

# SWOT Analysis on the SMEs of Batik Products in Jambi City

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## ABSTRACT

Batik is one of Indonesian cultures which is an asset from ancestors, thus must be preserved. Almost every province in Indonesia has its own distinctive Batik products. However, not all regions in Indonesia can preserve the Batik industry. This study aimed to assess the strengths, weaknesses, opportunities, and threats of the Indonesian Jambinese Batik products. In order to keep developing in both the local and international markets, four Small and Medium Enterprises (SMEs) were examined as the samples of this research, which was conducted by using purposive sampling technique. Data collection was conducted by observations, interviews and group discussions. The research analysis was carried out qualitatively by using SWOT analysis. The qualitative method is a research procedure that produces descriptive data in the form of written or oral words from people or observable behavior. Research description in brief is a research activity that aims to make a picture or try to write an event or symptom systematically, factually with an accurate arrangement. The results of this study showed the strengths in: Batik skills, good quality, adequate packaging, natural motifs, and coloring. Weaknesses occurred in: expensive price, less-efficient distribution and promotion, the existence of future generations, small production scale, and very little innovation. Opportunities were in the forms of government support, Batik studio, location near Batanghari River which is a tourist attraction, people's purchasing power, and market potential. Threats came from new competitors, which is the Javanese Batik products at low prices.

**Keywords:** Strategy, SWOT, competitive advantage, SMEs

## 1. INTRODUCTION

[1] found that the problems of Small and Medium Enterprise (SME) development are related to internal factors consisting of the aspects of human resources, financial, production / operational techniques, as well as market and marketing. Then, there are also external factors consisting of the aspects of government policy, socio-cultural and economic, and other aspects of institutional roles [2]. Basically, these factors can be strengths, weaknesses, opportunities, and threats for determining the development and growth of SME businesses. The studies of these factors were carried out by researchers with different industrial sectors. This study was conducted on the development of SMEs of Jambi Batik product which was related to the assessment aspects of strengths, weaknesses, opportunities, and threats in the first year, and the implementation of the evaluation results was done by designing the strategy for those SMEs in Jambi Province. The research problems can be grouped into: 1). How to assess the strengths, weaknesses, opportunities, and threats of the product of Jambinese Batik, so that they can be preserved? 2). How is the implementation and evaluation of the strategy model as the results of the assessment of strengths, weaknesses, opportunities, and threats in increasing the competitive advantage of the SMEs of Jambinese Batik product?

Small and Medium Enterprises (SMEs) are one kind of assets that has a very important role in the national economy. These assets include: the sources of employment, equal distribution of the development results, and poverty reduction. For these reasons, SMEs need the attention and support from various circles. [3] mentioned that the development of SMEs needs to get great attention from both the government and society, so that they can develop more competitiveness with other economic actors. In general, the Indonesian SME main problem is the ability to compete. [4] stated that besides capital, the major problem for SMEs is marketing. The results of the researches conducted by [5] and [6] showed some of the main problems faced by SMEs in conducting their development strategies. They were: (a) the lack of capital, (b) the difficulties in marketing, (c) the simple organizational structure with a non-standard division of labor, (d) the quality management. In connection with the problems faced by these SMEs, we are interested in doing further research.

## 2. LITERATURE REVIEW

SMEs need to periodically evaluate their strengths and weaknesses. This analysis can be done with SWOT. According to [7], SWOT analysis is an evaluation of the overall strengths, weaknesses, opportunities, and threats. Through this analysis, SMEs can analyze the patterns of strengths and weaknesses, and business units do not have to

correct all their weaknesses or utilize all their strengths. In developing the strategies, it must first identify various factors that systematically maximize the strengths and

opportunities, and minimize the weaknesses and threats. This analysis is called SWOT analysis, with the definitions shown in Table 1 and Table 2 as follows ([8]):

**Table 1. The Identification of Strengths and Weaknesses of a Company**

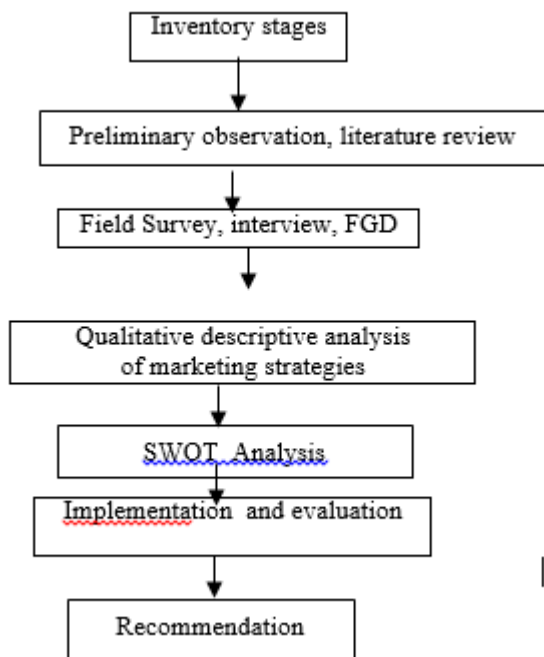
Strengths	Weaknesses
Positive internal factors that a company can use to accomplish its mission, goals, and objectives.	Negative internal factors that inhibit the accomplishment of a company's mission, goals, and objectives.

**Table 2. The Identification of Opportunities and Threats of a Company**

Opportunities	Threats
Positive external option that a company can exploit to accomplish its mission, goals, and objectives.	Negative external forces that inhibit a company's ability to achieve its mission, goals, and objectives.

### 2.1 Framework of Thinking

Companies need to implement SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), so that they can ensure the conditions or aspects of weaknesses and advantages of the products offered, and pay attention to the threats from competitors, as well as the opportunities they have in facing the competition excellently.



**Figure 1. Phases of Analysis**

### 3. RESEARCH METHODOLOGY

The research was carried out from February to September in 2018. The locations of this study were some batik SMEs

production sites such as Kampung Tengah, Ulu Gedong, and Tanjung Pasir, which were traditionally managed in Jambi City. Four SMEs were selected as samples by using purposive sampling technique based on their business in the category of Small and Medium Enterprise (SME). The production process of Jambinese Batik products was still using conventional methods, not by modern equipment / machinery. The companies have been running at least five years in the business, while the batik industry is running continuously and there are some positive efforts to develop it.

The purpose of this research was to help the SMEs of Batik products, especially in Jambi City, in conducting their marketing activities in order to be able to improve the competitiveness of their products and ultimately can increase their market share. Therefore, this research activity included various sources that could assist in the preparation and process to strengthen the analysis. According to Lofland and Lofland in ([9]), the main data sources in qualitative research are words and actions, while the rest are additional data such as documents and others. Data sources in this study include:

#### 1. Primary source

Primary data is the data obtained from the first source either from individuals by interviews or by filling out the questionnaires that are usually done by researchers ([10]). The primary data in this study was obtained through in-depth interviews and direct observation on SMEs of Jambinese Batik products.



**Figure 2. An Overview of Respondents**



Figure 3. An Overview of Respondents



Figure 4. An Overview of Respondents

2. Secondary Source

Secondary data is the data obtained by researchers indirectly or through a media as intermediary (already obtained and recorded by other parties). The data used in this study was originated from literature study and Jambi Industry-Trade Office.

3.1 Analysis Method

In order to answer the problems faced by SMEs of Jambinese Batik products that have been selected as research samples, the following analytical methods were used: SWOT analysis is an analysis carried out by describing the implementation of marketing strategies through the strengths, weaknesses, opportunities, and threats. The Strength-Weakness-Opportunity-Threat (SWOT) matrix is an important tool to help managers develop the four types of strategies, namely SO (Strengths-Opportunities), WO (Weakness-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats).

Table 3. Research Activities

Year I	Type of Activity	Activities	Activity Results
Activities carried out	Market Survey of Jambi Batik	Observation and Interview	Primary and secondary data to find out the strengths, weaknesses, opportunities, and threats of SME's of Jambinese Batik products
	Literature Study	SWOT	
	Observation and Interview	Recording the location of batik SMEs	
	Field survey and FGD among MSMEs, Koperindag service, Material Distributors, and Consumers	Recording the Problems of SMEs Developing a marketing strategy design and SWOT analysis	
	Designing a SWOT strategy model	Implementation of evaluation results. Pilot project: To develop a strategy	

4. RESULTS

4.1. Profile of Respondents

The research was carried out on SMEs of Batik products located in Jambi City. The respondents in this study were four SMEs of Batik craftsmen.

Pasir Panjang, Teluk Lake, Jambi City. They were 46 years old. They have been developing home-made Batik business for 19 years. The products they offered include written Batik and printed Batik at good quality with double processes.



Fig 5. Ariny Batik

Mr. Taufik and Ms. Eva Susanti are Batik business owners, located in Jl. Kyai Haji Muhammad Saleh, Number 03,



Fig 6. Zhorif Batik

Another original Jambinese Batik business was built by a craftsman named Atiah Muhammad, who has been running the business since 1982, located on Jl. K.H. Ibrahim, RT 02, Ulu Village, Teluk Jambi Lake, sub-district building. The products they offered include written Batik, printed Batik, and Batik fabrics at good quality using quality cotton, semi-silk, silk, and ATBM basic fabrics.



**Fig 7.** Diana Batik

Diana Batik is owned by Diana Hanifani, 33 years old, located in K.H.A. Somad, RT 07, RW 03, Ulu Gedong, Teluk Jambi Lake, of which the business was inherited by

her parents. Batik products have many patterns, and she also accepts orders in accordance with the consumers wishes in terms of materials (cotton, silk, pineapple fiber, and others).

**4.2. SWOT Analysis**

The assessment model of strengths, weaknesses, opportunities and threats was carried out by using SWOT analysis. This study was conducted on four SMEs of Batik products selected by pilot project namely Zhorif Batik, Ariny Batik, Diana Batik, and Ria Lestari Batik.

**Table 4.** SWOT Analysis of Zhorif Batik

S – Strengths	W – Weaknesses	O – Opportunities	T – Threats
<ul style="list-style-type: none"> <li>Hereditary skills in Batik</li> <li>• Various Batik patterns</li> <li>• Traditional patterns according to nature</li> <li>• Guaranteed material quality</li> <li>• Natural coloring</li> <li>• Products that do not fade</li> <li>• Skilled and expert human resources</li> <li>• Time-period payment</li> <li>• Traditional production processes</li> <li>• Various price levels</li> <li>• Paper-bag packaging</li> <li>• Main road side location</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of business capital</li> <li>• Lack of experts</li> <li>• Small number of distributors</li> <li>• Limited production</li> <li>• Long waiting-time to get the results</li> <li>• The traditional production process takes longer time</li> <li>• Material resources used are quite expensive</li> <li>• Prices are difficult to compete</li> <li>• Not producing women clothing, only men shirts</li> <li>• Lack of control over freelance employees, as a result of not having own garment company.</li> </ul>	<ul style="list-style-type: none"> <li>• Broad product market</li> <li>• Local government policies that promote batik products</li> <li>• Purchasing power of consumers.</li> <li>• Batik has become known abroad</li> <li>• Wide range of marketing areas</li> <li>• Information technology is increasingly advanced</li> <li>• Use of electronic media promotions</li> <li>• Exhibitions that are often held by the government</li> <li>• Has a Batik center, serving also as a tourist attraction close to the Batanghari River.</li> </ul>	<ul style="list-style-type: none"> <li>• The entry of new competitors in the batik industry</li> <li>• Weakening of suppliers of Batik raw materials</li> <li>• The existence of substitute goods (with Batik patterns, but actually not Batik)</li> <li>• Increasing modern clothes that are nicer and more attractive at lower prices</li> <li>• Threats from Javanese Batik with cheaper prices</li> <li>• Prices of raw materials continue to soar.</li> <li>• The difficulty of finding next generation of Batik craftsmen. Most of them are elderly.</li> </ul>

**Table 5.** SWOT of Ariny Batik

S – Strengths	W – Weaknesses	O – Opportunities	T – Threats
<ul style="list-style-type: none"> <li>• Hereditary skills in Batik</li> <li>• Patterns of flora and fauna</li> <li>• Decorated Batik materials</li> <li>• Quality staining</li> <li>• Limited-edition of product designs</li> <li>• Home-made Jambinese Batik (written and printed) with natural dyes from leaves, roots, wood, bark, and plants.</li> <li>• Batik shirts with plain materials and trendy looks.</li> <li>• Cooperation with schools and governments to make uniforms</li> <li>• Various price-levels</li> <li>• Selection of raw materials</li> <li>• Paper-bag packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of business capital</li> <li>• Lack of energy for large quantities of production</li> <li>• No organizational structure</li> <li>• Long-waiting time to get the results</li> <li>• Traditional production process takes longer time.</li> <li>• Cannot sell cheap Batik products</li> <li>• Material resources used are quite expensive</li> <li>• Prices are difficult to compete</li> <li>• Not producing women's Batik clothes, only for men</li> <li>• Unreliable Batik workers</li> </ul>	<ul style="list-style-type: none"> <li>• Broad product market</li> <li>• Local government policies that promote batik products</li> <li>• Purchasing power of consumers.</li> <li>• Batik has become well-known in abroad</li> <li>• Wide marketing areas</li> <li>• Information technology is increasingly advancing</li> <li>• The use of electronic media promotions</li> <li>• Exhibitions that are often held by the government</li> <li>• Has a Batik Center, also serving as a tourist attraction close to the Batanghari River.</li> </ul>	<ul style="list-style-type: none"> <li>• The entry of new competitors</li> <li>• The weakening suppliers of raw materials</li> <li>• The existence of substitute goods (with Batik patterns, but actually not Batik)</li> <li>• Increasing modern clothes that are nicer and more attractive at lower prices.</li> <li>• Threats from Javanese Batik with cheaper prices</li> <li>• Prices of raw materials continue to soar.</li> <li>• The difficulty of finding next generation of Batik craftsmen. Most of them are elderly.</li> </ul>

## 5. DISCUSSION

Most of the craftsmen are located in the city of Sebrang Jambi, precisely behind the Batanghari River. There is a gathering place, which is also a place to live. The craftsmen produce Batik mostly in garages, residential houses, or just any space which is used as a place for the production process until finished. So, the space is very limited. For this reason, many batik processes are also carried out by using freelance-employees, because it is impossible to accommodate a large number of employees. This condition is related to the limited space / space availability in business owner's home. The tendency is that they do not have their own garment company.

In an effort to maintain and develop the Batik business, [1] said that the problems of SME development are related to internal and external factors related to the aspects of strengths, weaknesses, opportunities, and threats to the determination of the development and growth of SMEs [2]. The results of the description and analysis of the strengths, weaknesses, opportunities, and threats of SMEs running the Batik business that were chosen in the pilot project, showed some variations. However, almost all of them have the same opportunities and threats. From the results of the SWOT analysis, there are 25 strategies that can be implemented by SMEs of Batik products.

## 6. CONCLUSIONS AND RECOMMENDATIONS

Through the SWOT analysis that has been carried out in this study, several conclusions can be presented. The source of the strength of Jambinese Batik is the ability to produce Batik which goes downhill, good quality of Batik, adequate packaging, natural patterns, and coloring. Meanwhile, the main weaknesses are expensive raw materials, inefficient distribution and promotion, the existence of future generations, small scale of production and very little innovation especially in finished products. For the opportunities in developing the business, are the support from government and the Batik studio that is strategically located near the Batanghari River, which is a tourist attraction. The opportunities are broad market, people's purchasing power, and market potential are still open, while the threats that must be considered by the craftsmen is the entry of competitors. It is difficult to compete with low prices nowadays.

## 7. IMPLICATION OF THE STUDY

This research was conducted by using respondents from various SMEs of Batik products in Jambi City, along with more generated variations in the study. Similar research can also be done in other cities such as Yogyakarta, Semarang, Solo, etc., which is not only in Jambi. In other words, to provide more objective results and also to examine the

generalization of the results, further research is recommended to take samples from other SME product categories instead of Batik.

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