

## DEVELOPMENT STRATEGY OF SEMARANG TYPICAL BATIK MSMEs IN SEMARANG BATIK VILLAGE

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### Abstract

Semarang Batik Village is one of the leading batik centers in Central Java, with significant cultural and economic potential. However, it continues to face challenges related to production, marketing, capital, and partnerships. This study aims to formulate development strategies for Batik Khas Semarangan MSMEs using the Business Model Canvas (BMC) framework, which comprises nine key components of a business model. A descriptive qualitative method with a case study approach was employed. Data were collected through in-depth interviews with MSME actors, direct observations, and documentation. The data were then analyzed using the Miles and Huberman interactive analysis technique and organized according to the BMC framework to produce adaptive and sustainable development strategies. The results indicate that: (1) the production strategy emphasizes preserving local batik motifs—such as Warak Ngendog—and regenerating artisans through culturally based training; (2) the marketing strategy focuses on digitalizing distribution channels and integrating cultural storytelling into promotional content; (3) the capital strategy highlights the diversification of funding sources and the strengthening of financial literacy among business actors; and (4) the partnership strategy encourages cross-sector collaboration with government agencies, educational institutions, and the creative industries. Overall, the findings demonstrate the value of the BMC as an analytical tool that not only maps the internal structure of MSMEs but also supports the development of applicable, locally grounded, and market-responsive strategies.

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## INTRODUCTION

The era of globalization and competition within the ASEAN Economic Community (AEC) presents both opportunities and challenges for MSMEs in Indonesia. MSMEs play a vital role as the heroes of the economy, contributing 60.5% to GDP and absorbing 96.9% of the total national workforce. The significance of regional cooperation is reflected in its support for the establishment of the ASEAN Community (AEC) in 2015 (Harris, 2024). This free market among Southeast Asian countries will open opportunities for trade in goods, services, investments, and labor. The fourth industrial revolution has become a major topic and gained attention among scholars in both developed and emerging countries (Kardoyo et al., 2020). To survive within the ASEAN Economic Community (AEC), strategic steps are required to be able to compete with global industries, especially for MSMEs that are still in the growth stage. However, MSMEs, including the batik industry, face classic problems such as low productivity, human resources with insufficient skills in management and digital technology, and limited access to capital.

The emergence of the ASEAN Economic Community (AEC) has become a double-edged sword in Indonesia, presenting both opportunities and threats for MSMEs. The presence of a free market economy in Southeast Asia has intensified economic competition, giving rise to new problems: the influx of imported goods/ commodities similar to locally produced products (Nurfauzi, 2017). Semarang batik in Semarang Batik Village, a craft center with significant cultural and economic potential, faces similar challenges, particularly in production, marketing, and brand strengthening in the digital era. However, Semarang batik popularity is still lower than that of batik from other regions such as Solo, Pekalongan, or Lasem. Semarang Batik Village, a craft center and educational tourism destination, has demonstrated significant economic potential. Unfortunately, the management of MSMEs in this village still faces various classic challenges, such as low digital marketing skills, limited access to capital, suboptimal intersectoral collaboration, and fluctuations in tourist visits due to the pandemic (Purba, 2018; Yuliati & Susilowati, 2022). While iconic motifs like Warak Ngendog possess unique and historical appeal, their popularity is still less than that of batik from other regions, such as Pekalongan or Solo. Furthermore, digital promotion is still minimal, and the majority of batik is funded by personal funds.

The entry of imported commodities of the same type, especially pirated products, poses a serious threat to domestic businesses. Imported products tend to set lower prices, making them highly popular and in demand among lower to middle-income communities because they match their purchasing power. Therefore, to maintain their existence and drive growth, domestic products must be able to compete with imported goods, become flagship products, and achieve global competitiveness for export. This challenge of price competition and brand strengthening is also faced by Semarang's unique batik in Semarang Batik Village. Batik, as part of Indonesia's cultural heritage, was recognized by UNESCO as an Intangible Cultural Heritage in 2009. However, not all regions producing batik are

able to maintain their existence in the national or global market. A clear example is Semarang's distinctive batik, which developed in Semarang Batik Village, Semarang City. This batik center features unique patterns that reflect local identity, such as icons of Lawang Sewu, Tugu Muda, Warak Ngendog, and various other expressions of coastal culture.

As a craft center with high cultural and economic potential, the batik MSMEs there face similar challenges, particularly in production, marketing, and brand strengthening in the digital era. Although iconic motifs like Warak Ngendog have unique and historical appeal, their popularity is still lower compared to batik from other regions such as Pekalongan or Solo. In addition, digital promotion is still minimal, and most capital depends on personal funds. MSMEs play a very significant role in Indonesia's economic growth, accounting for 99% of all business units. The contribution of MSMEs to the gross domestic product (GDP) reaches 60.5%, and to employment absorption, it is 96.9% of the total national workforce. This strategic role makes MSMEs an important subject in the national economic development agenda that is inclusive and sustainable. One of the leading subsectors in the creative economy ecosystem is handicrafts, which include cultural products such as batik. The culinary, fashion, and handicraft subsectors contribute the most to the GDP of the creative economy, with their total contribution each year reaching around 75% (Kemenparekraf, 2023). Therefore, the batik industry must innovate with products based on the available local culture to achieve a distinctive character in batik products aimed at meeting consumer tastes so that they can expand their market reach (Agusti et al., 2022).

Various policies from the central and regional governments have been rolled out, ranging from training programs, provision of business capital, to facilitation of exhibitions and local batik branding. However, there has not been a comprehensive study revealing how these strategies are actually implemented by MSMEs directly in the field, especially in facing the complexities of the free market and post-pandemic crises. Nevertheless, analyzing development strategies based on the local context is very important as a basis for making more relevant and applicable policies. To support the development of the free market, it is said that digital transformation has become a major driver of change in various aspects of life, including the financial sector. Therefore, the government needs to provide education to batik business actors in Semarang.

Based on this background, this study aims to identify and analyze the development strategies of Semarang typical batik MSMEs in Semarang Batik Village through four main aspects: (1) production strategy, (2) marketing strategy, (3) capital strategy, and (4) partnership strategy. This study uses a qualitative case study and is analyzed using the BMC (Business Model Canvas) model to formulate strategies, develop plans, and identify further opportunities and challenges in Semarang Batik Village through four main dimensions: production, marketing, capital, and partnership. The analysis is conducted using a qualitative approach and the BMC model as a strategic interpretation tool.

The results of this research are expected to contribute theoretically to the development of literature on MSMEs and the creative economy, as well as serve as

strategic policy recommendations to promote batik MSMEs based on local wisdom towards sustainability in the global era. The study focuses on villages in Semarang through four main dimensions: production, marketing, capital, and partnerships. The analysis was conducted using a qualitative approach and the BMC model as a tool for strategic interpretation.

## **METHODS**

This study uses a qualitative approach with a case study design, aiming to deeply understand the phenomenon of development strategies for Semarang typical batik MSMEs in Semarang Batik Village. The data were analyzed using the interactive analysis technique of Miles & Huberman, and organized based on the BMC framework to obtain adaptive and sustainable development strategies. The research focuses on four aspects of development strategy, namely: (1) production strategy, (2) marketing strategy, (3) capital strategy, and (4) partnership strategy.

The research focuses on mapping the nine blocks of the Business Model Canvas (BMC) in the development of Semarang typical batik MSMEs. The strategy is focused on the development of production, marketing, capital, and partnership aspects, analyzed based on the systematic mapping of BMC elements. The main data was obtained through in-depth interviews, participatory observations, and documentation studies. Key informants included batik business owners, managers of the Batik Village community in Semarang, as well as representatives from the Cooperative and MSMEs Office and the Industry Office of Semarang City. To ensure the validity of the data, triangulation techniques were used which include source triangulation, method triangulation, and theory triangulation. In addition, member checks and discussions with peers were carried out to enhance the credibility of the findings (Moleong, 2016; Sugiyono, 2021).

## **RESULT AND DISCUSSION**

This research reveals the development strategy of MSMEs for Semarang typical batik in Semarang Batik Village through four main dimensions: production, marketing, capital, and partnership. The analysis was conducted using a qualitative approach and the BMC model as a strategic interpretation tool.

### **Production Strategy**

The production strategy of Semarang batik typical MSMEs shows the important role of three aspects: human resources, physical resources, and knowledge. Business actors not only act as producers but also as preservers of batik culture. The variation in production patterns from family businesses to professional management demonstrates high flexibility in human resource management. Physical resources, such as raw materials, are generally obtained from supplier networks outside the city (Pekalongan and Solo), with a stable supply system.

Technical knowledge is obtained through inheritance and training from government agencies. Although formal training has not been evenly distributed, the competency of artisans is maintained through practice and personal dedication. This aligns with the study by Hasanudin et al., (2023) which states that community-based human resource management can enhance the value of batik products. The production strategy of Semarang typical batik MSMEs in Semarang Batik Village demonstrates efforts to preserve traditional production techniques such as hand-drawn and stamped batik. Interviews revealed that the production process is still carried out manually, relying on skilled labor, most of whom are from the older generation. The limited number of young batik artisans is a serious challenge in ensuring production continuity.

According to the BMC results, the main opportunities for Semarang typical batik MSMEs in Semarang Batik Village lie in motif innovation, hereditary skills, and supply stability. The notable weaknesses are limitations in technology and production scale. Opportunities arise from the eco-batik trend and government training, while threats stem from mass-produced batik and reliance on external supplies. Production strategy is closely related to the Key Activities and Key Resources blocks in the BMC. The success of developing Semarang typical batik is largely determined by the capacity of human resources and the ability to innovate designs as the main Value Proposition.

### **Marketing Strategy**

The marketing strategy is still dominated by traditional methods such as word of mouth, direct visits, and simple social media (WhatsApp, Instagram). However, there is a vast market potential through domestic and international tourists visiting the Batik Village. Featured products such as hand-drawn batik dyed with natural colors and ready-to-wear clothing are the main attractions.

Product pricing is set using a value-based pricing approach, considering the complexity of motifs, the manufacturing process, and the originality of the work. Distribution is mostly done directly, but it is starting to reach outside the city with a digital (cashless) transaction system. Previous studies by Indra Permana et al., (2023) and Purnamasari, et al. (2015) show that marketing digitization can significantly increase sales volume and market reach. Although digital promotion has started to be used, limited digital literacy remains a major obstacle. Training and technological support are heavily needed to improve marketing effectiveness in the digital era. The marketing strategy for Semarang typical batik MSMEs in Semarang Batik Village is still focused on direct sales at galleries, exhibitions, and bazaars. From the interviews, some entrepreneurs have started using social media such as Instagram and WhatsApp as promotional tools, but the utilization is not yet optimal. Digital channels such as marketplaces or e-commerce have not been fully utilized. Therefore, the marketing strategy is directed towards business digitalization, such as optimizing social media, collaborating with local influencers, and providing digital marketing training for MSMEs actors.

**Table 1.** Iconic Pattern Innovation and Product Quality

Result	Credibility	Discussion
The Warak Ngendog motif has proven to be the most popular and best-selling product in the Semarang Batik Village. Artisans actively combine it with other city icons (Tugu Muda, Lawang Sewu) to create fresh variants.	Mrs. Oktavia Ningrum (Owner of Batik Temawon): "Especially the Warak Ngendog motif combined with flora or fauna, that is the most sought after. Many people like it because it is unique and bright in color, suitable for everyday wear as well as special occasions."	Strengthening the Warak Ngendog motif in the Value Proposition aligns with the principle of product differentiation based on local wisdom. Continuous motif innovation serves as a Key Activity to maintain the product's relevance in a dynamic market. This also enhances the competitiveness of Semarang typical Batik against the dominance of batik from other regions.
Quality is maintained through manual techniques (writing/stamping) and the use of natural dyes. This quality creates customer loyalty (repeat orders).	Ibu Iin Windhi (Owner of Cinta Batik): "Good product quality is one of the factors that contribute to its strength."	Emphasis on product quality and the originality of the production process, which relies on craftsmanship (not printing), directly justifies setting a premium price (value-based pricing). This is key to maintaining a unique Value Proposition.

### Capital Strategy

Capital is a crucial aspect directly related to the Cost Structure (expenses) and Revenue Streams (income) blocks in the BMC. Capital stability greatly determines the sustainability of SME operations. Most entrepreneurs start their businesses with personal capital, such as savings or family assistance. However, the pandemic has pushed them to access external financing, especially through Micro Business Credit (KUR). Local banks such as BRI, BNI, and Bank Jateng have provided support for capital access, although not all entrepreneurs are able to separate business and household finances professionally. The weakness in the capital aspect lies in the still simple financial management, lack of bookkeeping, and absence of long-term financial planning. This adaptive strategy still needs to be strengthened with basic financial management training and a business recording system. In capital strategy, capital remains a challenge in business development. Based on interviews, the majority of MSMEs actors use personal capital or limited support from government programs. These limitations affect the scale of production, promotion, and the purchase of raw materials. Development strategies are directed towards accessing financing through cooperatives, village-owned enterprises (BUMDes), corporate CSR, and crowdfunding platforms. In addition, it is also important to provide training in basic financial management so that MSMEs actors can manage cash flow, record profits and losses, and design sustainable capital planning.

**Table 2.** Capital Strategy Discussion

Result	Credibility	Discussion
Dependence on Internal Capital, most MSME actors rely on personal capital, such as savings, family assistance, or advance payments from customers, in the early stages of the business.	Mrs. Oktavia Ningrum (Owner of Batik Temawon): "The initial capital for my business came from personal funds from my family."	Reliance on personal capital reflects limited access to formal financial institutions. Although this strategy is flexible, it limits the potential for business expansion and development in the long term, as internal capacity is often constrained.
Access to KUR as an Adaptation, Over time, especially after external challenges such as the COVID-19 pandemic, there has been a strategic shift by utilizing external financing through the People's Business Credit (KUR) program.	Mrs. Iin Windhi (Owner of Cinta Batik): "The initial business capital came from myself, but now there are some loans from the bank due to the pandemic." Supported by Mrs. Oktavia Ningrum: "Mostly because of the pandemic last time, we added capital through bank loans, from KUR."	Mrs. Iin Windhi (Owner of Cinta Batik): "The initial business capital came from myself, but now there are some loans from the bank due to the pandemic." Supported by Mrs. Oktavia Ningrum: "Mostly because of the pandemic last time, we added capital through bank loans, from KUR."

### Partnership Strategy

The partnership strategy is built on collaborative relationships between business actors, the city government, and the batik community. The City Government of Semarang, through the Department of Cooperatives and MSMEs, has provided facilities in the form of training, access to exhibitions (InaCraft, Jateng Fair), and promotion through creative galleries.

However, the level of engagement of business actors is variable. Some choose to be independent because they want to focus on production, while others are selective about government assistance. This condition shows that although partnership infrastructure is available, there is still a need for improved coordination and more inclusive communication. The research results show that the partnership strategy of Semarang typical batik MSMEs in Semarang Batik Village is formed through a collaborative relationship between business actors, Batik Village managers, and government agencies, particularly the Semarang City Cooperatives and MSMEs Office. The government has provided training facilities, promotion, and access to exhibitions both locally and nationally, as well as established partnerships with various institutions such as airports, national retailers, and creative galleries.

**Table 3.** Challenges of Regeneration and Human Resource Capacity (Key Resources)

Result	Credibility	Discussion
The production process still relies on skilled labor, most of	Mr. Surachman (Head of Economic Affairs of the Village): "On average, the	The limited young human resources pose a serious threat to the sustainability of MSMEs'

whom come from the older generation.	workers are already skilled, which opens up opportunities for people outside the batik village to learn batik in the Batik Village.”	Key Resources. The recommended strategy is to intensify training programs for the regeneration of young batik artisans. The training should be integrated into batik tourism (educational) packages and partnerships with educational institutions to ensure the continuity of skills.
Some artisans consider the skill of batik-making as an aesthetic expression that cannot be measured solely by formal training.	Mrs. Iin Windhi (Batik Preserver): "There is no training for workers, because in the process of making batik this is an art, and the skills of the artisans will improve according to their own personal motivation."	Although art (intuition) is an important asset, this view can hinder the standardization of processes and the transfer of knowledge to the next generation. Structured training that combines technical aspects (production efficiency) and aesthetics is needed to ensure that knowledge (Key Resource) is not lost.

## CONCLUSION

This research concludes that the development strategy of Semarang typical batik MSMEs in Semarang Batik Village is significantly influenced by internal factors such as human resource capacity, motif innovation, and an adaptive production system, as well as external factors such as government support, market trends towards local products, and cultural tourism opportunities. Through BMC model analysis, it was found that the main opportunities lie in the uniqueness of Semarangan batik motifs, the skills of making batik passed down through generations, and the strategic geographical location. Meanwhile, noticeable weaknesses include limited digital literacy, unstructured financial management, and a still limited production scale. Development opportunities arise from increasing demand for sustainable local products, promotional support from the government, and access to digital markets and tourists. Nevertheless, MSMEs also face serious threats from competition with printed batik products, fluctuations in post-pandemic tourism, and the lack of regeneration of young craftsmen. Therefore, the appropriate development strategy is an integrative strategy that combines the strengthening of the internal capacity of business actors through management and digital marketing training, expansion of access to capital, and the establishment of inclusive partnerships between the government, communities, and the private sector. This study contributes significantly to efforts to formulate policies for the development of MSMEs based on local wisdom that are competitive and sustainable in the era of creative economy and globalization.



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