



The Influence of Marketing and Production Factor on Troso Weaving Cloth

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Article

Information

History of Article

Received January
2019

Accepted March 2019

Published May 2019

Keywords:

The business
performance,
Marketing Strategi
Production Factors,

Abstract

The Business Performance is influenced by various factors such as marketing strategy and production factor. Both have important roles to improve business performance. However, the number of Troso weaving cloth decreased gradually from 2013 up to 2016. This study aims at knowing the impact of marketing strategy and production factor to the performance of small and medium enterprises on Troso weaving cloth simultaneously and partially. The population was 180 owners of Troso weaving cloth with the sample of 64. The sample was determined by using proportionate random sampling. Then, the variables for this study consist of independent variables that are marketing strategy (X_1) and production (X_2) factor; and dependent variable that is business performance (Y). Based on the percentage descriptive analysis. The marketing strategy variable has influence as many as 73% with good category, while the production factor influences business performance, 61% with the moderate category. This study has found that marketing strategy and production factor have positive and significant impact partially and simultaneously to the business performance of small and medium enterprises on Troso weaving cloth.

INTRODUCTION

This world has developed nowadays. This encourages industries become the alternative source of economic potential. Therefore, it is necessary to have ideas and creativities for making the industries still exist, so that, the Indonesia economy will stay stable and sustainable (www.kemendag.go.id). The SMEs is one of economic ventures done by most Indonesian. They contribute a lot to decrease the unemployment rate and Product Domestic Bruto (PDB). Further, they also push the businessmen's creativity to have innovation for developing their products.

A small industry is an industry with small scale of ventures. Based on Law No. 9 Year 1995, a small industry is productive activities that has small scale. Further, it can meet the business feasibility with the maximum capital of Rp. 200.000.000,00 (two hundred million rupiah); and it does not include land building for having the business or it has Rp.1.000.000.000,00 (one million rupiah) per year as the maximum sales. Next, it can receive the bank loan from Rp. 50.000.000,00 (fifty million rupiah) up to Rp. 500.000.000,00 (five hundred million rupiah).

Winami (2006) mentioned that commonly a small business has the following characteristics:

- a) it is owned by an individual and it has not been legalized by the law; b) it has low legality aspect
- c) it has ordinary organizational structure with unstandard job description; d) it does not have any financial statement and there is not any clear cut between the owner's and company's wealth;
- e) it has low management quality and the owner does not have any business plan; f) the main source of its capital are from the owner; h) the owner and the company have strong inner bond, so that, all companies' duties become the responsibility of its owner

The development of SMEs should be prioritized more by the government and society. Thus, they can be developed and even, they can compete at the global trade. Generally, pushing the development of SMEs can be done by giving positive and real supports to the human resources, technology, information, fund and

marketing access, export market expansion. Then, in fact, those things become the indicators of success in building businesses based on society. Besides, the success of business also depends on the SMEs performance. The company performance is the whole achievements obtained by a company or an organization.

Tambunan (2002:65) argued that there are necessary factors that can be prepared for being leading in a competition. Further, the factors such as technology mastery, having enough capital to innovate the products and to support production process, machine and production equipment renewal, aggressive and massive promotion, qualified and skillful workers, broad minded managers with entrepreneurship and management business skill are important to keep the SMEs have the competitive advantage globally

People outside of the company usually evaluate the company performance based on its performance (Bonn, 2000). In this case, the company performance is the achievement gained to meet the internal and external objectives of a company (Lin, C.- H., Peng, C.- H., & Kao, 2008). In other words, the performance is also defined as the achievement level that becomes the measurement of one's or an organization's success in carrying out an activity (As' ad, 1998; Achrol, R. S. & Etzel, 2003)

Castello (1994) viewed that a performance becomes the basis and the strengths behind the organization determination, work efforts, and sources allocation. The organization performance can be viewed from the readiness of someone or groups to do activities and accomplish them perfectly, so that, the target can be reached (Simamora, 2005; Rivai, 2008).

The company performance can be measured and assessed by analyzing the data of sales volume, the increase of income, the number of customers or other data that depict the success of a company. The success of a company definitely depends on the strategies to compete with its rivals implemented (Mulyadi, 2001). In Indonesia, weaving cloths are the products from manufactures. Some areas such as West Sumatra, Palembang, West Java and Central Java are famous because of them. In

Central Java, exactly in Jepara district, weaving cloths are easily found. They are known as Troso weaving cloth. This cloth is at the second rank after the furniture industries as the superior products from Jepara. The markets of Troso weaving cloth are not only in domestic area, but they are exported too (Dinas Perindustrian dan Perdagangan Kabupaten Jepara, 2016).

Jepara district is one of districts in Central Java that is famous for its carving. Besides producing carving products, Jepara also has various crafts. These attract the tourists to visit Jepara. Moreover, one of the crafts is from Troso village; and later it is known as Troso weaving cloth. Troso weaving cloth is categorized as fine arts. It is very precious since in creating the

cloth, the Troso villagers should be experienced and skillful. In creating the cloth, one should knit from a thread into cloth. The uniqueness of Troso weaving cloth is on the pattern yielded. Here, the local machines should be used too. The local machine is called as non-machine knitting tools. Finally, for creating that unique cloth modern machines cannot substitute the local ones.

As the pattern of the cloth is unique and various, then the businessmen try to develop it. Even, it becomes the motivation of the businessmen to compete in weaving cloth trading. Unfortunately, the Troso weaving cloth business still has problems. They can be seen from the number of business unit, sales volume and turnover as written at the following table

Tabel 1. The Number of Business Unit and Sales Volume of Troso Weaving Cloth

Year	Business Unit	Sales Volume			Sales Value		
		Total sales	Fluctuation		Sales	Fluctuation	
		(Meter)	(Meter)	%	(Rupiah)	(Rupiah)	(%)
2013	325	15.876.855	-216.466	-1.4%	380.428.271	-21.370.453	-5.3%
2014	230	16.203.754	326.899	2.5%	440.932.805	60.504.534	15.9%
2015	283	16.015.163	-188.591	-1.1%	420.096.667	-20.836.138	-4.7%
2016	180	15.925.093	-90.070	-0.5%	402.600.475	-17.496.192	-4.1%

Sources : Department of Industry and Commerce, Jepara District, 2017

Table 1 illustrates that the number of business unit of Troso weaving cloth SMEs decreased in 2016 as many as 180 businesses. This also impacts on sales volume which is fluctuated from year to year. The sales increased in 2014 and unluckily decreased in 2013, 2015 and 2016

There are factors that become the barriers in the development of Troso weaving cloth SMEs. They are: a) the capital as the industrial needs is from the owner mostly, b) the enterprises's managment is the owner's responsibility and his family such as the owner itself, his wife or his children. In other words, the modern managment has not been implemented, c) in selling the products, there is not any standard price.

Later, it will destroy the price at the market, d) the marketing activities depend on the orders from the sellers and customers that come personally to the owner of enterprises, e) the relationship between enterprises has not been maximally built and developed, so that, the synergy of Troso weaving cloth cluster cannot be applied maximally (Setiaji, 2018). The strategy is a tool to achieve the objectives of company at the long run, to run the follow-up program, and to prioritize the source allocation (Rangkuti, 2015; David, 2006). In addition, the strategy implemented by an organization will maximize the competitive advantages and minimize the limitation in competition. A company with efficient marketing strategy can achieve the objectives of the company at the long run, the high return from the financial aspect, and the profit.

Then, there is significant relationship between ability and performance (Barney, 1986). Boyd & Harper W., (2000) wrote that the success of a company relies on two aspects of suitable strategies. First, the marketing strategy should be suitable with the needs and adjusted with the barriers appear at the market environment. Second, the company should be able to implement the effective strategies. The company performance is the common factor used to measure the impact of marketing strategy applied (Soegiastuti & Haryanti, 2013). The marketing strategy is a plan that can encourage the company to exploit the sources as good as possible to achieve its goals (Mahfoed, 2007).

The small enterprises of Troso weaving cloth cannot exist as they still use non-machine knitting tools. Most of them cannot compete with big industries that have modern machines because the industries can yield lots of cloths efficiently with the competitive price. Furthermore, various weaving cloths from other areas have an impact to the sales volume too and unfortunately, the designs of Troso cloth are monotonous. This occurs because of the low skills of workers.

Actually, innovation can be done by developing the various motif, materials and technique in knitting. The customers usually want to buy the innovative products based on their needs. In fact, there are various activities to persuade the customers to buy a product. Unluckily, the businessmen still have low management, precisely in increasing the market target through promotion. Till now, Troso weaving cloth is known as the materials to make uniform only. That phenomena have made it unknown by the society. Production is the utility creation; and utility is the ability of goods to fill the human needs. The process of combination; and material and strengths coordination (input, factors, source or production services) in making goods and services is called as output (Sudarman, 2004:103). Sriyadi (1991) defined production as all activities to improve the utility of goods. Production factor is needed by the company or producers to do the production process. Input can be categorized as fixed input and variable input.

The fixed input is input that cannot be changed the numbers in the long run. The examples are building and land. The variable input is input that can be changed in the short run, specifically the number. The example is workers (Suryawati, 2004).

Production is all activities at a company to change raw materials into finished goods by hiring workers and using other production factors. The production factor influence the development of industries are capital, workers, raw materials, transportation, energy sources or fuel and marketing (Godam, 2017). The raw materials also play important roles in the success of production process. Providing raw materials is the first step in the production process that can increase the number of production. However, the fact says that it is difficult to find the raw materials needed in making Troso weaving cloth. Then, for providing them the businessmen should import the raw materials.

The other problem faced by the businessmen of Troso weaving cloth is that they lack of experienced and skillful workers. Actually, this business really needs leading, trained and skillful labours. However, the fact is that after the labours hired have been trained, they usually resign from their work places and run their own business even though their businesses are still categorized as small. Having the above phenomena, the aims of this study is for knowing the influence of marketing strategy and production factor to the business performance of SMEs of Troso weaving cloth in Jepara district.

RESEARCH METHODS

This study is quantitative. Further, its population was 180 owners of Troso weaving cloth business in Jepara districts with 64 owners as the sample. In having the sample, proportionate random sampling was implemented because the population consisted of crafters, small enterprises, medium enterprises and big enterprises with their own characteristics. The following is the calculation for determining the sample. The dependent variables in this study was the business performance of small industries,

Troso weaving cloth (Y) with the following indicators: sales growth, customers growth, profit growth and asset growth. Next, the independent variable was marketing strategy (X1) with the indicators written as follow: product strategy, price strategy, promotion strategy, and place strategy. Then, the second independent variable, production

factor (X2) was assessed based on production value. The production value of weaving cloth was the value yielded by each weaving cloth businessman per week. The measurement of production value can be calculated by multiplying the total products yielded and the price per unit in Rupiah.

Table 2. The Samples

No.	Business Classification	Population	Calculation	The Number of Samples
1	Crafters	40 persons	$40 \times 64 / 180 = 14$	14
2	Small enterprises	60 persons	$60 \times 64 / 180 = 21$	21
3	Big enterprises	8 persons	$50 \times 64 / 180 = 18$	6
4	Medium enterprises	36 persons	$30 \times 64 / 180 = 11$	23
Total		180 persons		64 persons

The technique of proportionate random sampling was chosen because the samples of study was heterogenic. Then, in determining the samples, classification based on the business types was applied (Sugiyono, 2016). After knowing the samples, collecting the data was done by using some techniques; they were (1) observation (2) questionnaire (3) documentation. Next, techniques in analyzing the data were descriptive analysis and regression.

In this study, the technique of data processing and analysis was percentage descriptive analysis. Descriptive analysis is statistics that functions to describe the object under study based on sample data or population without analyzing and trying to draw conclusion (Sugiyono, 2016). the data test conducted was classical assumption test that covered: (1) normality test, (2) multicollinearity test, dan (3) heterocedasticity test with hypothesis test, f and t

RESULTS AND DISCUSSION

Troso is a village located in Kecamatan Pecangaan in Jepara district. Troso village has 4 dusun, 20 RW and 83 RT. The area of Troso village is 1,004.13 km². The distance between Troso and Jepara district is about 15 km; and between Troso and Central Java province is 63 km. Based on the demography data in 2014, the

population of Troso village was 21,050 jiwa, consisted of 10,313 males and 10,737 females

Troso weaving cloth is a creative industry that reflects society with economic sustainability. The industry tries to exploit the individual's creativity, skill and talent for creating creative goods with economic value, then, he can increase his welfare and even provide jobs for others. In Troso village, Kecamatan Pecangaan, Jepara district, the society has been familiar with creative industries such as knitting the weaving cloth since 1935. In other words, the weaving cloth has existed for 81 years.

This industry benefits the household and society. Moreover, they encourage trading activities, even though in small and local scale. At the beginning, the activity of knitting the weaving cloth in Troso village was the side job of Troso villager. It was done for fulfilling one's needs. However, since 1960 creating the weaving cloth has been the main job of most Troso villagers. In 1960, the products of knitting were "mori, lurik, and sarung ikat". At that time, the knitting still yielded "kantet". It is weaving cloth with middle connection. The businessmen create the cloth with 'lompong motif. The raw material used was rayon yarn from technology point of view, it can be said that the use of technology in developed. In 1935, the local simple equipment,

called “gedog” was used. It was inherited. In 1934, “pancal” was used instead of “gedog”. Next, from 1956 till now non-machine knitting tools have been applied. At the end of 1956, the technology used was non-machine knitting tools. Even it has been used till now. Since the weaving cloth was made for the first time, the villagers have never used machines as machines can only produce the white cloth only, without any pattern. However, the pattern of weaving cloth can only be produced by using non-machine knitting tools, and semi machine tools.

The descriptive analysis shows that the marketing strategy is in good criteria with the percentage of 78%. Next, the followings are the percentage of each indicator: product strategy is 78% with good criteria, price strategy is 77% with good criteria, place strategy is 49% with moderate criteria, and promotion is 74% which is at good criteria

The following diagram illustrates the answer distribution of respondents for the marketing variable

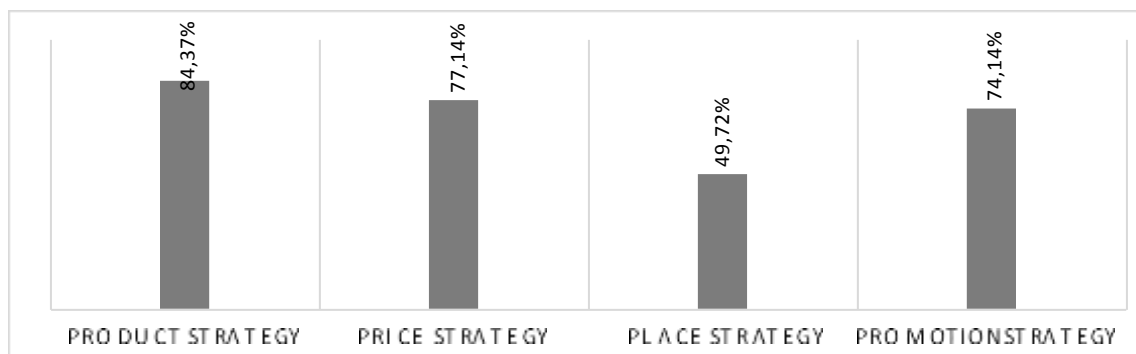


Figure 1. The Bar Diagram of Marketing Strategy Frequency

Based on above figure, the place strategy has the lowest percentage. This happens because Troso weaving cloths are only sold in the showroom. Unluckily, the showroom is only owned by businessmen with large scale enterprises, so that, the owner of small enterprises and medium is rather difficult to market his products. Good marketing strategy will improve the business performance of SMEs of Troso weaving cloth.

Marketing strategy may push the enterprises to utilize their sources as good as possible to achieve the goals. The enterprises always try to be sustainable, developed and competitive. The marketing activities are led to achieve the enterprises target, then, this can increase profit in the long run. To manage all the marketing activities, the enterprises should determine a guidance; and it is known as marketing policy

Marketing strategy is necessary to increase the product sales. Good and qualified marketing strategy can improve the high partner power to

the enterprise's performance. Building relationship between enterprises can create optimum performance.

Marketing strategy should be implemented at the distribution process so that optimum performance can be got. Orientation strategy owned by the managers can be in the form of market orientation that can lead to the increase of innovation. The higher the market orientation, the higher the innovation will be (Ahimbisibwe, G., Joseph M., 2013). After having the innovation, the enterprises are expected to create competitive advantages and later, this can contribute to the increase of sustainable performance enterprises. (Atalaya, M., Anafarta, N., & Sarvanc, 2013)

The findings show that t_{count} is 4.985 with the significance level of 0.000. Thus, as the significance level is less than 0.05, so that H_a is accepted, and H_o is rejected. This means that marketing strategy consists of the indicators as follow: product strategy, price strategy, place strategy, and promotion strategy have positive

influence to the business performance of Troso weaving cloth SMEs. Besides, the result of percentage descriptive analysis shows that the marketing strategy is good. This means that, the owners of enterprises have had good strategy in marketing. They have marketed their products via social media. Arda, (2018) and Safitri & Setiaji, (2018) concluded that marketing strategy really support the success of SMEs. This is in line with the research done by Fatmawati & Suseno, (2018). They argued that the main priorities in developing the SMEs are qualified human resources, marketing, production and technology management. Thus, the indicator of marketing strategy that cover product strategy, price strategy, place strategy and promotion strategy can support the business performance of SMEs of Troso weaving cloth. The success of enterprises is determined by two aspects of suitable strategies. First, the marketing strategy should be based on the needs and the constraints emerge at the market environment. Second, the enterprises should be able to implement the strategy effectively

(Harper, Arville dan Jean Claude (2000) Besides the marketing strategy, production factor can also influence the business performance. The production factor has three indicators; raw materials, labors and capital. The result of multiple linear regression analysis is that the coefficient of production factor variable is 0.194. The coefficient value is positive, so that, it can be concluded that production factor influences the business performance of Troso weaving cloth Small and Medium Enterprises in Jepara. Based on the hypothesis test, the production factor has t_{count} as many as 4.188 with the significance of 0.000. The significance less than 0.05 indicates that t_{count} is significant. Thus, the production factor influences the business performance of small and medium enterprises of Troso weaving cloth in Jepara. The finding supports Purba & Prasetyo (2018). They concluded that production factor consists of raw materials, and the quality of human resources influences the performance and competitive advantage of Batik SMEs

The following diagram is the respond distribution for the production factor variable, and it is presented below:

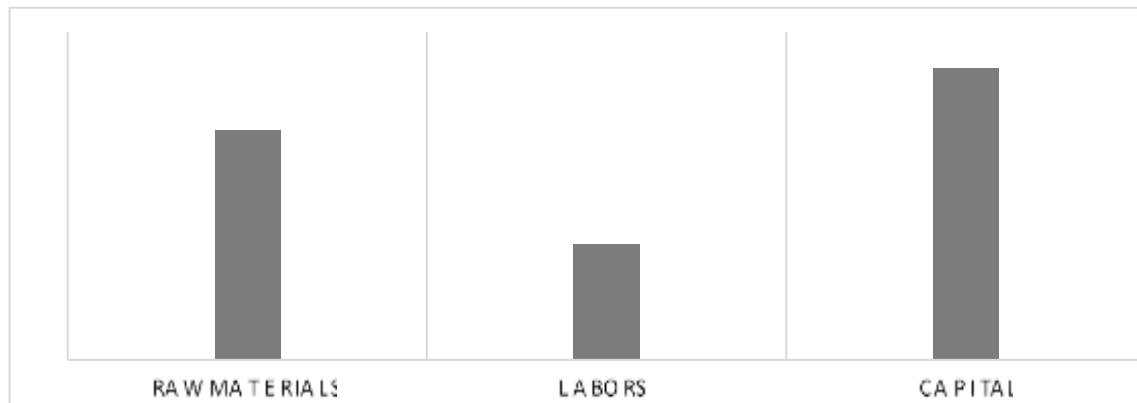


Figure 2. The Bar Diagram of Production Factor Frequency

Based on above diagram, the production factor variable with raw material indicator can be categorized as good criteria, 63.3%. This points out that the businessmen have difficulties in providing the raw materials. There are two ways in having them; they are importing them from

India. However, it makes the businessmen should postpone the process of knitting till the raw materials are ready. In fact, the raw materials can be found in the country, specifically at the collectors; but the price is high. It usually occurs when there are increasing orders. Labors can

have the percentage of 60.2% with moderate category. The labors can influence the process of making the Trosowaving cloth. The more the labors hired, the more cloths yielded will be. Next, the percentage of capital is 65.0%, with good category.

Based on descriptive analysis, the production factor shows the average of 82.7% with good criteria. This means that the production factor of Trosowaving cloth SMEs is at good criteria. It shows that production factor is at the good criteria. The percentage of each indicator supports the analysis result that is raw material indicator as many as 81.25 with good criteria. This indicates that the easier the owner of SMEs get the raw materials, the higher the production of Trosowaving cloth will be. The quality of raw materials is important because it will influence the product quality. The labor indicator has the percentage of 78.32% with good criteria. It shows that the businessmen should choose honest labors with good competency in producing the goods as that will have an impact on production process

However, in finding out the labors the businessmen have a problem. They should compete with big industries as nowadays most labors are more interested in working at companies than SMEs. The increase of labors in operational context has been connected to the quality increase as it is explained by Hopp, WJ., S.M.R & Iravani (2007). They argued that the increase of labor number may encourage the staffs to spend their time with customers. This is also supported by Oliva, R. (2001). Her finding shows that the increase of labors will decrease the staffs' workload and mistakes possibility. Next, choosing the short cut in doing their duties will also be minimized. The capital indicator shows 89.84 with good criteria. This illustrates that the businessmen have a lot of capital in producing Trosowaving cloth as the capital contribute greatly in producing the cloth. The business performance is really needed by the businessmen to measure the success of staff. According to Slater & Narver (1995), every company needs a control system for the implemented company strategy.

It is a key for the company to reach the business performance maximally. Then, in reaching it, control for staff should be done as the way for building the relationship between staff and the company. The SMEs that have strategy plan will have better performance than the SMEs without the plan. Ferdinand, (2010) viewed that business performance is the common factor used the impact of company strategy. The company performance is measured based on sales volume, the increase of income, the number of customer or other data that illustrates the success of a company.

Nasution (2004) viewed that the company with market orientation is a company that makes its customer as a king to run its business. For making the company has a customer and rival orientation, coordination between departments at the company should be done well.

Crijns & Ooghi (2000) measured that every company growth stage is from two environments where the company runs its business; they are internal and external environment. Cipta, Suidarta, (2014) argued that the dominant factor influences the SMEs is the internal factor such as capital, human resources and business plan. Heslina & Muh. Ismail (2016) found that venture capital and business strategy will impact on business performance.

Production factor or input must be available to run the production activities. In production process, businessmen are required to have the ability to analyze a certain technology, so that, they can use and sometimes combine it with other factors to get the optimum and efficient production. The production factor is things provided by the nature or created by human for producing goods and services (Sukimo, 2015).

The result of descriptive analysis on business performance variable shows that overall the average business performance of Trosowaving cloth SMEs in Jepara is categorized as moderate. This can be seen from the average of business performance variable, 61%. The following diagram is the respond distribution from the respondents.

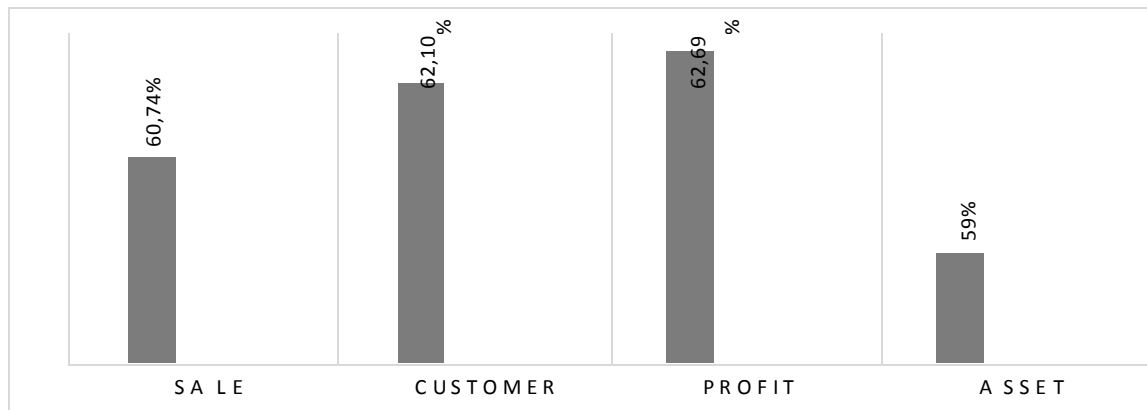


Figure 3. The Bar Diagram of Business Performance Frequency

Based on above variable, it can be depicted that the business performance, 61% is at the moderate category. This means that the business performance of Troso weaving cloth SMEs has not been good yet. The business performance of SMEs can be viewed from the growth sale, customer growth, profit growth and asset growth. This condition occurs since the sales of Troso weaving cloth drops. Then, the decreasing sales happens because there is not any balance between the total production and sales volume, and finally it causes the drop of sales turn over. It is getting worse when the businessmen have difficulty in selling their products as not all of them have their own shops. The owner of small and medium enterprises can only entrust their products to the businessmen with large scale industries

The indicator of customer growth shows 62% with moderate criteria. This indicates that there is a decrease of sales volume. The customers' interest to buy the Troso weaving cloth is still low because society is lack of information about the cloth. Further, the cloth is sold only at outlets or showrooms. They cannot be found at every market. The profit growth is 62% with good criteria. This means that the profit gained increases. The asset growth indicator is 59% with moderate criteria. Knowing the findings, it can be said that business performance variable decreases seriously.

After analyzing the data, the regression equation is as follow:

$$Y = 14,291 + 0,127X_1 + 0,194X_2 + e$$

The equation shows that business performance of small and medium enterprises is influenced by marketing strategy (X_1), 0.127 and production factor, 0.194 with constant of 14.29. If the marketing strategy and production factor is 0, so that, the business performance of small enterprises is 14291. It indicates marketing strategy and production factor have positive and significance influence on the business performance of small enterprises. Further, it illustrates that good marketing strategy and production factor will create high business performance of small enterprises. However, if the decrease happens at one of the factors, then, it will influence the business performance of small and medium enterprises. Next, the secondary finding also appears in this study. It is marketing as the problem that mostly faced by the businessmen. In fact, there are many elder owners that have not mastered the up to date technology. They cannot use and apply it at their working place and environment. As a result of their weaknesses, they can market their products via online devices. They rely on sellers in marketing the products.

F statistics test shows that the significance value is 0.000. That value indicates that the significance is less than alfa value, 0.05 so that the first hypothesis H_1 is accepted. This means that there is positive influence on marketing

strategy and production factor to the business performance of SMEs of Troso weaving cloths. In other words, the better the marketing strategy, the better the business performance will be. This is in line with the study conducted by Crijns & Ooghi, (2000) and Cipta, and Suidarta, (2014). They concluded that business performance is influenced by internal and external factors, include marketing strategy and production input. *Adjusted R²* shows that 40.5% business performance variable is explained by marketing strategy and production factor. Then, the rest, 59.5% is explained by other variables outside the regression model. Partially and simultaneously, those independent variables influence the dependent variable. Thus, those variables should not be taken for granted by the businessmen and government to improve the business performance of SMEs in joining the competition at the global market. This is in line with Suryana's view. He (2013:134) said that business environment can be the thing supports or hinders the business. The environment that can support the business or company is micro and macro environment. The micro environment is the environment relates to the company' operational things such as supplier, staff, shareholder, employee, manager, directors, distributors, customers, and, etc. If this environment is in line with the marketing strategy shift (from shareholder to the stakeholder), the internal environment both individual or group will get the impact. Next, the macro environment is the environment outside of the company that can influence the whole company. This environment covers economics, technology, socio-politic, demography and life style.

CONCLUSION

The conclusion of this study is marketing strategy and production factor influence significantly and positively the business performance of Troso weaving cloth SMEs. The difficulties in finding out the raw materials, skillful and experienced workers, capital access are the production factor that become the barriers in the business. The place for selling which is not

strategic and the lack of digital marketing online are the problems to expand the market.

The marketing strategy has positive and significance influence on the business performance of Troso weaving cloth SMEs. This means that if the product, price, place and promotion are based on the customers' desire; the customers, sales, profit and asset will increase

The production factor has positive and significance effect to the business performance of Troso weaving cloth SMEs. This means that if the raw materials, labors, and capital are available at any time and qualified, the sales volume and profit will increase.

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