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COMPETITIVENESS IMPROVEMENT STRATEGIES OF MSME BLORA BATIK: ANALYTIC NETWORK PROCESS APPROACH





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ABSTRACT

Purpose: This study aims to develop strategic priorities for increasing the competitiveness of Batik SMEs in Blora Regency

Theoretical Framework: Previous research in the field of company competitive advantage argued what approach is suitable to be used by MSME to grow sustainably. Sustainability of a company 's competitive advantage is influenced by the potential of existing resources (Grant, 1991).

Design/Methodology/Approach: This research was conducted in Blora Regency, Central Java, which is one of the regions in Indonesia that is rich in culture and local wisdom. Like other areas in Central Java, Blora has batik as a traditional craft which is quite popular. Until now, the Blora Regency Government continues to develop the sustainability of Blora batik through empowerment programs. The data analysis method used in this research is the Analytic Network Process (ANP) which is a mathematical theory that allows decision making to deal with interrelated factors (dependence) and mathematical feedback.

Findings: The findings in this study indicate that Batik Blora is a business unit that has the potential to develop and be competitive with various advantages. As a product that elevates regional advantages, it is necessary to increase business aspects that include upstream to downstream aspects so that the competitiveness of Blora batik can continue to increase.

Research, Practical & Social Implications: The most prioritized aspect in increasing the competitiveness of Blora batik is the aspect of the business cycle which emphasizes increasing innovation and diversification as well as increasing business productivity.

Originality/Value: This research is a research that focuses on the development strategy of Batik MSMEs with the ANP approach which has never been done before.

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ESTRATÉGIAS DE MELHORIA DA COMPETITIVIDADE DO MSME BLORA BATIK: ABORDAGEM DE PROCESSO DE REDE ANALÍTICA

RESUMO

Objetivo: Este estudo visa desenvolver prioridades estratégicas para aumentar a competitividade das PME Batik na Região Blora.

Estrutura Teórica: Pesquisas anteriores no campo da vantagem competitiva das empresas argumentaram que abordagem é adequada para ser usada pelo MSME para crescer de forma sustentável. A sustentabilidade da vantagem competitiva de uma empresa é influenciada pelo potencial dos recursos existentes (Grant, 1991).

Design/Metodologia/Abordagem: Esta pesquisa foi realizada em Blora Regency, Java Central, que é uma das regiões da Indonésia que é rica em cultura e sabedoria local. Como outras áreas em Java Central, Blora tem batik

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como um ofício tradicional que é bastante popular. Até agora, o governo Blora Regency continua a desenvolver a sustentabilidade do Blora batik através de programas de empoderamento. O método de análise de dados utilizado nesta pesquisa é o Processo de Rede Analítica (ANP), que é uma teoria matemática que permite que a tomada de decisão lide com fatores inter-relacionados (dependência) e feedback matemático.

Constatações: Os resultados deste estudo indicam que o Batik Blora é uma unidade de negócios com potencial para se desenvolver e ser competitivo com diversas vantagens. Como um produto que eleva as vantagens regionais, é necessário aumentar os aspectos empresariais que incluem a montante para a jusante para que a competitividade do Blora batik possa continuar a aumentar.

Pesquisa, Implicações Práticas e Sociais: O aspecto mais prioritário no aumento da competitividade da Blora batik é o aspecto do ciclo empresarial que enfatiza o aumento da inovação e diversificação, bem como o aumento da produtividade empresarial.

Originalidade/valor: Esta pesquisa é uma pesquisa que se concentra na estratégia de desenvolvimento das MPME Batik com a abordagem ANP, que nunca foi feita antes.

Palavras-chave: Estratégia, Baseado em Recursos, Processo de Rede Analítica, MPME, Indústria Criativa, Batique.

ESTRATEGIAS PARA MEJORAR LA COMPETITIVIDAD DE MSME BLORA BATIK: ENFOQUE DE PROCESO DE RED ANALÍTICO

RESUMEN

Objetivo: Este estudio tiene por objeto desarrollar prioridades estratégicas para aumentar la competitividad de las PYME de Batik en la región de Blora.

Estructura Teórica: Una investigación previa en el ámbito de la ventaja competitiva de las empresas argumentó que un enfoque es adecuado para ser utilizado por MSME para crecer de manera sostenible. La sostenibilidad de la ventaja competitiva de una empresa está influida por el potencial de los recursos existentes (Grant, 1991).

Diseño/Metodología/Enfoque: Esta encuesta se realizó en la Regencia de Blora, Java Central, una de las regiones de Indonesia rica en cultura y sabiduría local. Como en otras áreas de Java Central, Blora tiene batik como un comercio tradicional bastante popular. Hasta el momento, el gobierno de la Regencia Blora sigue desarrollando la sostenibilidad de Blora batik mediante programas de empoderamiento. El método de análisis de datos utilizado en esta investigación es el Proceso de Red Analítica (ANP), que es una teoría matemática que permite a la toma de decisiones lidiar con factores interrelacionados (dependencia) y retroalimentación matemática.

Hallazgos: Los resultados de este estudio indican que Batik Blora es una unidad de negocio con potencial para desarrollarse y ser competitiva con diversas ventajas. Como producto que eleva las ventajas regionales, es necesario aumentar los aspectos empresariales que incluyen el flujo descendente para que la competitividad de Blora batik pueda seguir aumentando.

Investigación, Implicaciones Prácticas y Sociales: El aspecto más prioritario para aumentar la competitividad de Blora batik es el aspecto del ciclo empresarial que hace hincapié en el aumento de la innovación y la diversificación, así como en el aumento de la productividad empresarial.

Originalidad/Valor: Esta investigación se centra en la estrategia de desarrollo del MPME Batik con el enfoque ANP, que nunca se ha hecho antes.

Palabras clave: Estrategia, Basado en Recursos, Proceso de Red Analítica, MPME, Industria Creativa, Hit.

INTRODUCTION

Micro, small, and medium enterprises (MSME) significantly contribute to a country's economic growth(Andriani et al., 2018). Thereby, it is crucial to support their competitive advantage(Sutisna MN & Haizam Mohd Saudi, 2018). Many researchers have studied strategic choice as a means to achieve a company's sustainability(Abuzaid, 2018); however, few of them studied specifically on the strategic choice on MSME(Alharbi et al., 2019). The RBV perspective, has been widely discussed in larger companies, but smaller companies also need

to acquire important resources to create SCAs (Szymańska et al., 2017). (Rangone, 1999) provides an explanation of how small-medium enterprises (SMEs) can develop SCA based on the RBV perspective by identifying the importance of three basic capabilities: innovative capabilities, production capabilities, and market management capabilities. Although Rangone has identified entrepreneurs as a special resource in SMEs, it has not yet developed truly applicable measures to achieve SCA (Vance, 2012), shows that core competence has a significant role in gaining competitive advantage, but there is no specific explanation of how it works on MSME. How MSME can use core competence to increase their competitive advantage is still underexplored. Moreover, the role of the business environment as a factor influencing strategic planning and choice is still underdeveloped.

These days, the challenges inherent in the COVID-19 pandemic have changed how a business operates, particularly in Indonesia. Although many MSMEs collapsed, some can recover and grow. MSMEs that still exist in the sense that their business is still running, can still produce and sell their products, mostly dominated by women entrepreneurs. The high commitment of women entrepreneurs is due to previous failures(Nouri, 2021)These companies have a valuable product and can fulfill a specific target market, having cost advantages and overall capabilities that difficult to be replicated(Canh et al., 2019).

This research starts from gap research on the formulation of a strategy model in increasing competitiveness. The optimal level of competitiveness is related to the characteristics and scale of the company, whether small, medium, or large(Nur, 2019; Putri, 2020; Resmi, 2019, 2021; Sadalia, 2020). Several previous studies still produce different findings related to strategies to increase the competitiveness of SMEs (Astuti, 2019; Damodaran, 2019; Díaz-Pinzón, 2019; Farida, 2019; Gurupandi, 2019). There are those who argue that increasing the competitiveness of MSMEs is very dependent on the quality of their human resources (Hamundu, 2021; Hermawati, 2019; Jatmiko, 2021; Kharub, 2019, 2020; Khomah, 2021). There is also research that says that increasing the competitiveness of MSMEs needs to consider marketing strategies (Khurana, 2021; Knezović, 2022; Lisnawati, 2020; Mukhsin, 2022; Muñoz, 2021; Nawangsari, 2019; Parmitasari & Rusnawati, 2023; Yusuf et al., 2023). However, there are also other studies that explain that increasing the competitiveness of MSMEs can be done by developing capital and also business institutions. There are still debates related to strategies to increase the competitiveness of MSMEs, which is a gap for further research to be carried out. Therefore, this study aims to develop a strategic priority to increase the competitiveness of Batik SMEs in Blora Regency.

THEORETICAL FRAMEWORK

Previous research in the field of company competitive advantage argued what approach is suitable to be used by MSME to grow sustainably. Sustainability of a company 's competitive advantage is influenced by the potential of existing resources (Grant, 1991). This point of view implies that resources are the main focus for achieving competitive advantage that can increase profits. If the resource is very valuable, rare, and cannot be perfectly imitated, it can be a source of sustainable competitive advantage (Barney et al., 2001). There are two ways to achieve competitive advantage: (1) environmental analysis and (2) organizational analysis. It is further explained that environmental analysis is unlikely to systematically generate extraordinary profits because this method is already available to the public. In contrast, organizational analysis, which is based on internal company information and is not publicly available, is more likely to yield extraordinary returns the same opinion by (Prahalad & Hamel, 2009) that to identify sources of competitive advantage in determining the strategy to be adopted by the company it may be better to rely on organizational analysis rather than relying on publicly available techniques..Some researchers use a different approach to explain how a company decides to use the strategy based on the internal and external environment. The relationship between the Diversification Strategy and Resources can be explained by 1) Resource-based theory, 2) Resource-Based View, and 3) Resource Advantage Theory of Competition.

Resource-based theory explains that every organization or company has both tangible and intangible resources. Resources must be able to be combined so that the company can produce unique and competitive products, often called as "capability". Thus, it can be said that resources are a source of capability. Capabilities that are difficult to imitate, rarely owned, expensive, and irreplaceable will be the source of core competencies(Science & Oct, 2016). Companies that have superior resources and sustainable core competencies will be able to compete and grow their business. The Resource-based theory emphasizes that every company needs to have core competencies as a mainstay for its competitive advantage(Kozlenkova et al., 2014).

Resource-based theory also emphasizes the usefulness of the old adage: the whole is greater than the sum of its parts. In particular, it is also important to recognize that strategic resources can be created by taking multiple copyable strategies and resources and combining them together in non-copyable ways. For example, Southwest's culture is complemented by an individually replicable approach—the airline's emphasis on direct flights, its reliance on one

type of aircraft, and its unique boarding system—to create a unique business model whose performance is unmatched. industry.

Resource-based theory can be confusing because the term resource is used in a variety of ways in common, everyday language. It is important to distinguish strategic resources from other resources. For most individuals, cash is an important resource. Tangible goods such as one's car and house are also vital resources. However, when analyzing the organization, common resources such as cash and vehicles are not considered as strategic resources. Resources such as cash and vehicles are of course valuable, but organizational competitors can easily obtain them. Thus, an organization cannot expect to create a lasting competitive advantage around shared resources.

According to the RBV, an organization can be considered as a collection of physical resources, human resources and organizational resources (Barney, 1991; Amit and Shoemaker, 1993). Organizational resources that are valuable, rare, cannot be perfectly imitated and cannot be substituted imperfectly are the main sources of sustainable competitive advantage for sustainable superior performance (Barney, 1991).

According to Barney, a valuable resource 'must enable the firm to do things and behave in a way that leads to high sales, low costs, high margins, or in some other way adds to the financial value of the firm' (1986, 658). Barney also emphasizes that 'resources are valuable when they enable a firm to understand or implement strategies that increase efficiency and effectiveness' (1991, 105). RBV helps company managers to understand why competence can be considered the most important asset of the company and, at the same time, to appreciate how these assets can be used to improve business performance. RBV firms accept that attributes related to past experience, organizational culture and competencies are critical to the firm's success (Campbell and Luchs, 1997; Hamel and Prahalad, 1996).

Another view of resources is the Resource-Based View (RBV), starting with the assumption that the company wants organizational efforts to lead to a sustainable competitive advantage (Barney, 2002). This view also provides a company-specific perspective on why organizations succeed or fail in the market (Barney, 1991). This approach discusses the resources and capabilities of companies in taking advantage of sustainable market opportunities and as an approach to justify predictions of factors that play a role in creating competitive advantage(Valentin, 2001).

Hunt and Morgan first stated resource Advantage Theory of Competition in 1995. This theory is an interdisciplinary study developed from management, marketing, economics, ethics,

law, and general business. It also draws on many other theories, including resource-based theory(Hunt & Morgan, 1995). Compared to previous theoretical views, R-A theory has advantages in the following two points: 1) Expanding the definition of the types of resources, not only tangible resources, but also intangible ones, such as organizational culture, knowledge, and competencies. 2) Identifying the search for comparative advantage over resources as a strong reason why companies use existing resources efficiently and seek to create new resources(Hunt & Morgan, 1997)

METHODOLOGY

This research was conducted in Blora Regency, Central Java, which is one of the regions in Indonesia that is rich in culture and local wisdom. Like other areas in Central Java, Blora has batik as a traditional craft which is quite popular. Until now, the Blora Regency Government continues to develop the sustainability of Blora batik through empowerment programs (Budi, 2018). MSME strategic planning can generate competitiveness and become influential in business because it can outperform its competitors with the right strategy. The data used in this study is primary data sourced from key persons consisting of academics, government, Batik business actors, banks, the general public and other stakeholders. Keyperson selection is done by purposive sampling technique.

The data analysis method used in this research is ANP (Analytic Network Process) which is a mathematical theory that allows decision making to deal with interrelated factors (dependence) and mathematical feedback. In the ANP method, there are interactions and feedback from elements in the cluster (inner dependence) and interactions between clusters (outer dependence). Comparisons in ANP are made between elements in components or clusters for each interaction in the network. ANP has three axioms that form the basis of its theory, axioms or postulates serve to strengthen a statement that can be seen to be true without the need for proof. According to these axioms:

1. Reciprocal

If activity X has a level of importance 6 times greater than activity Y, then activity Y is 1/6 of activity X.

2. Homogeneity

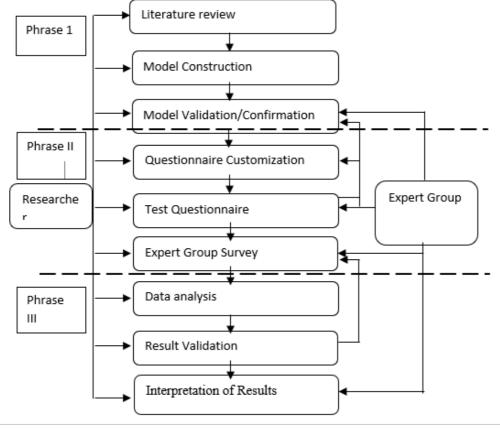
This axiom states that the elements to be compared do not have too large a difference, it will have an impact on a greater error of judgment. The scale used in the AHP and ANP is

different from the scale used on the Likert scale generally (1 to 5). The scale on the ANP has a greater range of 1 to 9 even. The following is the scale used in the ANP.

Table 1. Scale in ANP

Description	Level of Interest	Explanation	
Very much bigger	9	Evidence that favors one element over another has evidence	
influence/level of		that has a high probability of affirmation	
influence			
Between 7-9	8	The compromise value between two adjacent values	
Greater	7	One element is very much more than the other, and dominant is	
influence/level of		shown in practice	
importance			
Between 5-7	6	The compromise value between two adjacent values	
Greater	5	Experience and strong judgment favor one element over	
influence/level of		another	
importance			
Between 3-5	4	The compromise value between two adjacent values	
Slightly more	3	Experience and judgment slightly favor one element over	
influence/level of		another	
importance			
Between 1-3	2	The compromise value between two adjacent values	
Equally big influence	1	The two elements being compared have the same importance	
/ level of importance		contribution to the goal	

The stages of research using the Analytic Network Process (ANP) are as follows:



Steps of ANP Method

The stages of analysis using the Analytic Network Process (ANP) are described in the following figure:

Step 1: ANP network generation

Based on ANP methodology, the temporary facility layout decision problem can be transformed into a network structure, which is established according to the links and interdependencies between the considered factors in the evaluation problem. Different kinds of relationships between the factors are incorporated into the network.

Step 2: Pairwise comparisons

Based on the generated temporary facility layout decision network structure, the relative importance of clusters and elements are required for final evaluation. In order to derive priorities, pairwise comparisons are conducted between clusters and elements according to the relationships and interdependencies.

For an $n \times n$ pairwise comparison matrix, the total number of pairwise comparisons that should be performed is $n \times (n-1)/2$, where n is the total number of elements required to be compared. Moreover, within the matrix, a reciprocal value can be automatically calculated and assigned for reverse comparison. The pairwise comparison number aij should meet the following equation:

$$aij \times aji = 1$$
 (1)

where

aij is the pairwise comparison number, which is calculated by the value of fundamental scale

Step 3: Consistency check

Through the derived comparison matrices, the eigenvectors of the matrices are obtained, which represent the weights of the elements. The local priority vector is computed as Equation:

$$Aw = \lambda max \tag{2}$$

where A

is defined as the matrix of pairwise comparison values; w is the priority vector, which is called the principal eigenvector; and λ max is the maximum or principal eigenvalue of matrix A.

After the local priority vectors are derived, the consistency is verified through a consistency index (CI) and a consistency ratio (CR). Lack of consistency in the pairwise comparisons indicates lack of understanding of the problem by the layout planners, which is caused by wrong decisions The consistency ratio is acceptable if it is less than 0.1. The CI and CR are defined as Equation:

$$CR = CI/RI$$
 (3)

with

 $CI = (\lambda max - n)/(n - 1)$ (3) where CR represents the consistency ratio; CI represents the consistency index; RI represents the random index; and n is the size of matrix A.

Step 4: Supermatrix and global priority calculation

Through pairwise comparisons, the relative importance is obtained. However, this is not enough for demonstration of the differences between clusters and elements. Therefore, the supermatrix, as shown in Equation:

$$W = \begin{array}{ccccc} C_1 & C_2 & \cdots & C_n \\ C_1 & \begin{bmatrix} W_{11} & W_{12} & \cdots & W_{1n} \\ W_{21} & W_{22} & \cdots & W_{2n} \\ \vdots & \vdots & \vdots & \vdots \\ W_{n1} & W_{n2} & \cdots & W_{nn} \end{bmatrix}$$

$$(4)$$

In order to derive the weighted supermatrix, normalization is required to be conducted on the unweighted supermatrix. The normalized weighted supermatrix W can be calculated by multiplying the unweighted supermatrix W shown in Equation and the weighting matrix.

RESULTS AND DISCUSSIONS

Efforts to increase the competitiveness of Batik SMEs in Blora Regency require a mix of strategies that cover various aspects/criteria from upstream to downstream. To determine the priority of each aspect, it is necessary to calculate the weight to see which aspects should be prioritized to develop Batik SMEs. This study considers six aspects/criteria in the strategy of improving the batik business, namely business licensing, capital, human resources, infrastructure, marketing, and the business cycle. Each criterion has sub-criteria. To determine the priority of each criterion, calculations are carried out using the Analytic Network Process (ANP) method. ANP is a powerful synthetic method for combining judgment and data (combining judgment data) to make choices effectively and predictive data accurately (rank options and predict outcomes).

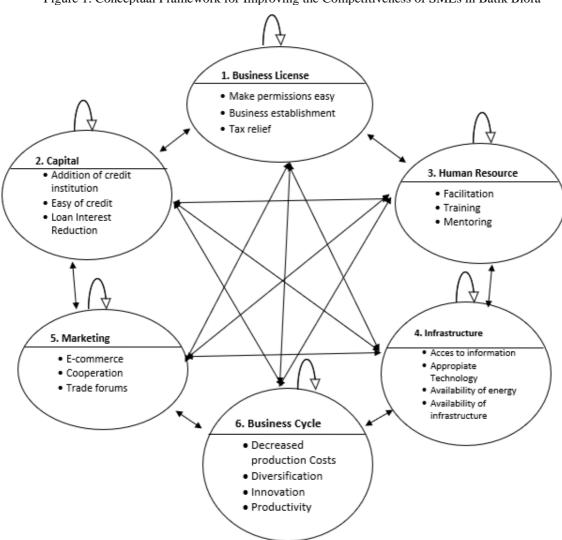


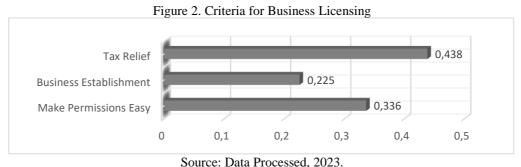
Figure 1. Conceptual Framework for Improving the Competitiveness of SMEs in Batik Blora

Source: Data Processed, 2023.

Based on Figure 1 above, it can be seen that the conceptual framework in the strategy to increase the competitiveness of SMEs in Batik Blora focuses on six criteria. Each criterion has several supporting sub-criteria. The picture above also shows that there is a relationship between nodes in a cluster which is indicated by an upward curved line (loop) in a cluster/criteria. this is called the inner dependence relationship. In addition, there is a direct relationship between several clusters such as: clusters of product, member, sales and capital aspects. This is called outer dependence.

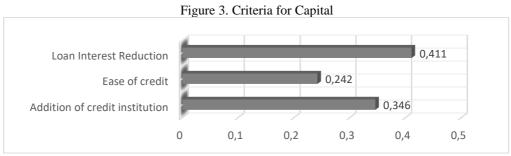
Pairwise Comparison Matrix between Nodes (Inner Dependence)

The pairwise comparison matrix on the inner dependence is obtained from the relationship between nodes (sub-criteria) in the cluster (criteria). Where the relationship between nodes in a cluster will form a curved line above the criteria or called a loop. Inner dependence relationship can occur as shown in Figure 1. Based on the ANP analysis for business licensing criteria, the following results are obtained:



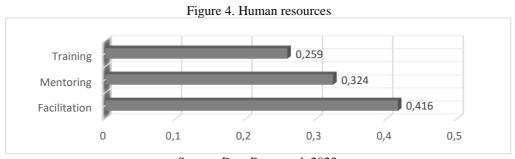
Source. Data Processed, 2023.

Based on Figure 2, it can be explained that the criteria for business licensing have three sub-criteria, including tax relief, reduced business establishment rates and ease of licensing. Of the three sub-criteria, the most prioritized sub-criteria for business licensing criteria is tax relief with a weight of 43.8%. The results of the analysis for the capital criteria are as follows:



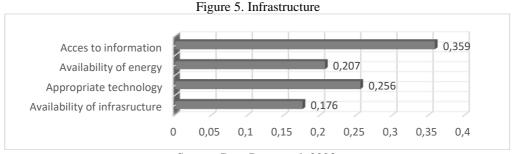
Source: Data Processed, 2023.

Figure 3 explains that the capital criteria have three sub-criteria, including a decrease in credit interest, ease of access to credit, and the addition of a business lending institution. The sub-criteria that is the most prioritized is a decrease in credit interest with a value of 41.1%. The results of the analysis for the criteria of human resources are as follows:



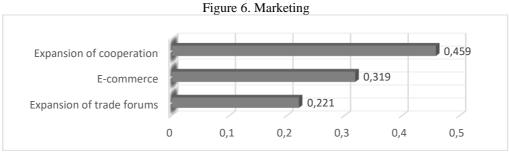
Source: Data Processed, 2023.

Based on Figure 4, it can be explained that the criteria for human resources have four sub-criteria, including training, mentoring, and facilitating meetings for discussion. The sub-criteria that becomes the main priority is facilitation for discussions of MSME actors with related stakeholders with a value of 41.6%. The results of the analysis for the infrastructure criteria are as follows:



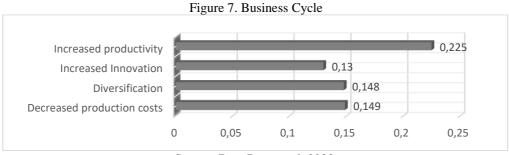
Source: Data Processed, 2023.

Based on Figure 5, it can be explained that in the infrastructure criteria there are four sub-criteria, namely ease of access to information and communication, especially the internet, energy availability, application of appropriate technology, and increasing availability and quality of supporting infrastructure. The most prioritized sub-criteria is the ease of access to information and communication, especially the internet, with a value of 35.9%. The results of the analysis of marketing criteria are as follows:



Source: Data Processed, 2023.

Figure 6 shows that in the marketing criteria there are three sub-criteria, including expansion of marketing partner cooperation, implementation and facilitation of e-commerce, and expansion of trade forums. The most prioritized sub-criteria is the expansion of marketing partner cooperation with a value of 45.9%. The results of the analysis for the business cycle criteria are as follows:



Source: Data Processed, 2023.

Figure 7 explains that the business cycle criteria have four sub-criteria, namely increasing productivity, increasing innovation, diversifying products and markets, and decreasing production costs. The most prioritized sub-criteria is an increase in productivity with a value of 22.5%.

Making Pairwise Comparison Matrix between Criteria

The pairwise comparison matrix between criteria/groups is made based on a questionnaire that has been filled out by the keyperson. This pairwise comparison matrix uses values with the numbers 1-9. Furthermore, after the assessment has been carried out, it will be continued with the calculation of the average value of the questionnaire that has been filled in, so that it will obtain a relative value. This relative value will then be used as the input value for the ANP, namely the super decision application that has been made by M Saaty. The following are the results of group comparisons / between criteria:

Table 1. Results of Comparative Analysis Between Criteria

Criteria	Weight	
Business license	0,2155	
Capital	0,0852	
Human Resource	0,1375	
Infrastructure	0,1154	
Marketing	0,133	
Business Cycle	0,3134	

Source: Data Processed, 2023.

Table 1 shows that the priority strategy for increasing the competitiveness of MSMEs in Batik Blora is seen from the priority value (eigenvector), where the business cycle criteria ranks first with a value of 31.34%. Then the second place is business licensing with a value of 21.55%. While the third place is occupied by human resources with a value of 13.75%.

The final priority referred to in the ANP model is absolute weighting using an interval scale (1.0) and also as a measure of relative dominance. The priority value is obtained by normalizing the vector matrix. In the final priority there are limiting weights, normalized by cluster and ranking. The final priority value can be seen in the following table. final priority is the weight of all elements in which there are limiting and normalized by cluster. The limiting weight is the weight obtained from the limit supermatrix, while the normalized by cluster is the division between the weights of the limiting elements and the total weights of the limiting elements in a component. Final priority determines the best alternative with the highest final value.

The final priority is obtained from the relationship between the criteria and the alternatives that have been described by the ANP model in table 2. The following is the final priority for choosing a strategy to increase the competitiveness of batik SMEs in Blora Regency:

Table 2. Final priority for choosing a strategy to increase the competitiveness of batik SMEs in Blora Regency

No	Kriteria	Sub Kriteria	Normalized by cluster	Limiting
1	Business Lisence	Make Permissions easy	0,3360	0,0663
		Reduction of business	0,2253	0,0445
		establishment rates		
		Tax relief	0,4385	0,0865
2	Capital	Ease to credit	0,2422	0,0388
		Addition of credit	0,3463	0,0555
		Channeling institutions		
		Loan interest redustion	0,4113	0,0660
3	Human Resource Training		0,2592	0,0230
		Mentoring	0,3246	0,0288
		Facilitation	0,4161	0,0370
4	Infrastructure	Availability of	0,1763	0,0286
		infrastructure		
		Apropriate technology	0,2562	0,0416
		Availability of energy	0,2076	0,0337

No	Kriteria	Sub Kriteria	Normalized by cluster	Limiting
		Acces to information	0,3597	0,0584
5	Marketing	Expansion if trade forums	0,2216	0,0199
		E-commerce	0,3192	0,0287
		Expansion of cooperation	0,4591	0,0412
6	Business Cycle	Increased innovation	0,1300	0,0391
		Diversification	0,1487	0,0447
		Increased productivity	0,2256	0,0678
		Decreased production	0,4956	0,1490
		costs		

Source: Data Processed, 2023.

From table 1, it can be seen that the priority of developing honey pineapple processing business in Belik District, Pemalang Regency. Where the priorities that have been chosen above are strategies that have been set by the key person in this case are people who understand their fields which are processed through a super decision application to obtain a strategy to increase the competitiveness of batik SMEs in Blora Regency. The results of the priority are all subcriteria elements, so the most prioritized is the reduction in production costs with a limiting value of 14.9%. The second priority is to reduce the tax burden with a limiting value of 8.6%. While the last priority is to increase the trading forum with a limiting value of 1.9%.

DISCUSSION

MSME Batik Blora is a business that has the prospect to continue to grow and compete with other batik MSMEs because in terms of quality and uniqueness, Blora Batik has interesting characteristics and motifs and is in accordance with local wisdom. These advantages include batik motifs with the characteristics of local wisdom in Blora Regency, quality materials and colors that do not fade, color combinations that are different from competitors, and a skilled workforce. Related or concentric diversification, builds on existing core competencies. Eventually, it will be a competitive position. This position relies on knowledge of existing products, operations, value chain, and expertise to market the product. We chose this strategy because it can minimize the risks that SMEs will face. This strategic choice cannot be separated from the ability to innovate and creativity of the owner or manager, as well as internal resources.

Blora batik craftsmen with their strengths can increase creativity in creating product diversification from batik to capture market opportunities. Batik products are not only in the form of clothing but can also be expanded into bags, clothing, accessories, veils, scarves, udeng, wallets, sandals, shoes, and other products according to consumer interests. Furthermore, to explore motifs, designs, and diversify batik products, the role of the millennial generation is

needed to contribute with creative ideas. New ideas become a starting point for identifying new opportunities (Cândea et al., 2014). Previously, with limited product types, Blora batik products had a long sales turnover. Then, they can diversify into faster moving products such as accessories, scarves, headbands that have a faster sales turnover.

Today, online marketing is becoming more common. Under these conditions, MSMEs need to optimize online marketing and digital branding to communicate with their consumers (Meher et al., 2021). Consumers can access product information just by touching their smartphone and more importantly it can be accessed anytime and anywhere (CIUREA & FILIP, 2015). The Blora Batik industry can accelerate its development by using online-based marketing but does not abandon offline marketing either. This technology offers a means to make presentations more attractive and communicate with a wider range of consumers (Stefan et al., 2021). Indonesian e-commerce has reached a practical operational level which is expected to shape the image of Blora products, especially batik. This is supported by previous research which states that the creative economy strategy to develop visual arts visualization in the Southeast Asian region focuses on digital technology (Oakley, 2006).

The marketing process begins with the analysis and prioritization of ideas and information. Then, we decide on clear marketing goals and targets. Marketing activities are not a constant process and have multiple objectives over time. The main marketing communications are advertising, sales promotion, public relations and professional sales (Cândea et al., 2014). The IT system as an online marketing tool must include these activities, not only to sell products but also to build systems that can establish sustainable relationships with consumers. To cope with the new competition that is increasing. Marketing activities can focus on various websites, presentations, and promotional activities by specialized departments (Cândea & Bogan, 2013). Given the limited IT knowledge of MSME actors, MSME Batik Blora can seek support from marketing agencies to provide appropriate online marketing and promotion services.

Batik Blora has a weakness in product variations and causes market saturation. In line with the strategy of concentric diversification, Blora batik requires qualified human resources to create more variations of designs, thereby increasing its competitive advantage. The diversification of Blora batik clothing depends on the creativity of MSME actors. The strength of the batik motif lies in its visual composition which can be analogous to folklore, natural wealth, and local wisdom culture. The design of the Blora batik motif is explored based on the narrative of the daily life of the people and nature in Blora. Some samples show that Blora batik motifs are related to regional

ecology. The beauty of batik motifs can be seen classically and more beautifully with the blending method, creating a new visual image that is favored by today's youth.

We suggest trying a new perspective on the concept of batik motifs, which are seen as more 'telling' than symbolic. The motifs can be combined with illustrations of the daily life of the people of Blora. Daily narratives, such as typical culinary arts, traditional events, folklore, barongan art, tayub dance, livestock life, teak tree flora, can inspire new designs. Therefore, creative batik industry players need to create innovations that can target a wider target market by making products of various sizes, using neutral colors of interest. Furthermore, batik entrepreneurs need to create environmentally friendly batik dyeing technology using natural dyes from local plants in addition to developing new motifs. This strategy is in line with previous research in developing countries showing success stories of companies that have adopted long-term technological innovations that enable environmental sustainability. Sustainable competitive advantage can be determined by technology-based innovation by taking into account the suitability of internal environmental aspects in which there are behavioral and cultural processes (Fiates et al., 2010).

CONCLUSION

Based on the analysis and discussion, it is known that Batik Blora is a business unit that has the potential to develop and be competitive with various advantages. As a product that elevates regional advantages, it is necessary to increase business aspects that include upstream to downstream aspects so that the competitiveness of Blora batik can continue to increase. The most prioritized aspect in increasing the competitiveness of Blora batik is the aspect of the business cycle which emphasizes increasing innovation and diversification as well as increasing business productivity.

MSME owners and managers need to take action to be able to distinguish which are their strengths and weaknesses. Strengths in the field of human resource management, especially in the field of competence and high experience in the arts, can be relied on to answer opportunities and challenges. Furthermore, the weaknesses in marketing and production management aspects need to be improved so that they become strengths. The development of the idea of diversifying the Batik creative industry will produce a variety of batik clothing with a target market of adults and millennials, and can be used for formal events as well as for everyday and comfortable. Batik fashion products still need to be enriched with motifs and

designs, and then need to be tested by the market. Locality-based Product Design skills should be expanded by attending a lot of training

Empowerment to support the development of Batik's creative economy by implementing a diversification strategy that utilizes internal resources as a source of competitive advantage. Theoretically, this study supports the concept of determining the choice of a diversification strategy which is part of the resource-based view, because it further explains the company's internal resources in increasing competitive advantage. The strategic decision to choose a "related diversification" strategy can be utilized by MSMEs in conditions of growing industrial opportunities and the company has strength in the field of human resources, especially the availability of experienced local workers.

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