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Strategy Analysis of Batik MSME Development

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Marketing strategy, cost leadership, differentiation, MSMEs

Abstract

This study aimed to analyze the strategies used by MSMEs of Batik Murni in developing their business. The informants in this study were 18 people. The method used was a qualitative approach. Data collection techniques used observation, interviews, documentation, and triangulation. Data analysis techniques used data reduction, data presentation and data verification. The results showed that: (1) The use of cost leadership strategies, differentiation strategies and focus strategies had an important effect on the development of MSMEs of Batik Murni. (2) The factors that affected the development strategy of MSMEs of Batik Murni consisted of capital, labor and marketing. (3) The raw materials used by MSMEs of Murni Batik in the production process were cloth and silk cloth, canting, for textile dyes by using remasol, naptol and indigosol and natural dyes, for washing by using waterglass. (4) The capital of MSMEs of Batik Murni was obtained from personal capital, capital loans to the East Java Regional Bank and to PT Industri Kereta Api (INKA). (5) The sales system used by MSMEs of Batik Murni was a direct and indirect sales system. (6) MSMEs of Batik Murni used a marketing research strategy, sales research, marketing information systems, marketing plans and evaluation. (7) The impact of the development strategy for MSMEs of Batik Murni Madiun, namely an increase in the amount of production, an increase in the amount of marketing and finally an increase in income.

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INTRODUCTION

Economic growth and poverty important indicators to see the success of a country's development (Jonadi, 2012). The phenomenon of poverty is a social problem that is a serious problem in developing countries, including Indonesia (Sopah, 2020). Indonesia as a developing country has a dense population. The poverty and unemployment rates in Indonesia are increasing every year. Thus, Latifah (2011) poverty alleviation is one of the agenda / priorities of the Indonesian government. The government is striving for the empowerment of MSMEs in Indonesia. MSMEs are indeed the basis for economic development both micro and macro (Retnoningsih, 2017). This is so that MSMEs can develop and be able to reduce unemployment in Indonesia. The community can be said to be a social capital capable of providing public services that the government has not been able to provide (Maulana, 2017). Social capital is developed through MSME activities. Through the use of social capital such as trust, networking and community cooperation, it becomes the basis for community development (Bowles and Gintis, 2002; Sudarmo, 2006; Suharto, 2008; Wijaya, 2020).

MSMEs can survive and become economic recovery in the midst of a downturn due to the monetary crisis in various economic sectors (Sentosa, 2018). In addition, MSMEs are also a good place for the creation of productive jobs (Kurniawati, 2015). MSMEs are productive economic enterprises that are able to stand alone and are carried out by individuals or business entities that are not subsidiaries that are owned, controlled, or are part of directly or indirectly from medium or large businesses that have met the criteria for small businesses that have been regulated in Law No. 20 of 2008 (in Budiarto, 2016). The results of interviews with MSME players revealed that the growth of MSMEs in Madiun City in 2019 was getting higher, it was recorded that 23,000 MSME players were spread across 27 villages in 3 districts. The agenda of accelerating economic recovery and strengthening the foundation of sustainable development and justice is realized through the

development of a democratic economic system based on justice while still paying attention to the optimal use of human resources and the preservation of independent entrepreneurs (Purwanti, 2013). The Madiun Government has made efforts to materialize the government's agenda by accelerating development of MSMEs in Madiun City. Based on interviews with the One Stop Services, Cooperatives and Micro **Enterprises** (DPMPTSPKUM) Office of Investment and Integrated Services, it is known that the government has 3 steps, namely by providing capital facilities, coaching to marketing. With the development of MSMEs in Madiun City, it will have a major impact on economic growth.

Based on data from DPMPTSPKUM in 2019 there were 20,941 types of micro businesses, 2,196 types of small businesses, and 223 types of medium enterprises. This is part of the facilities provided by the Madiun City Government starting from training, licensing, to marketing, this is done to support the development of MSMEs in Madiun City. Home Industry Batik is one type of UMKM located in Madiun City. The Madiun City Government established the Association of Batik Craftsmen, which is commonly called the Association for the Prosperous Charismatic Batik Cooperative (PSBKS), which includes 33 batik craftsmen in Madiun City. Batik is an original handicraft in Indonesia which is the richness of Indonesian culture. Batik is done by people who have expertise in their fields. Batik itself has a variety of styles and colors according to the creativity of the maker.

In Madiun City, the area that is the village of Batik is located at jl. Halmahera or known as Batik Murni Madiun. Mrs. Sri Murniyati as the owner of Batik Murni makes Batik not only as a batik cloth but can be used as a variety of household needs ranging from pillowcases, bags, hats, and souvenirs. Batik Murni itself has a special motif, namely the pecel motif; pecel is a typical food of Madiun City. The pecel-patterned batik cloth is one of the attractions for both local and foreign tourists visiting Madiun City. Not only the motive, but the dyes used are also different from other Batik, Batik Murni uses various kinds of dyes such as textile dyes and

natural dyes obtained from natural materials which of course add to the characteristic of Batik itself.

Batik Murni is a labor-intensive business, in this way the production process is carried out more by human labor than by machine power. This is done because the production process does not require special skills because the batik motif has been designed by the owner of Batik Murni. With this, Batik Murni participates in reducing the unemployment rate in Madiun City. The large number of Batik industries in Madiun City is a threat to Batik Murni to be able to develop its business and batik motifs that are less innovative have made Batik less attractive to the public, especially young people. Therefore, it is necessary to have a motive innovation so that consumers are still interested in wearing Batik. The lack of use of the internet also triggers the lack of development of MSMEs because in today's modern era, sales are more internet-based, especially in the era of the Covid-19 pandemic, entrepreneurs will experience a decline in sales because people will prefer to shop online rather than come to stores, therefore the use of media the internet is needed by entrepreneurs to expand their sales.

By using market strategies, product development and the use of online media, Batik Murni is able to face market competition and the presence of new products will make these products become consumers' attraction to products that are sold by Batik Murni. The existence of a Development Strategy will have a major impact on the development of MSMEs.

Batik Murni from year to year is increasing in the face of competition in the local market and the free market. This is what makes Batik Murni now able to carry out export-import activities to various countries.

METHODS

This study used a qualitative approach with descriptive research to analyze the development strategy of Batik MSMEs (a case study of Batik Murni in Madiun City). The type of technique used was a non-statistical data analysis technique which was certainly qualitative descriptive. The data analysis technique used was the interactive model data analysis technique. Data collection techniques were carried out by means of observation, interviews, documentation and triangulation. The research procedure was divided into 7 stages, namely building a conceptual framework, formulating problems, selecting subjects, developing instruments, collecting data, analyzing data, matrices and testing conclusions. Sources of data used in this study were primary data and secondary data. The researcher was as the main instrument because in this case the researcher acted to respond in the research process. There were 18 informants consisting of **MSME** owners, employees, communities, consumers, and the Department of Investment, PTSP, Cooperatives, and Madiun City Micro Enterprises. The details of the informants can be explained in table 1.

Table 1. Primary Data

Interviewees	Destination
MSME Owners: 1 Resource Person	To get information about what strategies are used to be
	able to develop MSMEs of Batik Murni
Employees: 5 Resources	To get information about the strategies employed by
	employees to be able to develop MSMEs
Community: 5 resource persons	To get information about the role of MSMEs in
	developing their businesses in the surrounding
	community.
Consumers: 5 Resources	To get information about the quality of Batik Products
	to further develop MSMEs.
Madiun City Investment Service, PTSP,	To get information about the role of the Government in
Cooperatives, and Micro Businesses: 2 Resource	efforts to develop MSMEs
persons	

Source: primary data processed, 2020

RESULTS AND DISCUSSION

This study used triangulation analysis to validate the research data that had been obtained. There were three data collection techniques, namely observation, interview, documentation. The triangulation technique used to confirm the validity and validity of the data used source triangulation to check the data, then compared the results of the informants' interviews with each other so that the data obtained could be said to be valid. There were 5 informants here, namely the Trade and Industry Office, MSME owners, MSME employees, MSME consumers and the community at JI.

Halmahera Oro-Oro Ombo Madiun City. After triangulating the source, the overall results of the interviews from 18 informants produced valid data

Based on the results of observations carried out for 4 days on January 19th, 2021 to January 22nd, 2021, The informants were the Investment Service, PTSP, Cooperatives and Micro Enterprises, MSME Owners, MSME Employees, MSME Consumers, Community at Jl. Halmahera Madiun City. From several informants who were interviewed, it was found that the MSME Development Strategy was very influential on the development of MSMEs of Murni Batik.

Table 2. Technique Triangulation

Interview	Documentation	Observation	
Based on the results of	The development strategy used	Based on observations	
interviews with several	by MSMEs of Batik Murni was	that had been carried out in	
informants, it was stated that the running well in terms of the		the field, the MSME	
strategy carried out by MSMEs	increase in the amount of	development strategy that had	
of Batik Murni had been	production and income.	been carried out by Batik	
running effectively to develop		Murni had been going well.	
their business.			

Source: primary data processed, 2020

Table 3. Time Triangulation

Data collection	Informant	Date	Time
technique			
Interview			
A	Madiun City Investment Service, PTSP,	Wednesday, January	13.40 -
	Cooperatives, and Micro	20 th , 2021	13.55
	Madiun City Investment Service, PTSP,	Wednesday, January	13.55 –
	Cooperatives, and Micro	20 th , 2021	14.10
В	Owner of Batik Murni	Tuesday, January 19th,	09.30 -
		2021	11.00
C	Employees		
	Sinta	Tuesday, January 19 th ,	11.00 –
		2021	11.15
	Ayu	Tuesday, January 19 th ,	11.15 –
		2021	11.30
	Lala	Tuesday, January 19 th ,	11.30 –
		2021	11.40
	Lisa	Tuesday, January 19 th ,	11.40 –
		2021	11.50
	Ida	Tuesday, January 19th,	11.50 –
		2021	12.00
D	Consumer		

Data collection technique	Informant	Date	Time	
1	Sulistya	Tuesday, January 19 th ,	13.05	_
		2021	13.15	
	Endang	Wednesday, January	10.15	_
		20 th , 2021	10.25	
	Widodo	Wednesday, January	10.25	_
		20 th , 2021	10.35	
	Lestari	Thursday, January 21st,	11.50	_
		2021	12.00	
	Lisna	Friday, January 22 nd ,	09.30	_
		2021	09.40	
E	Public			
	Ratih	Tuesday, January 19 th ,	14.00	-
		2021	14.15	
	Kusuma	Tuesday, January 19th,	14.30	_
		2021	14.45	
	Santi	Wednesday, January	13.00	_
		20 th , 2021	13.15	
	Dewi	Wednesday, January	13.15-	
	37.11	20 th , 2021	13.25	
	Yuliyana	Tuesday, January 19 th , 2021	09.00 09.15	_
Observation		Monday, January 18 th ,	09.13	
Observation		2021	11.00	_
		Tuesday, January 19 th ,	09.30	
		2021	13.15	
		Wednesday, January	10.15	_
		20 th , 2021	14.10	
		Thursday, January 21st,	09.00	_
		2021	12.00	
		Friday, January 22 nd ,	09.30	_
		2021	09.40	
Documentation	Murni Batik UMKM organizational structure	Tuesday, January 19 th ,	09.30	
	9	2021	WIB	

Source: primary data processed, 2020

Development Strategy of MSMEs of Batik Murni

According to Wilantara and Susilawati (2016) Strategic management provides guidance on how a strategy is formulated by describing the company's vision, mission, objectives, internal audit and external audit into an action plan. This action plan is based on past strategies that have proven successful and by looking at trends and opportunities that may arise in the future. Meanwhile, Porter (1985), a company that has a competitive advantage, will have the ability to understand changes in the market and be able to choose marketing strategies effectively. Strategies that allow a company to have a competitive advantage in terms of 3

things, namely: (1) Cost leadership strategies; A strategy that emphasizes the effort to produce a product at a very low unit cost. This strategy aims to offer a product at the lowest possible price compared to similar products; (2) Differentiation Strategies; this strategy is used by companies to be unique in a target market. The uniqueness of a product is aimed at attracting consumer interest in a good / service; (3) Focus strategies; this strategy is used to create a competitive advantage in a relatively narrow market segment. This strategy is intended to serve the needs of consumers who are small in number and in making a decision to buy is not influenced by price.

MSMEs of Batik Murni developed by using several strategies that made Batik Murni have a competitive advantage compared to other MSMEs of Batik, including: first, cost leadership strategies, Murni Batik produces goods at very low prices with very high quality products. This was done by Batik Murni in order to attract consumers to buy products in Batik Murni and make Batik Murni compete with other MSMEs of Batik because it sold Batik at low prices compared to Batik products sold by other MSMEs of batik.

Second, this strategy was used because Batik Murni had advantages that lay in the characteristics of batik designs that were not owned by other MSMEs of Batik, for example, namely the pecel and Pencak Silat designs, these designs are made directly by the owner of Murni Batik which is used as a superior product in MSMEs of Batik Murni in order to attract consumer interest both within the city and outside the city. Third, namely the focus strategy, MSMEs of Batik Murni in developing its business created an advantage that was only owned by MSMEs of Batik Murni itself, for example with the existence of the Pecel Motif and Pencak Silat these motifs were superior motives owned by MSMEs of Batik Murni.

Factors that affect the development of Murni Batik MSMEs

Several factors affected the development of MSMEs of Batik Murni, namely: (1) Capital, with the capital obtained from personal capital and loans, MSMEs of Batik Murni could develop their business so that they could compete more with other MSMEs of Batik. The higher the capital used, the production of goods would increase; (2) Labor played an important role in the production process because MSMEs of Batik Murni was labor intensive where the production process used more human labor than machine power, with the amount of labor available, Batik production would increase and would increasingly influence the development of MSMEs of Batik Murni; (3) Marketing, in developing its business, MSMEs of Batik Murni utilized technology for promotional purposes, with the development of technology, more and more people would be able to see the

promotions carried out by MSMEs of Batik Murni. This promotion was carried out through Instagram, Facebook, WhatsApp and the official Batik Murni Youtube.

Raw materials used in the production process of MSMEs of Batik Murni

According to Arif Suadi (in Yusniaji and Widajanti, 2013) raw materials are materials that are part of the finished product and can be identified in the finished product. According to Syamsudin (in Yusniaji and Widajanti 2013) raw materials are supplies purchased by companies to be processed into semi-finished goods and finally finished goods or final products from the company. The raw materials used by Muni Batik in the production process were using mori cloth and silk cloth, canting as a motif-forming tool, candles which were made in pans and small stoves. After carrying out the motive-making stage, the fabric would be colored by using remasol, naptol and indigosol dyes and natural dyes such as brown color obtained from maoni bark, ironwood now and blue color obtained from indigo leaves, then the color locking stage used waterglass material. The coloring process took place continuously to produce quality colors.

Capital of Murni Batik MSMEs

According to Lasminiasih et al (2018) "To carry out business activities, business capital is needed. This source of business capital can be obtained from own capital, financial institutions (Bank and Non-Bank), government assistance, and others". MSMEs of Batik Murni in the establishment of its business through several stages for the first time in its establishment, the capital was obtained from the personal funds of the owner of Batik Murni, then the owner of Batik Murni applied for a capital loan to the East Java Development Bank and PT Industri Kereta Api (INKA) amounting to IDR 30,000,000

Sales System of Murni Batik MSMEs

The sales system for Murni Batik MSMEs was carried out by: (1) A direct selling system where Batik Murni consumers made direct purchase transactions at Murni Batik,

during the Pandemic, the Direct Selling System was not very effective for Murni Batik MSMEs because Murni Batik Consumers prefered to buy products via online; (2) The indirect sales system was where consumers carried out the purchase process online through the Batik Murni social media account where all the buying processes were carried out indirectly and later the products that had been purchased by consumers were directly sent by Batik Murni to the consumer's address. In pandemic like now, purchasing products through Social Media was more effective because consumers would be more interested in buying products at Murni Batik through social media and the goods would be sent directly to the buyer's address, so that consumers did not have to come directly to Batik Murni.

Marketing strategy of MSMEs of Batik Murni

MSMEs of Batik Murni applied the following strategies: (1) Marketing research where prior to making new innovations, Batik Murni had conducted research on motives that were currently in demand by consumers where these motives made new innovations for MSMEs of Batik Murni so that they could compete with other Batik MSMEs; (2) Sales research was carried out by Murni Batik MSMEs for the purposes of product promotion and product distribution. In the promotion, Batik Murni utilized social media such as Instagram, Facebook, WhatsApp and Youtube, while the distribution of Batik Murni offerred its products directly in stores and delivery using expedition services; (3) The marketing information system was used by Batik Murni to disseminate promotional information that was being carried out by Batik Murni through Batik Murni official social media; (4) A marketing plan that was used to plan the long-term achievement of product sales. In implementing the marketing plan, Batik Murni was racing to the current situation, during a pandemic like now, Batik Murni in marketing used expedition services to reduce the level of virus transmission.

MSMEs of Batik Murni developed by using several strategies that made Batik Murni have a competitive advantage compared to other Batik MSMEs, including: first, cost leadership strategies, Murni Batik produced goods at very low prices with very high quality products. This was done by Batik Murni in order to attract consumers to buy products in Murni Batik and make Murni Batik compete with other Batik MSMEs because it seold Batik at low prices compared to Batik products sold by other Batik MSMEs.

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Factors that affect the development of Murni Batik MSMEs

According to Siswanto (2016) there are several factors that influence the development of MSMEs, namely: (1) Capital, with sufficient capital, entrepreneurs can start a business and be able to produce goods; (2) Manpower is a factor that influences the development of MSMEs, an uncertain workforce will affect business development this happens because of the large number of workers who leave and enter or are not permanent; (3) Marketing, promotion can be used as a form of product marketing in order to compete with other businesses.

Several factors affected the development of MSMEs of Batik Murni, namely: (1) Capital, with the capital obtained from personal capital and loans, MSMEs of Batik Murni could develop their business so that they could compete more with other MSMEs of Batik. The higher the capital used, the production of goods would increase; (2) Labor played an important role in the production process because MSMEs of Batik Murni was labor intensive where the production process used more human labor than

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Sales System of of MSMEs of Batik Murni

Mc Leod (1982) argued that the sales system is a process that supports each other in an effort to meet the needs of buyers and jointly get satisfaction and profit. The sales system for Murni Batik MSMEs was carried out by: (1) A direct selling system where Batik Murni consumers made direct purchase transactions at Murni Batik, during the Pandemic, the Direct Selling System was not very effective for Murni Batik MSMEs because Murni Batik Consumers prefered to buy products via online; (2) The indirect sales system was where consumers carried out the purchase process online through the Batik Murni social media account where all the buying processes were carried out indirectly and later the products that had been purchased by consumers were directly sent by Batik Murni to the consumer's address. In pandemic like now, purchasing products through Social Media was more effective because consumers would be more interested in buying products at Murni Batik through social media and the goods would be sent directly to the buyer's address, so that consumers did not have to come directly to Batik Murni.

Marketing Strategy of MSMEs of Batik Murni

According to Machfoedz (2007)marketing strategy is a plan that allows companies to make the best use of their resources to achieve a goal. Marketing planning process of determining a comprehensive approach to consumer desires. In marketing planning, it is necessary to pay attention to several things, namely: (1) Marketing research, research is carried out to identify consumers, products desired by consumers, and the method of purchases made by consumers; (2) sales research, research carried out for promotion and distribution purposes based on marketing research findings; (3) The marketing information system is used as a means of collecting, completing, analyzing,

storing and disseminating information related to the company; (4) Sales forecasting can be used as a way to coordinate personal decisions with accurate market information; (5) The marketing plan is used as a way to formulate a plan to achieve goals in long-term marketing and sales; (6) Evaluation is a method used to identify and assess a form of deviation from the marketing plan

MSMEs of Batik Murni applied the following strategies: (1) Marketing research where prior to making new innovations, Batik Murni had conducted research on motives that were currently in demand by consumers where these motives made new innovations for MSMEs of Batik Murni so that they could compete with other Batik MSMEs; (2) Sales research was carried out by Murni Batik MSMEs for the purposes of product promotion and product distribution. In the promotion, Batik Murni utilized social media such as Instagram, Facebook, WhatsApp and Youtube, while the distribution of Batik Murni offerred its products directly in stores and delivery using expedition services; (3) The marketing information system was used by Batik Murni to disseminate promotional information that was being carried out by Batik Murni through Batik Murni official social media; (4) A marketing plan that was used to plan the long-term achievement of product sales. In implementing the marketing plan, Batik Murni was racing to the current situation, during a pandemic like now, Batik Murni in marketing used expedition services to reduce the level of virus transmission.

The impact of the MSME development strategy

According to Khamarullah et al (2014) the impact that occurred due to the implementation of the MSME development strategy is a positive impact, one of which is an increase in the economy. One of the indicators is an increase in the amount of income. The implications of the MSME development strategy for MSMEs of Batik Murni had an impact on increasing the number of goods production and increasing the number of marketing of goods due to the high interest of consumers to buy products in Murni Batik which led to an increase

in the amount of income. Thus it is hoped that it will improve the economy of Murni Batik MSMEs and will facilitate business development.

Constraints faced by MSMEs of Batik Murni in developing their business

Ningsih et al (2020) also stated that the constraints on MSMEs were grouped into two, namely external constraints and constraints. Internal constraints are Human Resources, Products, Technology, information, networking, and marketing. While external language, constraints are culture, competitiveness, fraud, changing times, financial risk, economic conditions. The obstacles faced by MSMEs of Batik Murni in developing their business were divided into two, namely internal and external constraints. First. internal constraints included human resources, MSMEs of Batik Murni were still labor intensive in which all production processes used human labor, but MSMEs of Batik Murni were constrained in the field of labor due to the lack of public interest in working as batik craftsmen. Besides the lack of product quality, it was difficult for MSMEs of Batik Murni to enter the global market. Technologies that had not been designed, such as marketing and sales systems that were not technology-based were also one of the obstacles in the development of MSMEs of Batik Murni.

Second, external constraints such as competitiveness, the number of Batik SMEs in Madiun City greatly affected competition; this had an impact on reducing sales in the long term. In addition, economic conditions were also an external obstacle that hindered the development of MSMEs of Batik Murni. The Pandemic period affected economic development and growth in various sectors, not only in the tourism, education and hotel sectors, but also the most felt impact was on the economic sector. The weakening of the economic sector as a whole affected the sales level of MSMEs of Batik Murni, in recent times Murni Batik sales had decreased relatively more than before.

The goal of development strategy of MSMEs of Batik Murni

The purpose of Development Strategy of MSMEs of Batik Murni was to develop Batik Culture, especially in Madiun City due to the lack of public interest in preserving Batik Culture, with the growing development of MSMEs of Batik Murni it was expected to be a special attraction for the community to develop batik culture, especially in the Madiun area a special attraction for tourists outside the city, in addition to developing Batik Culture, another goal of developing Murni Batik MSMEs was to increase the amount of production which would have an impact on increasing the amount of income and increasing the economy.

CONCLUSION

In developing its business, MSMEs of Batik Murni used 3 strategies, namely: (1) Cost leadership strategy; MSMEs of Batik Murni emphasized production costs which had an impact on relatively low selling prices, this was done to attract consumers to buy these products. (2) Differentiation strategies; MSMEs of Batik Murni had characteristics of motifs, for example, namely pecel and pencak silat motifs, where these motifs were used to attract consumer interest. (3) Focus strategies; MSMEs of Batik Murni created competitive advantage through motives that were owned to attract consumer interest. Future research is expected to be able to analyze factors other than this research.

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