

Determinant Factors of Innovation Strategies to Create Competitive Advantages in Batik SMEs

Naniek Utami Handayani, Zainal Fanani Rosyada, Rafli Ramadhani

Industrial Engineering Department

Diponegoro University

Prof. Soedarto, S.H., Semarang, 50275, Indonesia

naniekh@ft.undip.ac.id, rafliramadhani@alumni.undip.ac.id, rosyada@lecturer.undip.ac.id

Anita Mustikasari

Management Department

Yogyakarta State University

Colombo No. 1 Yogyakarta, 55281, Indonesia

anita.mustikasari@uny.ac.id

Abstract

Batik is a product of the creative industry which belongs to the fashion category. Since being recognized by UNESCO, the popularity of batik has increased. Most of the batik products are produced by SME, which are scattered in Indonesian cities in industrial clusters. The problem faced by the batik industrial cluster is that it is difficult to compete in facing market competition because of the low level of innovation. Innovation needs to be done so that batik SME can create products that have a competitive advantage. Some batik SMEs lack creativity in developing new motifs so that the SME products are less attractive to the market. Batik is different from other fashion products because of the uniqueness of batik, namely the motif. When buying Batik products, consumers often ask about the availability of new motifs and want an exclusive batik motif. The more limited the production of a particular batik motif, the more expensive the batik will be. This makes printed and written batik still exist even though there is a threat from printed batik from both within and outside the country, which is very cheap. On the other hand, process innovation is batik SME to develop more efficient production techniques. Most of the batik SMEs still carry out the batik production process using simple technology. The absence of work standards that regulate the work system of the batik makers has resulted in a long production process. Therefore, it is necessary to innovate more efficient production techniques to increase productivity so that production costs can be cheaper. Furthermore, batik SME needs to develop innovation in terms of marketing. Marketing carried out by SME is still offline and relies on tourists and official guests who come to visit. This has resulted in SME being unable to face the increasingly fierce competition in the fashion sector. This study uses the PLS (Partial Least Square) method to determine the factors influencing the innovation strategy in creating a competitive advantage in batik SME. The research object is the SME batik in the cities of Semarang, Solo, and Pekalongan. The final output of this research is recommendations for improvement for batik SMEs and the government in developing the batik industry cluster.

Keywords

Industrial Cluster, Strategy, Innovation, Competitive Advantages

Biographies

Naniek Utami Handayani is an Assistant Professor in Industrial and Systems Engineering at the Department of Industrial Engineering - Faculty of Engineering - Diponegoro University. She earned a bachelor's degree in mathematics from Brawijaya University, Malang, master's degree and Doctoral Degree in Industrial Engineering and Management from the Bandung Institute of Technology (ITB), Bandung. She is a member of the Institute of Supply Chain and Logistics Indonesia, and Head of Quality Assurance Team of Faculty of Engineering, Diponegoro University. She has published journal and conference papers in Industrial and System Engineering, engineering education, and Sustainable Supply Chain in Construction. Her research interests are industrial clusters, SME's

management, disaster logistics, performance measurement, quality systems, higher education performance modeling, and engineering education. (naniekh@ft.undip.ac.id).

Zainal Fanani Rosyada is a Lecturer in Industrial Engineering Department, Faculty of Engineering, Diponegoro University, Indonesia. He finished bachelor's degree in industrial engineering at Sepuluh November Institute of Technology, Indonesia, master's degree in mechanical engineering at Diponegoro University, Indonesia. He has published conference papers in industrial and system engineering. He is a member of Indonesian Ergonomics Association. His research interests are ergonomics, decision support system, and industrial management. (rosyada@lecturer.undip.ac.id)

Anita Mustikasari is a lecturer in Management Department - Faculty of Economics – Yogyakarta State University. She earned a bachelor's degree in Industrial Engineering from Diponegoro University, Semarang, Dual master's degree in industrial engineering from Sepuluh Nopember Institute of Technology (ITS), Surabaya and in Industrial Management from National Taiwan of Science and Technology (NTUST), Taiwan. She is a member of the Indonesia Marketing Association and the Indonesian Management Forum. She has published journal and conference papers in Industrial Engineering and Management. Her research interests are supply chain management, operational management, service quality, marketing, and customer behavior. (anita.mustikasari@uny.ac.id).

Rafli Ramadhani earned bachelor's degree in Industrial and Systems Engineering from Department of Industrial Engineering, Diponegoro University (rafliramadhani@alumni.undip.ac.id).