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Analysis of Production and Consumption in Hair Artisans at Karangbanjar Village, Bojongsari District, Purbalingga

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Abstract

Hair craft product is the leading product at Karangbanjar Village in particular and in Purbalingga Regency in general. This product has more comparative advantage among other regencies such as Demak, Sragen, Karanganyar, and Brebes. It is also the second best product in the world after Guangzhou, China. This hair craft creative industry in Karangbanjar Village can employ many workers and generate the income for most hair artisans in fulfilling their basic needs. The purpose of this research is to identify the internal and external factors and to analyze the production activity and the consumption behaviour of entrepreneurs of hair creative industry in Karangbanjar, Purbalingga. This research used the primary and secondary data. The primary data was collected from the respondents—68 entrepreneurs of hair production industry, and the secondary one was from the relevant government institutions. Some measurements were applied in this research. The Internal and External factors were identified by using SWOT analysis, while the production activity was measured by the profit analysis and the economic efficiency analysis, and the consumption behaviour was measured by the Average Propensity to Consume (APC) analysis. The result shows that: 1) Hair creative industry has more strengths than weaknesses and more opportunities than threats; (2) Hair creative industry offers high profit; 2) The entrepreneur profit coming from this industry can fulfill most of the consumption.

Keywords: internal factor, external factor, production, consumption, hair creative industry, APC.

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INTRODUCTION

The good and strong economic performance of a country should be supported by the existence of a strong real sector as well. Micro, Small and Medium Enterprises (SMEs) is one of the main pillars in the development of the real sector. Some researches (Hill, 2001; Kyaw, 2008; and Agyapong, 2010) explained that the development of SMEs has been the focus of development in the developing countries. Government support for MSME development is also conducted in the developed countries (Musnidar and Tambunan, 2007; Aranoff et al., 2010; and Okun et al., 2010). Based on the empirical evidence and also some other researches (Kyaw, 2008; Radam, 2008; Sari, 2008; Bowen et al., 2009; and Ardic et al., 2011), it can be affirmed that the SMEs play an important role in improving the economy of a country.

One of the leading sectors of SMEs in a region is the creative industries. In Purbalingga the creative industry, which is the top leading in the region, is hair craft. Hair craft creative industry existing at Karangbanjar Village, Purbalingga Regency is able to reduce the unemployment rate (30.47 percent) and can meet the needs of decent living (KHL) of the hair crafter community (82.5 per cent have had decent living) (Arifin, 2011). Although economically this creative industry is promising, but there are still many weaknesses, such as the availability of raw materials, capital, and marketing (Arifin, 2008; Ihua, 2009; and Bowen et al., 2009). In addition, there is also the marketing problem because the networking is still limited and the marketing strategy is still unconventional, because of not utilizing yet the Information Technology (IT) well, the poor management and quality of human resources (Sari, 2008; Bowen et al., 2009; Kushwaha, 2011, Popescu, 2011; Arifin and Rachmat, 2013).

Some of the advantages / strengths and flaws / weaknesses will be detected on the behavior of the hair craft workers, both are seen as producers and as consumers. From the producer side, for example, the workers who are willing and able to improve the production techniques and marketing will be able to produce more productions with good quality and can earn more profits anyway. Another example, hair entrepreneurs who constantly learn and actively participate in seminars or training in business management will be able to manage the business efficiently, which are reducing the unnecessary costs and increasing the value-added production. Meanwhile, on the side of consumers, the hair craft workers and entrepreneurs who can apply the scale of priority on a number of daily life needs will be able to optimize the revenues to meet the primary and more important needs so the life pattern will be order in economic way. Another example, the workers and entrepreneurs who are disciplined in utilizing their income and avoiding the waste will be able to set aside part of their income for savings.

What is interesting and becomes the concern in this research is that in Arifin's research (2011), 82.5 percent of the hair artisans have had a decent life, but there are some hair artisans whose home is not feasible (ground floor, tin roof, bamboo/board house wall). Besides, some of their children who attend school only graduate from junior high school even from elementary school. Under these conditions, an important question to ask is whether their income from hair craft has been able to meet their daily basic needs, such as clothing, food, shelter, including basic education and health standards. The purpose of this research is to identify the internal and external factors, to analyze the activity of production and consumption behavior of

entrepreneurs in the hair creative industries at Karangbanjar, Purbalingga.

Previous researches related to the analysis of production and consumption and supporting the aims of this research are described as follows. Fening et al. (2008) examined the relationship between the quality management practices and the performance of SMEs in Ghana. Based on the literature, this paper adopts a set of variables from the quality management practices including leadership, strategic planning, human resources, focus on customers, information and data analysis, process management, and quality and operational. There are seven hypotheses postulated in examining the relationship of these variables with five indicators of SME's performance those are profitability, customer satisfaction, sales growth, employee morale, and market share.

The survey was conducted through 80 questions to a sample of 200 small businesses that employ fewer than 50 workers in all sectors in Ghana. The questionnaire uses five points in Likert scale to assess the quality management practice that can affect the performance. The statistical analysis uses SPSS to calculate descriptive statistics, reliability analysis, and correlation and regression. The findings in this research is a significant relationship between the variables of quality management and business performance. This paper also explains the strengthening of the argument that quality management practices can improve the organizational performance in large and small scale of business enterprises.

Likewise is the research of Jajri research and Ismail (2009) on the importance of the role of small and medium industries (SMIS) in economic development in Malaysia. The purpose of this research is to analyze the low labor productivity in small and medium industries in Malaysia, which then lowers the SMIS contribution to the real output. The data used is survey data of 1985-2005 of Department of Statistics Malaysia. This analysis is conducted in two stages, measuring the progress in technical using the supplier data of analysis framework developed by Coelli (1985) (Data Envelopment Analysis), and examining the effect of progress technique on labor productivity using the regression.

The result is that the SMIs adopt the technology slowly. SMIs pay the wages lower than the big companies so the small companies get the last queue in obtaining the skilled labor. The regression results indicate that the production workers directly have a negative effect on productivity. SMIs need to have the workers that are more educated and provide a formal structured training for workers. This is an important step to move to a greater level of efficiency. Efficient companies can also be achieved if they have better access to new technologies through licensing agreements, joint ventures with foreign partners, and export contacts with foreign buyers and suppliers.

In connection with the financing to SMEs, Kyaw (2008) examined the SMEs in Myanmar in which of the many problems faced by SMEs, funding becomes the crucial one. SMEs are the biggest part of the economy of Myanmar, both in terms of numbers, the contribution to employment, also the output and investment. Myanmar's economic growth is highly dependent on the development of SMEs in the private sector. The role of SMEs has become more important in strengthening the national competitive advantage and rapid economic integration into the ASEAN region.

The policy recommendations offered is that the policy must focus on SMEs and the private sector as a viable development strategy

for industrialization and economic development. The real step is a policy to stabilize the macro-economic fundamentals, to improve the loan infrastructure from the government, and to increase the demand and supply from the perspective of SME financing conditions. All aims to provide more accessible financing for all SMEs in Myanmar.

Meanwhile, with regard to the welfare and consumption, Meyer and Sullivan (2010) examined how to measure the level of welfare of the poor by using proxy of income and consumption. In the method of analysis, there are five empiric strategies to test the quality of income and consumption data, which compare the reports between income and consumption, investigate other evidence of the low accuracy of statements of income or consumption, compare how well the accuracy of the data in a standard so that the ratio of income and consumption can be achieved especially for families whose resources are low, examine the comparison of household survey report in the form of receipt of the data transfer to the smallest data in the administrative at the transfer evidence, and evaluate the measures of income and consumption by comparing it with another measure of welfare. The result of this research is the discovery of substantial evidence that consumption has a better proxy than income to measure the well-being for those who have little resources. The results support the use of consumption as a material for evaluating the effectiveness of transfer programs and the general trend in poverty.

RESEARCH METHODS

This research was conducted in the hair craft centers at Karangbanjar Village, Bojongsari District, Purbalingga Regency by using the primary and secondary data. The primary data comes from the hair artisans through questionnaires and interviews related to the activity of production and their consumption behavior. Meanwhile, the secondary data is collected from the related government offices and agencies. The secondary data required includes the identity of the business, the value of production, the total employment, wages, capital, assets, production costs, profit, marketing, etc.

In relation to the needs of primary data collecting, this research uses a sampling technique that requires population data. Based on the hair craft industry data obtained from the village office of Karangbanjar, in 2014 the population in the hair craft creative industry center at Karangbanjar was as many as 204 business units. Based on the preliminary survey, it was observed that the business units in the creative industry centers have similar business characteristics (homogeneous) so that the sample in this research was drawn at random using a sampling technique that is simple random sampling.

Simple random sampling method is a method of selecting the sample size in which the member of population has an equal chance to be elected as the member of sample. The method for determining the sample uses the following formula (Iqbal, 2002):

$$n = \frac{N}{1 + Ne^2}$$

where n is the number of samples, n is the number of the population, and e is the percentage of sampling error that can be tolerated, 1% - 10% .From the above formula, the number of samples in this research is:

$$n = \frac{N}{1 + Ne^2} = \frac{204}{1 + 204(0,1)^2} = 67,105$$

The number of samples taken from the existing population is as many as 68 respondents.

This research focuses on the analysis of production and consumption of hair artisans

at Karangbanjar, Purbalingga. To that end, the data analysis technique used can follow the stages described.

First, the analysis used to identify and analyze the internal and external conditions of hair craft is a SWOT analysis. SWOT Analysis is a framework for analyzing the current conditions that have and are happening and the potential conditions in the future to make changes in a company or organization. This analysis is actually a method to analyze the situation (situation analysis) that could affect the existence of a company or organization (Rangkuti, 2000). As research conducted by Permadi (2015) that the SWOT analysis is used to examine the profile and development strategy of carica small industry regency, this research also use that analysis for the internal and external condition mega-analysis of the hair craft creative industry in Karangbanjar, Purbalingga.

Component of SWOT analysis consists of internal factors that includes strenghts (S) and weaknesses (W), and external factors that include opportunities (O) and threats (T). The explanation of internal and external factors can be seen in Table 1. The insight study in each component can be seen in Table 2 and Table 3. Table 2 describes the key phrases related to internal factors, while Table 3 explains the focus of questions and key phrases related to external factors.

Table 2 describes in details some of the key phrases that can be built for digging the components of Strengths, among others, the availability of personnel / qualified human resources and adequate facilities, high motivation, the neat work, the availability of sufficient funds, etc. From these key phrases, some focuses of questions can be developed related to the components of strengths including excellence or merit possessed by the business unit, competitive movement, and the ability of resources (endowments) owned.

Table 1.	Internal & External Factors in SWOT Analysis
Components of SWOT	Definition
Strengths	All assets of business unit/organization will help in utilizing the opportunities and threats (internal factors)
Weaknesses	All weaknesses owned by the business unit/ organization in utilizing the opportunities to meet the necessity (internal factors)
Opportunities	External condition/tendecy of the business unit/organization that gives opportunities to increase the performance and competition (external factors)
Threats	External condition/tendency of business unit/organization that gives negative effects on the performance and competiton (external factors)

Source: Freddy Rangkuti, 2000.

Table 2. Internal Factors of SWOT Analysis

Components	Key Phrases
Strengths	Availability of trained, skilled, and harmonious personnel
	Available facility provision
	High personnel motivation
	Neat/good work/task
	Adequate funding provision, etc.
Weaknesses	Unwell-built internal communication
	Weak leadership
	Low work motivation
	Tasks / work are not resolved neatly/well
	Unskilled/less skilled personnel
	Low trust to each other

Source: Freddy Rangkuti, 2000.

Table 3. External Factors of SWOT Analysis

Components	Key Phrases
Opportunities	Institutional policies (government / association / community) to enhance the role and performance of the business unit / organization more widely
	Tendency / interest in the public interest to more participate / support / join
	Awareness of self-actualization needs of each business unit / organization
	The situation surrounding environment that supports the development of businesses / organizations
Threats	The development of business competitors / other similar organizations
	Institutional policies (government /

association / community) that limit the movement and development of businesses / organizations
The situation surrounding environment (external) that hamper the development of businesses / organizations
The decline in public sympathy toward businesses / organizations

Source: Freddy Rangkuti, 2000.

Meanwhile, the key phrases that can be built to dig the components of weaknesses include internal communication that is not built up well, weak leadership, weak work motivation, task / job that is not resolved neatly/well, unskilled/less personnel, and low trust to each other. Some focuses of questions can be developed on the components of weaknesses including the badness/ugliness owned by the business unit, the elements needed to be strengthened, and the possibility of weakness in managerial system and operational business units.

Table 3 describes the key phrases that can be built related to the components of opportunities, among others, institutional policies (government / association / community) to enhance the role and performance of the business more widely, the tendency / interest in the public interest to be more participated / supporting , the awareness of self-actualization needs of each business unit to be increasingly recognized the existence of its business, and the situation surrounding environment that supports the business development. From these key phrases, some focuses of questions can be developed, such as the possible changes that occur outside that can be a positive influence on the development of the business unit.

Meanwhile, the key phrases that can be built on the components of threats, among others, the development of business competitors / other similar organizations similar, the institutional policies (government / association / community) that limit the movement and development of the business / organization, the environmental situation around (the outside) that hamper the development of the business / organization, and the declining of public sympathy towards business / organisasi. Some focuses of questions that can be developed include efforts exerted by business competitors that cannot be done within their own business units and the possibility of changes in the outside that can give negative impact.

In this research, the production activities will be analyzed using two measurement techniques as follows: (1) determining the amount of cost, income (revenue) and earnings (profit), and (2) measuring the level of economic efficiency. Both of these techniques will be complementary in the analysis.

The first technique is described as follows. Cost in terms of the economy is all the burden to be borne by the producers to provide the goods that are ready for consumption by the consumer (Sudarsono, 1986).

The products are the result of the combination use of various factors of production. The use of production factors greatly influence the income producers (hair artisans) that are closely related to the costs incurred. The production costs can be grouped into three, namely fixed costs, variable costs, and total cost.

Fixed costs are expenses which amount does not depend on the size of the production quantity. Even when production was temporarily halted, then the fixed costs remain to be incurred in the same amount. For example the means of production depreciation, interest on loans, and leasing the place of production.

Variable costs are expenses which number fluctuates according to the changes in the quantity of product produced. The greater the quantity of production is, the greater the variable costs to be incurred will be. Costs included in the variable costs hair craft are the purchase of raw materials, labor costs, and other maintenance costs.

Meanwhile, total cost is the sum of fixed costs and variable costs in process of production. The total costs can be formulated as follows (Boediono, 1992):

TC = FC + VC

in which:

TC = *Total Cost*
FC = *Fixed Cost*
VC=*Variable Cost*

Revenues or receipts (revenue) is the income produced the from production activities each year (Makeham, 1991). Revenues can be formulated as follows:

TR = P .Q

in which:

TR   =*Total Revenue*
P   =*Price* (each unit)
Q   =*Quantity* (the number of sold products)

Definition of profit generally is the difference of revenue over the costs in the certain period. In economic theory, profit is an increase in the wealth of the company, while in accounting, profit is the difference in income realized from transactions that occur at the time as compared to the costs incurred in a given period. The elements that are part of forming the profit are revenues and expenses. By grouping the elements of income and expense, the different measurement results will be found including gross profit, operating profit, profit before tax and net profit. Income measurement is important for determining the performance or achievement of a business and to determine the investment policy (http://kelompoklaba.wordpress.com/2008/08/27/laba, uploaded August 27, 2008).

In this research, the profit in question is the difference between total revenue (TR) and total cost (TC). Mathematically, it can be written as follows:

π = TR - TC

in which:

π =*Profit*
TR   =*Total Revenue*
TC   =*Total Cost*

The second technique is to measure the level of economic efficiency. Economic efficiency is the ratio between income and expenditure. In a company, an effort to improve efficiency is usually related to smaller costs to obtain a certain result, or using certain costs can obtain more results. This means a waste is very reduced to a minimum level and something making it possible to reduce the cost is for the sake of efficiency (Rahardja, 2010).

According to Soekartawi (1987), efficiency is an effort to use the smallest input to get the maximum production. In relation to the concept of efficiency, it is known as the concepts of technical efficiency, price

efficiency or allocative efficiency, and economic efficiency. Technical efficiency would be achieved if the farmers are able to allocate such factors of production that the high production can be achieved. When the farmers benefit greatly from the farming, for example due to the effect of the price, then it can be said tha the farmers allocate their factors production in price efficiency. To be able to calculate the economic efficiency we can use the formula (Soekartawi, 2002):

$a = R/C$

$R = P^y \cdot Y$

$C = FC + VC$

$a = \{(P^y \cdot Y)/(FC + VC)\}$

in which:

R   =   Reevenue

C   =   Cost

Py   =   Output price

Y   =   Output

FC   =   Fixed Cost

VC   =   Variable Cost

The criteria test is divided into three. First, R/C ratio>1, means that the farming is economically advantageous. Second, R/C ratio = 1, means the revenue is only enough to cover the production costs. Third, R/C ratio<1, means the level of farming is economically unprofitable.

Household consumption can be defined as household expenditure on the purchase of goods and services for final to get satisfaction or to meet their needs. The consumption function itself is expressed as a function that describes the relationship between consumption level of households with incomes in an economy (Sukirno, 2002: 38).

Principal problems faced by the household economy is whether the incoming revenue is sufficient or not to meet all the needs of a family. Therefore, the challenges faced in managing the household economy is

how to manage the family finances so that all the needs of family life can be assured with the available income, in other words how to keep the balance between income and expenditure.

Tabulation analysis is used to find out how consumption pattern is and whether the income received by the crafters is sufficient to meet their expenditure. The measuring instrument used is APC (Average Propensity to Consume) that is how many percents of the revenue spent on consumption (C as a percentage of Y) by comparing the expenditures of consumption and income (Gilarso, 1991: 178).

There are three possible of APC values. First, if the APC> 100%, the consumption (C)> income (Y). Second, if the APC = 100%, the consumption (C) = income (Y). Third, if the APC <100%, the consumption (C) <income (Y).

To that end, based on the value of APC, the test criteria is divided into three. First, high category, that is, if consumption is greater than income, it means that income cannot meet the needs of consumption pattern. Second, the medium category, that is, if consumption is equal to income, it means that income is sufficient to meet the needs of consumption pattern. Third, the low category, if consumption is less than income, it means that income can meet the needs of consumption pattern.

The results of the analysis of production and consumption in the previous explanation then are compared and analyzed. If the value of consumption (expenditure) is greater than the income of the production, the lives of these artisans is still not economically viable. Conversely, if the income is able to meet the consumption, it can be said that the artisans have had a decent life with their living as the hair artisans.

RESULTS AND DISCUSSION

Karangbanjar village is one of the villages in Bojongsari District, Purbalingga Regency. Besides famous as the hair craft center, Karangbanjar is also a tourist village in Purbalingga. The atmosphere that is cool and beautiful and not much touched by the human hands makes this village worthy as a tourist village. Besides its friendly citizens, life in this village is calm and peaceful. There are still many sprawling rice fields and verdant trees along the rural roads that are now easily passed because they have been paved.

Purbalingga Government is very concerned on this tourism and hair craft village. The government has designated it as tourism village, in which it is packed as a package that offers places that can be visited by the visitors in a series of trips in the village, those are Bojongsari Water Attractions (Owabong), Reptile and Fruit Garden, Campgrounds, Hair Craft Small Business Centers, Fishing Lake, and Homestay, and also some places that are planned to be built as the places of recreation. Karangbanjar has been designated as the tourism village since 29th January, 1992 by a Decree of Purbalingga Regent.

Karangbanjar is one of 14 villages in Bojongsari District, Purbalingga Regency, Central Java Province. Karangbanjar is approximately 148.351 hectares, with the boundaries of administrative areas as follows. The North side is bordered by Beji and Sumingkir villages while the South is by the Munjul village. The East is by Bojongsari village while the West is by Kutasari village.

Karangbanjar village is located 5 km northwest of Purbalingga city and connected by the macadam that can be passed by almost all types of two-wheeled and four-wheeled vehicles. Travel time to Purbalingga city is about 15-20 minutes. Transportation infrastructure that connects this village to other villages as well as to the center of Purbalingga city is sufficiently available and adequate.

Bojongsari district overall has a type of soil that is grouped in association of brown latosal and regasol composed of inductive material-intermediate volcanic. The condition of alluvial soil area of 137.829 ha is a land with a high fertility rate and an area of 10.532 hectares of land with an average fertility rate. Soil structure agglomerate with moderate permeability with argillaceous texture. Level of acidity of soil pH is from 6 - 6.5 with moderate organic matter content.

The people of Karangbanjar village mostly work in the field of food crops, plantations, livestock and fisheries. The types of crops grown are in the form of rice, corn, cassava, sweet potatoes, peanuts, soybeans, vegetables and fruits that are seasonal crops. The type of plantation crops include rambutan, mango, clove, duku, and coconut. Livestock generally include cattle, buffalo, horses, goats, sheep, chicken and duck. Fishery development is potential enough because it is supported by the good flow of the river water and the supporting soil texture.

On the other hand, some people also develop small businesses, both domestic and small industries. Small businesses include broom crafts, hair crafts, traditional food processing (banana chips, knapsack, ampyang, satu cookies, Koyah, and rengginang), the manufacture of paint, wood lathe crafts, rattan, and the manufacture of bricks. Among the wide range of small businesses, hair craft businesses is the longest and hereditary one. However, until now this business remains promising and growing despite more competition in this modern era. Hair craft industry is a product that is unique and rarely found in other areas. Purbalingga is one of the

few regions in Indonesia that still exists in this hair craft product. In Purbalingga hair craft is the leading product. Therefore, this leading product has been well known both domestically and overseas. This leading product is manufactured by big and small/ household industries. The big scaled-hair industry is more focused on the production of wig (synthetic) hair craft oriented in international markets (exports), while the small/household industry is more focused on the production of real hair craft oriented in domestic market.

The large-scaled hair industry is the one with foreign investors (PMA) from Korea. Currently there are 16 units of hair company of PMA (Disperindagkop Purbalingga 2011). This large-scaled hair industry is able to absorb many workers, especially women. From the available data, the hair industry is able to absorb 17,650 people (Http://suaraperwirapurbalingga.wordpress.com). Meanwhile, the small-scaled hair industry is produced by the hair craft creative industry center in Karangbanjar village, Bojongsari district.

Karangbanjar village is the only hair craft creative industry center existing in Purbalingga and has been established over 40 years ago. This creative industry center is the hair industry concentrated naturally. For the people of Karangbanjar, creative industry center is one source of the main income because the education level limitations make the people of Karangbanjar utilize their skills of hair crafting to earn a living. Therefore, most of the economic life of rural communities is highly dependent on the survival of hair craft businesses where approximately 80% of the population are the hair artisans.

Hair craft products cover various types of bun with numerous variations and modifications, such as Java bun, hairpin bend, mody bun, modern bun, cepol, lungsen, braids, hair pieces, fir, kordion, horsetail, sonya, and also various types of wig. Raw materials required include two types, genuine human hair and synthetic hair. The types of raw material become the characteristic or uniqueness thus this business has the specific form and appeal. This business has its own market and is relatively uncommon in other areas.

Hair craft products made of genuine hair are more expensive than synthetic materials because it is difficul to find the genuine hair. The prices of the genuine hair range from Rp600,000-Rp1,000,000 per kilo while the synthetic hair on average is Rp50.000-Rp70,000 per kilo. The need of raw materials has reached 10 kg in a month. The hair quality, especially the genuine hair, also affects the high and low price of this raw material. For example, the long loose hair is more expensive than the short hair (e.g., the raw materials of hair extention of 50 cm long hair length or more).This is because the short hair is relatively more difficult in the basic treatment prior to further processing. Thus, this craft industry needs not less capital.

Scarcity and high cost of raw material become the major problem of most business units although there are some dominant business unit stating otherwise. Some sources of raw materials come from Purbalingga but some also come from other areas.

Local sources are usually the synthetic material in the form of hair waste material of the hair factory/enterprise existing hair in Purbalingga while some are from other areas and usually in the form of genuine hair and just a few the synthetic ones, such as from Jakarta, Cirebon, Garut, Cilacap, Semarang Demak, Bandung, Wonosobo, Brebes,

Surabaya, etc. Uniquely each individual business unit tends to have self-sufficiency whether in getting the raw materials or marketing. They prefer to strive individually and not collectively.

The craft reseults are usually sold directly by the owner of industry to the customers who are mostly the bridal makeup, shops, and entertainment workers. These buyers often come directly to the site to order the model in question or to take orders. The average of manufacturing this commodity is to accept special orders according to the customer's demand. Marketing areas of this hair craft can penetrate the foreign markets such as Korea, Japan, Australia, Germany, Taiwan, Saudi Arabia, Europe and the United States. Ninety-five percent yield false hair they are exported to foreign countries. In the international market, craft hair Purbalingga ranks second after China Guangzhou (Disperindagkop Purbalingga 2013). However, after given brand in Korea, sometimes this commodity is then imported and sold in Indonesia with a more expensive price. For the local market it usually works with the collectors in other regions such as Jakarta, Bandung, Semarang, Surabaya, Medan, Kalimantan, and Bali.

Great efforts of the foreign investors are supported by the Local Government and DEKRANAS (National Crafts Council) in making business licensing so as to invite more investors come to Purbalingga to invest so that the craft can develop further. This craft has been proven to absorb so great labors that this craft industry will have a promising hope in the future.

Karangbanjar village often gets visits from university students and groups/communities from other regions such as Medan, Pontianak, Jakarta, Bali, Bandung and

even Lombok, who want to see the process of making the hair crafts while travelling. Therefore, it is difficult to break the relationship among the hair craft, tourism, Purbalingga, and Karangbanjar.

Internal and external conditions of business cover all the potential, ability, wealth, characteristics, also innovation and creative ideas that are owned by the hair craft business units. The analysis used to identify the internal and external conditions of this business is the SWOT analysis.

The components of SWOT analyzed are the internal factors covering Strengths(S), Weaknesses(W); and the external factors covering Opportunities(O) and Threats(T). The SWOT analysis on the hair craft creative industry at Karangbanjar village can be presented in the following explanations.

Strength (internal factor) is the entire assets of the business unit / organization that will assist in taking advantage of opportunities and in facing the threats.

Based on the analysis of the Strength factor, it showed that the hair craft creative industry at Karangbanjar village has the ability to absorb the labors both from local or outside the village. In terms of capacity in production, the industry has proven to produce in lots of quantity and excellent quality, which outperforms the hair craft production centers in other areas outside Purbalingga Regency. This can be seen as the results of the previous research (Arifin, 2008), which proves that the hair craft industry in Purbalingga has comparative and competitive advantages as compared to other regencies that produce the similar products, such as Karanganyar, Brebes, Demak, and Sragen. Even, the hair craft industry in Purbalingga nationally has a position as the first rank of comparative advantages.

These advantages are analyzed from several aspects, among which are the uniqueness of the product that include authenticity, rarity, difficult to imitate, and specialized labors. In addition, the overall hair craft products in Purbalingga also have extended to overseas, which are exported to several countries in the USA, Australia, Korea, Taiwan, Japan, and Germany. For this reason, internationally the hair craft products of Purbalingga has the second rank after Guangzhou, China (Disperindagkop Purbalingga Regency, 2011).

The other Strength factor of the hair craft industry of Karangbanjar Purbalingga is to have a low concentration and small barriers to entry. This result is based on the research of Arifin and Priyono (2013). That is, according to the understanding in a clump of industrial economy, these conditions indicate that the industry is approaching the characteristics of a perfect competition market. In the mainstream economic flow (classical), perfect competition is the ideal condition in which the market can work optimally or the tug process between the demand and supply of a product occurs in accordance with the market mechanism.

Another Strength that can be extracted from the hair craft industry is the division or specialization in the work during the production process. There are stages of production that require a certain skill / specialty, such as the core stage of manufacturing the bun, so the more skilled the hair artisans/workers are, the more efficient the result will be, because the productivity will certainly be higher than the unskilled ones.

The artisans/workers who have special skills will earn appreciation, either in the form of higher wages/salaries and other kinds of appreciation, such as becoming a leader among other workers. The workers in the hair craft industry at Karangbanjar Purbalingga also have benefited financially because they have reached their needs of decent living (KHL) in accordance with the minimum wage of regencies (UMK).

Furthermore, the internal factor as the opposite of Strength is Weakness, which is the entire deficiency owned by the business unit / organization in taking advantage of the opportunities to meet the necessity. Based on the primary data analysis, it is found that there has not been a good cooperation between the artisans of the hair craft industry in Karangbanjar, both in raw material procurement and product marketing.

Some efforts have been conducted by the government to build a cooperation among the artisans, for example by establishing a cooperative, but so far it has not been able to build a unity / cooperation. It seems that the labor culture they have employed for years cannot be forced to change. They are quite comfortable with working individually in obtaining the raw materials and marketing.

This condition can be described as follows. Ideally through the cooperative, the very expensive raw materials can be purchased collectively so that the price could be cheaper and the payment can be paid in installments, but it is difficult to realize because they find it more convenient to buy the materials individually to the certain hair collectors in certain areas outside Purbalingga. Another example, each hair artisan has different purpose of marketing products. Ideally, through collective way or the cooperative, the marketing objectives can be determined together and of course the marketing costs can be suppressed in such a way that is more efficient, but these efforts did not bring any result because the artisans prefer to compete in acquiring the consumers and the new

purpose of marketing or maintaining the old one.

A classic problem that also becomes the Weakness factor of every small business is capital. Hair craft industry in Karangbanjar is also facing the capital problem. Prices of raw materials of the genuine hair that is very expensive then become one of the causes why the artisans must prepare the substantial capital. During this time, their capital partly are from their own and partly from loans to financial institutions such as Rural Credit Bank (BPR), the District Credit Agency (BKK), and others.

Another Weakness found in the hair craft industry is the weak business networking. The hair artisans have no association or cooperative to unite the vision, mission and principles.

Meanwhile, one of the external factors that can be a benefit for the industry is Opportunities. Opportunity is a condition / external tendency of business units / organizations that provide opportunities to improve the performance and competition. In the hair craft industry of Karangbanjar there are several potential opportunities to be exploited. First, the number of productive age population in Karangbanjar is high enough (67%). It certainly can provide the needs of workers, especially young ones who have high motivation. Second, the support of the local government and the community both in Karangbanjar and in Purbalingga is significant to the development and progress of this hair craft industry. Third, the support of the financial institutions, such as BPR and BKK, is quite large in providing credits to the hair artisans.

One more external factor that is not only important to watch out but also becomes a potential to grow is Threat, which is the condition / external tendency of business unit / organization that has the negative impact on the performance and competition. Some Threat factors faced by the hair craft industry in Karangbanjar is the more difficult procurement of the raw materials. The human genuine hair raw material is relatively decreasing due to the decreasing number of the hair collectors, who are those diligently collect the human genuine hair from the beauty salon, barber, and certain people who still want to collect the remnants of hair pieces to be sold to the collectors.

Table 4. Recapitulation of Revenue, Cost and Profit of Hair Craft Industry
in Karangbanjar, Purbalingga (Rp/month)

Statistics	Revenues (R)	Costs (C)	Profits
Total	2,229,545,000.00	1,665,530,000.00	564,015,000.00
Average	32,787,426.47	24,493,088.24	8,294,338.24
Maximum	180,000,000.00	135,000,000.00	58,800,000.00
Minimum	3,000,000.00	2,240,000.00	200,000.00
Median	15,600,000.00	12,100,000.00	3,180,000.00

Source: Primay Data (Data processed).

Table 5. Recapitulation of Economic Efficiency of Hair Craft Creative Industry
In Karangbanjar

Statistics	Revenues (R)	Costs (C)	Ratio (R/C)
Total	2,229,545,000.00	1,665,530,000.00	1.34
Average	32,787,426.47	24,493,088.24	1.33
Maximum	180,000,000.00	135,000,000.00	2.05
Minimum	3,000,000.00	2,240,000.00	1.01
Median	15,600,000.00	12,100,000.00	1.27

Source: Primary Data (Data processed)

Besides the analysis above, production activity is also analyzed by measuring the economic efficiency. Furthermore, economic efficiency can be seen in Table 5. It can be seen that all respondents have a ratio of R / C greater than 1. This means that all business units / hair craft entrepreneurs in these centers have been economically efficient in running their business. The total calculation (all respondents) obtained the ratio of R / C 1.34; while the average calculation of each business unit obtained a ratio of R / C 1.33. In fact, there is a business unit which ratio of R / C reaches 2.05, which means that the business that occupied is already very profitable. Meanwhile, there is also a business unit that has the smallest ratio of R / C 1.01, but still showed values above 1, which means to be economically viable.

Tabulation analysis are used to determine how the consumption patterns of the artisans and whether the earned income is sufficient to meet the expenses. The measuring instrument used is APC (Average Propensity to Consume), which is how many percents of revenue spent on consumption (C as a percentage of Y) by comparing the amount of consumption expenditures and income (Gilarso, 1991: 178). In this research, the income in question is a net revenue of the entrepreneurs or called as the profit entrepreneurs. While consumption is a household consumption of entrepreneurs that is the consumption expenditure for daily and monthly needs. The calculation recapitulation of APC value can be seen in Table 6.

In Table 6 it can be seen from the entrepreneurs (business unit) that their revenues from the hair craft business can meet their consumption needs. It is characterized by APC value of 0.53, which means that 53% of their income are used for consumption, which means that there are still remaining for savings or motive precaution. If seen from the APC value of each business unit, as many as 28 business units (41%) have high APC value above 1, which means that consumption is greater than income (C> Y) or their income cannot meet the consumption. Meanwhile, as many as 40 business units (59%) have low APC value or the income can meet the consumption.

Table 6. Recapitulation of *Average Propensity to Consume* (APC) Calculation of Hair Craft Creative Industry in Karangbanjar

Statistics	Net Revenues (Entrepreneurs' Profit)	Consumption	APC Value	Category of APC	
				High	Low
Total	564,015,000.00	297,348,000.00	0.53	28 business units	40 business units
Average	8,294,338.24	4,372,764.71	0.53	(41%)	(59%)

Source: Primary Data (Data processed).

Comparing Analysis of Production and Consumption

The results of analyses of production and consumption can be understood that in general the hair craft artisans / entrepreneurs can live as expected through livelihood as hair artisans. To note that based on the APC, there are still 41% of artisans / entrepreneurs that have not been balanced between income and consumption where consumption is still too high rather than income. Therefore, they need to consider more carefully on the possibility of being too wasteful in consumption so it needs to reduce the consumption that is not too important, and it is likely to be more efficient in production

CONCLUSION

This research aimed to analyze the production and consumption of the hair artisans in Karangbanjar village, Bojongsari district, Purbalingga Regency. Some conclusions become important findings in this research that the hair craft creative industries have the internal factors in which the Strengths are more than the Weaknesses and the external factors in which the Opportunities are more than the Threats. This requires skills and good management in managing the internal and external factors especially for the hair artisans.

In addition, based on the analysis of production, it is proved that the hair craft

creative industries is capable of providing a promising profit and all business units (artisans / entrepreneurs) are economically efficient in running their business. Furthermore, by comparing the analyses of production and consumption, it finds that generally the net income (profits) of the hair artisans is able to meet the needs of their daily consumption through livelihood as hair artisans.

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