

# Social Network and Economic Empowerment Strategy to Keep Survival of SMES for Batik (Study: SMES Batik Mangrove Surabaya)

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**Abstract:** *The development of the trade sector is inseparable from the development of the industrial sector, especially the small industries and the existence of MSMEs become the savior of the domestic economy. The purpose of this study was to determine and analyze the social networks in maintaining the continuity SMES of batik craftsmen mangroves, to analyze the network of social capital on the empowerment of small industry batik mangroves in improving well-being, and to analyze the development strategy of empowerment of small industry batik mangrove, Prospects for small industry has a bright business opportunity, should the entrepreneurs of small industry is able to be competitive as an export market competitors by highlighting the uniqueness of their products. Especially in the craft industry tends to use local raw materials with unique specifications have advantages such as batik mangroves. This study used qualitative methods to survey and interview. Object of this research is the batik industry in Surabaya districts with the development of technology that is increasingly high, can make these entrepreneurs to continue working. Therefore, it is expected that each region is able to provide excellence of products that are highly competitive in both the domestic and International.*

**Keywords:** *social networks, strategy, economic empowerment, Batik, Mangrove, Surabaya*

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## I. Introduction

Efforts economic growth the community is done through the construction of Industrial Enterprises Micro and Small Enterprises (SMEs), with the development policy of the national industry in 2015-2019 on population growth industries where the government will try to add as many as 9,000 industrial enterprises medium and large scale as well as 20,000 small-scale industries (Profile enterprises SMEs, CPM: 2013), as one of the ways that is considered the most constructive in the realization of the mission of the development of small industries for the welfare of the community by empowering human resources efficiently and productively to make each individual has the ability to be used in realizing the development of production assets in society, this can be done through the spirit of entrepreneurship is high that can improve people's income in business productivity as the market prospects for our product and the power of financial capital.

Common obstacles are usually the underlying cause of major businesses of SMEs in Indonesia, namely the issue of limited access to productive resources, especially difficulties in access to capital from financial resources are formal, lack of mastery of the technology because of low productivity and lack of quality of product, limited raw materials and the quality of human resources inadequate in terms of formal education as well as knowledge and skills, is still weak structure partnerships with large enterprises, there is no clear standardization of products that comply with the wishes of consumers, the lack of quality control of the product, knowledge of exports is still weak, and limited marketing network. But, the existence of the SME business is necessary, from the research findings Munizu (2010) that the presence of internal factors on aspects of human resources, financial aspects, aspects of production and market aspects positive and significant impact on the business performance of SMEs.

While research Berry, Rodriquez and Sandeem (2001) stated that first, the performances of the SME business tend to be better in productive workforce result. Second, that the business of SMEs can improve productivity through investment and active in following technological changes related to production innovation. Third, SME business is believed to have advantages in flexibility compared to large businesses.

In some countries in the world in the development and growth of SMEs is one of the motors driving and driving force of development, the rate of the economy is high in the countries of East and Southeast Asia, otherwise known as Newly industrializing Countries (NICs) like state of Singapore, Taiwan and Korea South has a business performance that are efficient, productive and competitive high and very responsive to government policies in the private sector development and economic growth in export-oriented. In other developing countries, SMEs are also very important role such as in India contributed 32 percent of the total value of exports and 40 percent of the output value of the country's manufacturing sector (Rakornas Ministry of Cooperatives and SMEs, 2013). While some African region development and growth of SMEs accounted for 52 pesen to 57 percent of GDP, was recognized for raising aggregate output and employment (Abor and Quartey,

2010). Around the beginning of February 2011, of 231.82 million people in Indonesia there are only 564 240 small business units or 0.24 per cent of the total population and every country can progress the number of entrepreneurial approximately 2 percent of the total population. It means, that the addition of small industries will encourage investment in the industry for processing of natural resources (downstream), which in turn encourages investment in industries producing raw materials, intermediate materials, components and sub-assembly (deepening of structure) and then take advantage of opportunities in the production network and the network of the world market trading activities.

## **II. Research methods**

Along with the development of small batik industry, from some batik handicraft industry in East Java, one that draws attention to it as the object of research is a small industry batik mangroves located in the district area of Surabaya. Batik mangrove is not just ordinary, but the mission is the preservation or conservation of mangrove, distinctively different or unique in the production, marketing and human resources capacity variation. This study tries to identify by using research approaches that combine or associate the form of qualitative and quantitative form.

This approach involves the application of approaches to qualitative and quantitative and mixing both approaches in one study more complex than just collecting and analyzing two types of data as well as involving the function of both approaches these studies collectively so that the strength of this study is greater than the quantitative and qualitative research (Creswell, 2013). A qualitative approach was chosen because qualitative research looking explanatory power process in accordance with the formulation of the problem (Nurami, 2012), whereas for descriptive studies gather information from informants as a source of information, by conducting interviews, direct observation, documentation including paint a picture of the situation and the cycle of economic activity network the activities that take place on an ongoing basis between the owners of related industries and batik artisans mangroves, consumers, government (department SMEs) as well as social activities associated with the production process.

This research was conducted in small industry batik in Surabaya, on the study of small industry batik mangrove Surabaya with the consideration that when viewed from the aspect of resource, batik mangroves are at the location of the conservation of mangrove forests (mangroves), then small industry batik mangroves are able to absorb labor in scope surrounding communities in economic activities in order to increase revenue, in addition, that the small industry is able to survive and produce despite the economic conditions were shaken crisis. The research location is determined in Surabaya. Data Disperindag city of Surabaya in 2013, there were four areas of the city of Surabaya, which has a batik business unit, but as a research site that provides activities economic activity that produces the type of batik mangrove especially for small industries is located just East coast of Surabaya.

## **III. Results**

In East Java, the manufacturing sector experienced a shift in the structure of the economy, from primary sectors as agriculture continues to decline shifted to the secondary and tertiary sectors. The role of the secondary sector is able to support the existence of small industry and handicrafts as the main sector which is unique to maintain a conducive business environment to be able to make independent business success with the public welfare goals (Yuliarmi, 2013). The success of the industrial sector is a contributor to Gross Domestic Product (GDP) in economic growth. As in Table 1.1 and Table 1.2, at least the GDP is influenced by three things: the government as policy makers and strategies, markets are conducive and the response from businesses (Sudantoko, 2010).

The potential prospects of small industries in East Java promote independence for the strengthening of the productive capacity of small industry with the number of units of larger businesses. Small industries which have a strong network (Kozan and Akdeniz, 2014) will play a more important role in its growth than those with a weak network. The ability of small industries would promote the establishment of a strong partnership that is conducive to large corporations and small businesses. The role of small industry in Indonesia is more associated with the government's efforts in reducing the level of unemployment, poverty and income distribution than as an increase in exports and the driving sources of investment and economic development in the area (Tambunan, 2014). Small industries in batik, which is part of the textile industry has great potential, in addition to meeting domestic demand is also a superior product for export commodity foreign exchange earner. Batik, which is one of the textile products to be excellent small and medium industries in the East Java town of Surabaya especially continue to emerge and produce products with distinctive motifs and coloring that influenced the character of each area. Generally small batik industry is a small industry or home industry with the number of workers adjusted the SME conditions, where the batik industry is a labor-intensive industry group that is quite unique in the production, marketing and human resources capacity variation.

Batik mangroves are small industries in the creative industries sector is considered capable of creating products batik natural dyes innovative made from raw materials fruit mangrove so processed production with environmentally friendly means of batik made clean (cleaner production) by applying the principle of eco-efficiency, then there is an element of creativity to create innovative products that encourage perpetrators of batik entrepreneurs in increasing the value-added products that can certainly improve market competitiveness. Some of the causes of small industries batik mangroves still less than the maximum is caused by several problems, namely a lack of financing of working capital that will reduce the cost of production is the main constraint, lack of knowledge and expertise in creating innovative creations create a form of batik, which is only a month able to produce a piece of batik cloth, then the production process is lengthy because it takes a few tries in creating the manufacture of natural color, the limited supply as the basic material if the supply is carried out continuously, the results of the raw material is unstable due to the planting of fruit mangrove limited, due to the quality of materials so that the raw materials of fruit should be sorted mangrove planting and environmental capacity at a certain threshold for water pollution so the fruit mangrove planted will bear fruit that is not polluted. Where the market as a point of interest in selling batik mangroves are still limited to certain circles who have high purchasing power, nominally batik sales turnover could be higher. Business management system is still use traditional system, so difficult to accept the input of information from the outside. However, the small industry batik mangroves remain morale and maintain the typical characteristics of products through the mangrove batik motifs and coloring are always subject to change according to market demand.

#### IV. CONCLUSION

Given the economic crisis, to encourage governments and businesses to put the sectors featured products of small industries as a regional economic powerhouse. This effort was undertaken to further boosts in moving the business activities of small and medium industries. This is identical to the empowerment of small industries in each region in order to have the spirit and the ability to independently and confidently corresponding potential of each area respectively as the spearhead economic development without exception in East Java especially Surabaya city as the city industry, particularly the processing industry. The government's focus on development programs empowering small industry, in order to be competitive in improving product quality such as providing short training course entrepreneur, corporate partnerships program, socialization and development of small industrial businesses. Through the empowerment efforts on small industries, batik artisans / craftsmen were encouraged to have the ability to capture the dynamics of the behavior of social reality and economic reality to utilize the resources in the mechanism of production, economic, social and ecological.

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