{Total Weaknesses} = 1.60 - 1.20 = 0.40$$

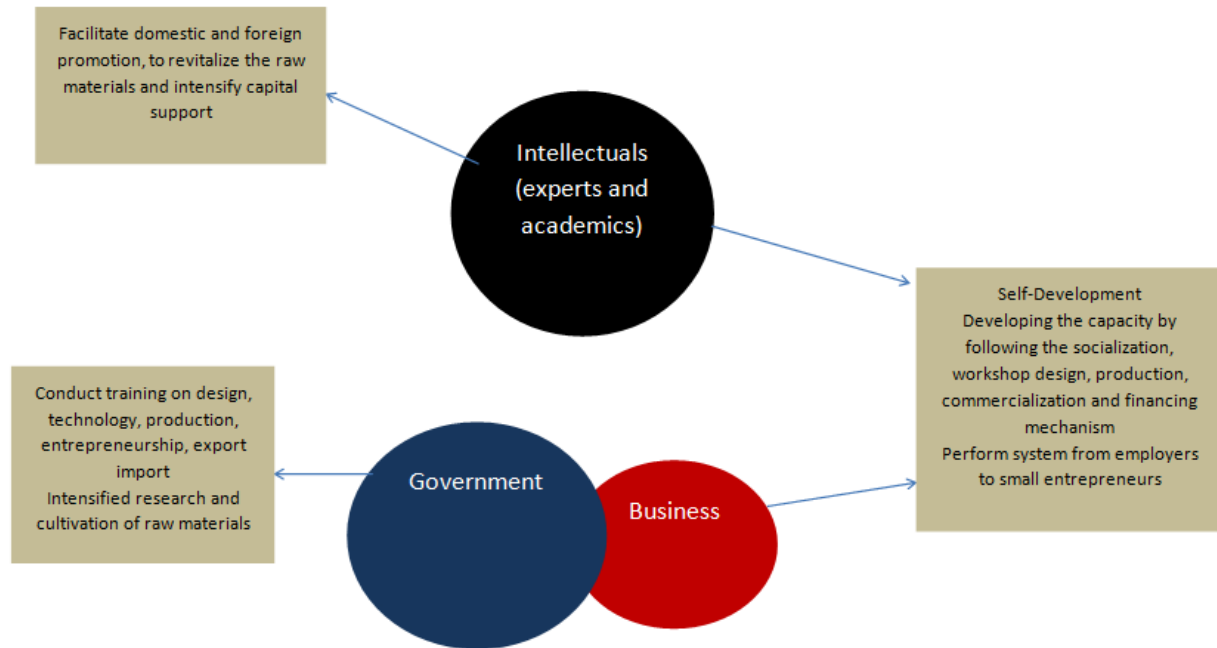
$$Y \text{ Axis} = \text{Total Opportunity} - \text{Total Threats} = 1.58 - 1.36 = 0.20$$

Based on the results of SWOT analysis using scorecard, the position of batik MSMEs in Tuban is in quadrant one which shows that it has great opportunity and potential to continue growing and developing. The strategy lies in the first quadrant meaning that the right strategy is SO strategy (Strength and Opportunity). In the SO strategy, in the formulation of qualitative SWOT matrix described above, there are five progressive strategies consisting of as follows.

**Table 6. Five Progressive Strategies**

No.	Goals	Strategic Objectives	Lag Indicator	Lead Indicator
1.	Utilization of human resources in the development of creative batik MSMEs by the Local Government and Semen Gresik	Training and motivation on batik MSMEs Tuban	Increased capacity (but especially creativity) of batik MSMEs Tuban	Developing capacity (but especially creativity) of batik MSMEs Tuban
2.	Utilization of the experts / academics on developing the next generation of batik MSMEs	Training and motivation in young children / next generation of batik MSMEs Tuban	Enhancing the knowledge and capacity in children to become batik entrepreneur	The need to enhance the knowledge and capacity in children to become batik entrepreneur
3.	Utilization of good communication skills in the use of information technology	Training on the use of information technology to ease communication	Increased capacity in the use of information technology to ease communication	Increased capacity in the use of information technology to ease communication
4.	Utilization of the role of Local Government and Semen Gresik in the expansion of the market	A plan for batik exhibition event, 2 to 5 times in a year, and the creation of batik village in Tuban	Increasing number of marketing space on batik MSMEs Tuban	The Role of Local Government and Semen Gresik in the expansion of the market
5.	Utilization intensive communication on the role of Local Government and Semen Gresik in coaching batik MSMEs	The socialization on the ease of obtaining credit for batik MSMEs	Increasing production access, especially in the capital	The ease of obtaining credit

**The Role of Government, Business, and Intellectuals in Strategic Planning of Creative Economy (Batik Tuban)**



**Figure 1. The Role of Government, Business, and Intellectuals in Strategic Planning of Creative Economy in Tuban Regency**

In order to promote and develop the production of batik MSMEs in Tuban to global level through the marketing process, the Government as a facilitator should be able to become an agent of marketing distribution, protection of local products, and the stimulator of product development. Then to the entrepreneurs are always required to innovate following the development of popular patterns and motifs in accordance with contemporary consumer tastes. Furthermore, business, as a center of excellence of the product creator and creative services, must be able to create new markets that can absorb the products and services and created jobs for individuals. The existence of batik MSMEs in Tuban with powerful support from Semen Gresik leads to the creation of entrepreneur community in District Kerek, Tuban. The community and creative entrepreneurs act as a motor that forms a public space for sharing of ideas, mentoring to hone creativity, coaching or training on business application and management. The role of intellectuals as the motor of inspiration and motivator with all the findings from scientific research used to convince and create confidence of local businesspersons—that when local products are packaged more attractively, they can compete with other products of the world. The core of the collaboration of three actors is all about strengthening access to production, human resource development, and expansion of product marketing.

**4. CONCLUSIONS AND SUGGESTIONS**

*Conclusions*

1. Based on the SWOT analysis (Strength, Weakness, Opportunity and Threats) with a scorecard approach, the development strategy of batik MSMEs in Tuban fell in quadrant one, then the right strategy in the development batik MSMEs in Tuban is SO (Strength and Opportunity) strategy
2. The success of development of batik MSMEs in Tuban is inseparable from the role of the relevant actors (government, employers, intellectuals) in balancing cooperation to promote and develop the productivity of Batik MSMEs in Tuban through the process of strengthening access to production, human resources development, and expansion of local, regional, and global level marketing.

**Suggestions**

1. To further explore batik MSMEs in Tuban as one of the best products, research models that use quantitative descriptive designs employing shift share analysis and AHP are needed.
2. The development of batik MSMEs in Tuban is expected to create Tourism Entrepreneur.
3. In the development of batik MSMEs, the most important thing is “starting with they know and build on with they have”.



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