A Development Strategy for Micro, Small and Medium Enterprises (MSME): Trusmi Batik in Dealing with Society 5.0

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The aim of this research is to analyse the development strategy of Trusmi Batik and micro, small and medium enterprises (MSME) in dealing with Society 5.0. The development strategy uses the Diamond Cluster Model approach and analysis of strength, weakness, opportunities and threats (SWOT). This research uses primary data and secondary data. Primary data is obtained from interviews and observations, while secondary data is obtained from related agencies according to the research problem. The population of this research is the entire MSME Trusmi Batik in Cirebon Regency with a purposive sampling technique. The results of this study are in the form of a development strategy for MSME Trusmi Batik, in dealing with Society 5.0. Based on the results of the SWOT analysis it is observed that the main strategy is that Trusmi Batik's MSME must improve product quality, increase cooperation with suppliers of raw materials, and engage in product diversification and product design development and innovation.

Key words: *Development strategy, batik trusmi, SWOT analysis, society 5.0.*

Introduction

Currently the world is entering the Era of Society 5.0, which is an era where technology no longer dominates humans, but humans control technology (Beniger, 2009; Fukuyama, 2018 Fukuda, 2020). In Era Society 5.0 humans are at the centre of civilisation where humans exist amidst technological developments and can live life to the fullest. Era Society 5.0 provides many challenges that are not only internal in the country but especially for global competition between countries in the world (Shiroishi, Uchiyama & Suzuki, 2018; Mumtaha & Khoiri, 20019). As one of the countries in the world, Indonesia also faces competition, especially in the area of economics. MSME in this case has unquestioned contributions to the Indonesian economy. MSME has a workforce absorption rate of around 97% of the entire national workforce and a contribution to gross domestic product (GDP) of approximately 57% (Morrison, Breen, & Ali, 2003; Sulistiono & Mulyana, 2010; Putra, 2011).

MSME plays an important role in Indonesia's economic growth, and therefore the development of MSME is a necessity (Tambunan, 2005; Kristiyanti, 2012). In addition, MSME also contributes to strengthening the structure of Indonesia's national economy (Prawirokusumo, 2001; Liana, 2008). With the importance of the role of MSME in the economy is obvious, MSME is also faced with various problems (a) lack of capital, (b) difficulties in marketing, (c) simple organisational structure with non-standard division of labour, (d) low quality management, (e)) HR is limited and quality is low, (g) lack of financial reporting, (h) aspects of weak legality, and (j) poor quality of technology (Winarni, 2006; Situmorang, 2008).

By entering into Era Society 5.0, competition will be increasingly felt by Indonesia both for superior products / services of large industries, and the MSME sector such as Trusmi Batik due to the similarity of product characteristics (Resalawati, 2012; Iriyani, 2015). Trusmi Batik is one of the MSME in Indonesia, located in Trusmi Village, Cirebon Regency, West Java Province. Trusmi batik is identical to the Cirebon Keraton batik. Cirebon Keraton Batik is a work of art depicted on fabric by dipping a barrier in the style of the Keraton Cirebon, which grows and develops in the Cirebon District society (Irianto, 2010). Table 1 presents the data on the development of the batik industry in Cirebon Regency in terms of production value and sales value.

Table 1: Development of the Batik Industry in Cirebon Regency 2012-2016

Year	Business Unit	Labor	Production Capacity	Production Value	Sales Value (Rp.000)	% Sales Value
2012	402	3.680	18.545 Score	53.221.000	69.187.300	-
2013	403	3.691	19.043 Score	53.457.000	69.494.100	0.44%
2014	530	4.288	23.214 Score	74.002.640	96.203.432	38.43%
2015	536	4.333	27.821 Score	74.902.166	97.372.816	1.22%
2016	565	4.515	40.023 Score	82.252.640	106.928.432	9.81%

Source: Department of Industry and Commerce Cirebon Regency (2018)

Based on Table 1 the production value and the sale value of batik in Cirebon Regency is fluctuating from year to year. Starting from 2012 to 2013 value increased by only 0.44%, from 2013 to 2014 value increased quite significantly from the previous year at 38.43 %, from 2014 to 205 value increased by only 1.22% and in 2015 to 2016 value increased by 9.81%. From the fluctuating value of batik sales, the company must keep moving in the batik industry by having a strong competitive advantage and paying more attention to aspects which influence the purchase, including price and product.

In addition to the problem of production and sales value caused by weak competitiveness, MSME Batik in Cirebon District, especially Trusmi Batik, still faces various classical problems. These problems are; firstly, low productivity, low productivity is caused by internal problems which is the low quality of Human Resources (HR) in management, organisation, mastery of technology and marketing. Second, the weak entrepreneurial management of MSME actors, and the limited access of MSME to capital, information, technology and markets, business legality and other production factors (Susilo, 2010; Anggraeni, 2013; Hubeis, et al, 2015). Whereas external problems faced by MSME include transaction costs due to an unfavourable business climate, scarcity of raw materials and the acquisition of formal legality which is still a fundamental problem for Indonesian MSME (Winarni, 2006; Situmorang 2008; Tyas, & Safitri , 2014).

Based on problems faced by Trusmi Batik MSME, a MSME development strategy is needed so that the development of Trusmi Batik MSME speeds up and can compete in the era of society 5.0. Then Trusmi Batik MSME can have a more competitive advantage (Hafsah, 2004; Khotimah & Fiati , 2013; Sacred, 2017). In formulating development strategies, all problems faced by Trusmi Batik MSME should be used as input or considered. Therefore the strategies developed are comprehensive and can lead to effective and efficient operations. Various studies on the development strategy of Trusmi Batik MSME in Indonesia have been carried out, including Hidayat, Alwi & Setiawan (2017), Situmorang (2008) and Rahmana (2010). Essentially the development strategy for Trusmi Batik MSME proposed by the researchers is not based on excellence and local potential (MSME potential), or external opportunities. The proposed development strategy is still based on a qualitative approach. This study examines the Trusmi Batik MSME development strategy, that integrates the internal strength of the Trusmi Batik MSME with external opportunities.

Literature Review
Micro, Small and Medium Enterprises (MSME)

MSME is a productive business unit that stands alone, and is carried out by individuals or business entities in all economic sectors (Dalitso, & Peter, 2000; Aigboduwa & Oisamoje, 2013; Tambunan, 2015). In principle, the difference between Micro Business (MB), Small Business (SB), Medium Business (MB) and Big Business (BB) is generally based on the initial asset value (excluding land and buildings), average annual turnover or number of permanent workers. However, the definition of MSMEs based on these three measuring devices is different in each country. An MSME can range between less than 100 workers (in Indonesia), and 300 workers (in China). In addition to using the number of workers, many countries also use the value of fixed assets (excluding buildings and land) and turnover in defining MSMEs (Aufar, 2014). In many countries, the definition of MSME differs between sectors, for example in Thailand, India and China; or even differs between government institutions or departments, for example Indonesia and Pakistan (Tambunan, 2012).

The MSME development strategy is an effective determination to make small and medium businesses not only independent, but to enable them to operate profitably and make a large contribution to the Indonesian economy, which is apparently not enough through government policy (Hadinoto & Retnadi, 2007; Budiarto et al, 2018). It is important to understand micro, small and medium entrepreneurs and the types of strategies that are considered capable of improving business performance, when dealing with global situations that are also full of uncertainties (Respati, 2008; Fatimah, 2011). In the MSME development process, the initial step is to identify the problem. In order to determine the right strategy in the development process, alternative solutions to the problem must be looked for, and decisions made in efforts to solve the problem (Hamid & Susilo, 2011; Sum, Kow, & Chen, 2004) The strategy in this development relates to the method or methods used to achieve goals that are set effectively and efficiently (Chen, & Huang, 2004; Terziovski, 2010).

Trusmi Batik

Trusmi Village is one of the most important villages in the cultural treasury of Cirebon; and one of the most interesting aspects of the Trusmi Village is the batik culture (Afriyanti, 2016). The use of the word Trusmi comes from the history of Pangeran Trusmi, the son of Prince Carbon Girang and Nyi Cupluk. Nyi Cupluk is the daughter of Ki Gede Trusmi, while Pangeran Carbon Girang is the son of Ki Kuwu Cerbon (Muchyidin, 2016). Pangeran Trusmi or Bung Cikal is said to have a happy habit of pruning plants that his grandfather planted, each time the plants were pruned, the plants regrew. So it is called Trusmi which originates from the word continue to spring or continue to grow again (Al Mujabuddawat, 2016). The arts and culture of the Trusmi community has its own unique characteristics and distinctiveness, one being batik.

The batik that developed in Trusmi is believed by its inhabitants as a legacy from their ancestors, Ki Gede Trusmi. Trusmi Batik is now the only Cirebon batik centre which is currently in very rapid development (Tambrin, 2002).

One of the interesting things about Trusmi batik is that it is not just a piece of cloth that has decorative writing with its unique colouring and technique, but that, decorative colours and colourings poured into batik are a symbolic aesthetic reflection of the people of Cirebon (Arwanto, 2017). Batik is not just made for beauty, but rather as a moral principle, a meaningful custom. Trusmi batik is influenced by coastal batik and palace. Coastal batik is characterised by lively and bright colours, such as red, yellow, green and blue, as well as free motifs that symbolise the lives of coastal communities, such as community activities and flora and fauna motifs (Wahyuningsih & Fauziah 2016). While palace batik is seen in the basic colours of beige, black, dark blue, and brown soga, patterned palace, such as mega clouds, lion barong, partridge and several other motifs (Nursalim, 2016).

Society 5.0

Society 5.0 is an information society built on Society 4.0, which aims to create a prosperous society centered on humans (Harayama, 2017). Society 5.0 proposes to advance the potential of individual relationships with technology in encouraging the improvement of the quality of life for all people through super smart societies (Ferreira & Serpa, 2018). This appears, in part, as a consequence of the application of the Industry 4.0 concept and its effects (Shamim, 2017 et al; Skilton & Hovsepian, 2017; Kumorotomo, 2020).

Through integration it is believed to be able to play an active role in improving the quality of social life, so that every effort reflected in community products and services can be given continuously, with the final seven forms of creating a constructive and sustainable social life order (Ryan Indra, 2016). Innovation in society 5.0 encourages a forward-looking society that breaks the existing sense of stagnation, instead providing communities where members respect each other, and where everyone can lead an active and pleasant life. This transformation will help humans to live more meaningful lives. In cyberspace, this big data is analysed by artificial intelligence (AI), and the results of the analysis are fed back to humans in physical space in various forms (Prasetyo, & Arman, 2017).

The concept of Society 5.0 emerged in 2015 in Japan (Abreu, 2018), in a strategic national political initiative (Harayama, 2017). The basic theory of Society 5.0 research is parallel intelligence, which is a new methodology that extends traditional artificial intelligence theory to the emerging cyber-physical-social system (Wang et al, 2018). Society 5.0 follows, to some extent, Industry 4.0, and, while Industry 4.0 focuses on production, Society 5.0 seeks to place people at the centre of innovation. It also utilises the technological impact and results of

Industry 4.0, by deepening the integration of technology in improving the quality of life, social responsibility and sustainability (Keidanren, 2016; Hayashi et al, 2017; Serpanos, 2018).

Method

This research uses a case study research strategy. Case studies were carried out at a number of MSMEs in Cirebon Regency, West Java Province, Indonesia. MSMEs selected as samples are MSMEs that have the nature of craftsmen, an entrepreneurial spirit and are capable of exports and subcontractors. They also show a willingness to transform into big businesses and have sales values that tend to increase. Data collection was carried out from January 2019 to May 2019, using multiple sources of evidence such as interviews, archival studies and direct observations. The interview is used as a primary data source. Respondents in this study were Trusmi Batik MSME entrepreneurs, Plered Subdistrict of Cirebon Regency, which is Trusmi Batik Shop, Ashofa Batik and Zhafira Batik, Cooperative and MSME office of West Java Province and Head of West Java BPS.

The research uses a location quotient approach to formulate the MSME development strategy (Miller & Wright, 1991; Isserman, 1997); diamond cluster model (Porter, 1990) and SWOT analysis (Kuncoro, 2005; Rahmana, et al, 2010). This study uses a strategy to develop a diamond cluster approach and SWOT analysis. The stages of research developed are as follows: (1) identifying the competitive advantage of MSMEs based on the diamond cluster model approach. This competitive advantage will include input factors, demand conditions, supporting and related industries, company and competitor strategies, (2) classifying MSME competitive advantages into internal and external factors, (3) determining factors that become strengths, weaknesses, opportunities, and threats, which are then presented in the matrix SWOT, (4) formulating strategies based on a combination of strengths, weaknesses, opportunities, and threats, (5) setting priorities for MSME development strategies and (6) implementing selected strategies.

Result and Conclusion
Identification of Competitive Advantages of MSME

In identifying the competitive advantage of the Trusmi Batik MSME, the diamond cluster model approach identified that there are four components, that is: first, the input factors are variables that already exist in industry clusters such as human resources, capital resources, physical infrastructure, information infrastructure, scientific and technology infrastructure, administrative infrastructure, and natural resources. Second, demand conditions relate to sophisticated and demanding local customers. The more developed a society and the more demanding domestic customers, the industry will always strive to improve product quality or make innovations to meet the desires of local customers. Third, related and supporting

industries for efficiency and synergy in clusters, especially in terms of transaction costs, sharing of technology, information, and certain expertise that can be utilised by other industries or companies, namely to increase competitiveness and productivity. Fourth, context for firm, strategy, and rivalry that can encourage companies to improve product quality and innovation. With the existence of fair and intense competition, companies will look for suitable strategies and strive to improve efficiency (Porter, 1990).

The competitive advantage of Batik Trusmi MSME is classified into internal factors which include strengths and weaknesses, as well as external factors which include opportunities and challenges. First, the strengths of Trusmi Batik MSME are: the quality and competitive price of batik, the types of batik products that are distinctive and diverse (batik materials, batik clothes, accessories and other household needs), the availability of raw materials, the types of batik that are also diverse (printed batik, batik printing and written batik), models and motifs follow the development of trends and complete shop facilities and excellent service. Second, the factors of weakness of MSMEs in Trusmi Batik are: lack of employees in batik production, lack of knowledge and human resource skills in making batik, lack and difficulty in getting capital, the length of the production process, promotion not maximised, the old production process and batik activities that are still using traditional tools. Third, the opportunity factors for Trusmi Batik MSME are: batik is an Indonesian traditional clothing, more innovations and creativity in making batik, free markets occur, support from the community in preserving batik clothing and the existence of government policies on the use of batik. Fourth, the factors that pose a threat to Trusmi Batik MSME are: the presence of more qualified foreign suppliers, more creative competitor products, the rise of good modern clothing, the speed of change in clothing model trends and free market trends.

MSME Development Strategy

The results of the identification of strengths, weaknesses, opportunities, and threats at Trusmi Batik MSME, then proceed with the creation of a matrix SWOT to determine alternative strategies to be applied. This matrix illustrates the internal strengths and weaknesses of Trusmi Batik MSME when facing external opportunities and threats faced by Trusmi Batik MSME. The MSME development strategy is based on a combination of strengths, weaknesses, opportunities, and threats.

SO strategy is a strategy to use all the power that is owned to take advantage of existing opportunities. Based on the results of the study in the form of interviews and observations, the SO strategy formulated is as follows: maintaining and improving product quality, procurement of capital itself and lending to third parties both conventional banks and from the Office of Cooperatives and MSMEs in Cirebon Regency, innovating products in both designs and motifs, and expand sales by attending exhibitions and events both at home and abroad. WO strategy is

a strategy to overcome all weaknesses by utilising existing opportunities. Based on the results of the study in the form of interviews and observations, the WO strategy formulated is as follows: increasing production processes more efficiently, increasing awareness of the importance of product quality, recruiting employees to increase the number of employees in production, increasing training to increase knowledge and HR skills in making batik, utilising digital media as a means of promotion and procuring new technology production facilities and infrastructure. ST Strategy is a strategy that uses all power to avoid all threats. Based on the results of studies in the form of observations and interviews, the ST strategies formulated are as follows: improving product quality, increasing cooperation with suppliers of raw materials, product diversification and product design development and innovation. The WT strategy is a strategy that suppresses all weaknesses and prevents all threats. Based on the results of the study in the form of interviews and observations, the WT strategy formulated is as follows: the government should provide capital loans to businesses to produce optimally, coaching and training by the government for batik entrepreneurs, innovating and creating creative products and making strategies in promoting products.

Determine Priority of MSME Development Strategy

The prioritisation of the Trusmi Batik MSME development strategy in Cirebon Regency, West Java Province, was carried out using an analysis of internal factors and external factors that is Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS). The stages in compiling the IFAS and EFAS tables are (a) determining the factors that become strengths and weaknesses as well as opportunities and threats of MSMEs, (b) giving weight to each factor from a scale of 0.0 (not important) to 1.0 (very important), where all the weights do not exceed the total score of 1.00, (c) calculate the rating for each factor by giving a scale ranging from 1 (below average) to 4 (very good), and (d) calculate the score which is the multiplication between weight and rating. The strength and weakness rating values are always the opposite, as are the opportunity and threat rating values. The determination of the weight and rating values is based on the opinion of MSME experts and the leaders of the Trusmi Batik Cirebon Regency. The results of the weighting, rating, and score for each internal and external factor are presented in Table 2 and Table 3.

Table 2: Matrix Internal Factor Analysis Summary

Internal Factors	Weight	*Rating*	Score
Strength			
a. The quality and price of batik is competitive	0.25	3	0.75
b. Typical batik products and diverse types	0.05	3	0.15
c. Availability of raw materials	0.05	4	0.20
d. The types of batik that are also diverse (printed batik and written batik)	0.020	4	0.80

	Weight	Rating	Score
e. Model and motifs follow the development trends and complete store facilities	0.055	3	0.165
f. Excellent Services	0.10	3	0.30
Sub-Total	**0.525**		**2.365**
Weakness			
a. Lack of employees in batik production	0.05	2	0.10
b. Lack of HR knowledge and skills in making batik	0.15	2	0.30
c. Lack of and difficulty in getting capital	0.025	2	0.05
d. The duration of the production process	0.07	1	0.07
e. Promotion is not optimal	0.03	1	0.03
f. Long production process	0.10	1	0.10
g. Batik activities still use traditional tools	0.05	1	0.05
Sub-Total	**0.475**		**0.700**
Total	**1.00**		**3.065**

Table 3: Matrix External Factor Analysis Summary

External Factors	Weight	*Rating*	Score
Opportunity			
a. Batik is an Indonesia traditional clothing	0.10	4	0.40
b. More and more innovation and creativity in making batik	0.20	3	0.060
c. Free market	0.030	3	0.090
d. Support from the community in preserving batik clothing	0.070	4	0.28
e. There is government policy regarding the use of batik	0.05	3	0.15
Sub Total	**0.270**		**0.980**
Threat			
a. There is a higher quality foreign supplier	0.20	1	0.20
b. Competitive products that are more creative	0.10	2	0.20
c. The rise of good modern clothes	0.20	1	0.20
d. The speed of change in clothing modern trend	0.080	2	0.16
e. The free market was declared	0.150	2	0.30
Sub Total	**0.730**		**1.060**
Total	**1.00**		**2.040**

Table 2 shows that the score for the strength factor is 2.365 and the score for the weakness factor is 0.700. From Table 3 the results show that the score for the opportunity factor is 0.980 and the score for the threat factor is 2.040. The strength score value is above the weakness score value with a difference of value (+) 1.665, while the probability score value is below the threat score value with a difference of value (-) 1.060. From the results of the identification of

these factors and the determination of the difference in scores, then drawn in a SWOT diagram, where the strength and opportunity factors are given a positive value (+), while the weakness and threat factors are given a value (-). The SWOT diagram is presented in Diagram 1.

Diagram 1. Cartesian Diagram SWOT
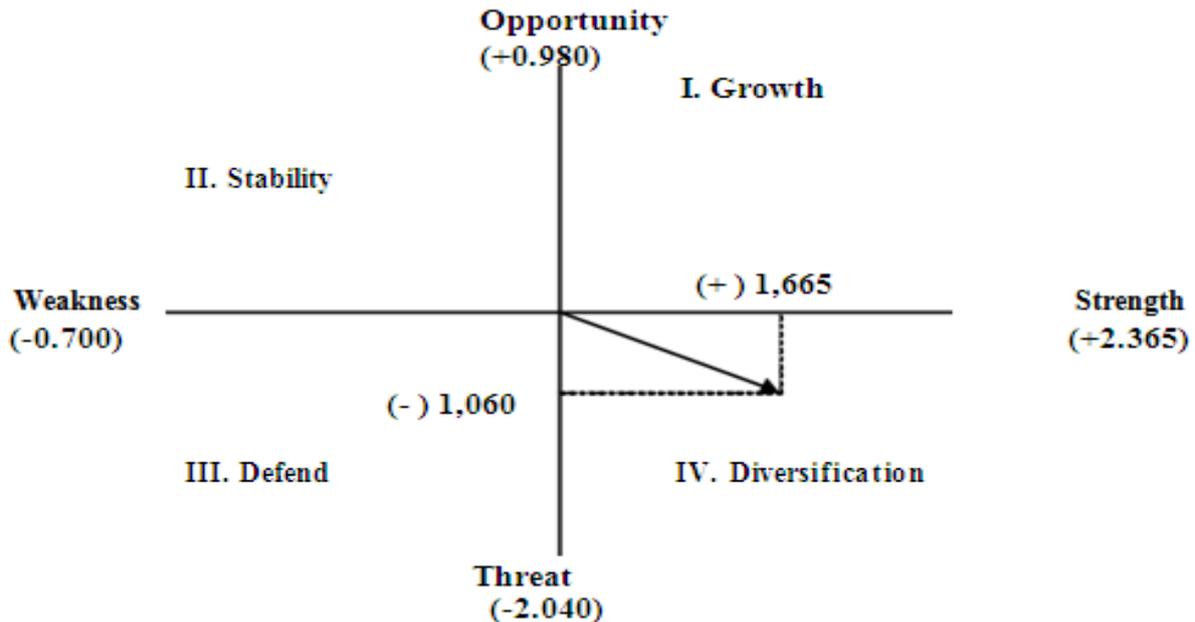
From the total value of each factor, in addition to being described in the SWOT diagram, it is also presented in the formulation of the SWOT matrix, which will illustrate the score of each combination of strategies as presented in Table 4.

Table 4: Combination of Quantitative Strategies

IFAS EFAS	Strength (Strength) – S	Weakness (Weakness) - W
Opportunity	SO Strategy:	WO Strategy:
(Opportunity) - O	= 2.365 + 0.980	= 0.700 + 0.980
	= 3.345	= 1.680
Threat	ST Strategy:	WT Strategy:
(Threat) – T	= 2.365 + 1.060	= 0.700 + 1.060
	= 3.425	= 1.760

Based on the Cartesian SWOT diagram presented in Diagram 1, it is observed that MSMEs are in quadrant IV, meaning that the MSME development strategy is a ST strategy, that is a strategy of using strength to overcome threats. This strategy is also known as the diversification strategy. When referring to this strategy MSMEs should improve product quality, increase

cooperation with raw material suppliers, diversify products and develop product designs and innovations. The combination of strategies, presented in Table 4, is a quantitative model analysis of strategy formulation, which is based on the total score of each of the factors present in each strategy for SO, WO, ST, and WT strategies. Based on Table 4, the MSMEs should take advantage of the ST strategy because it has the highest score compared to the others which is 3.345. Then followed by the ST strategy with a value of 3.425, WT with a value of 1.760, and WO with a value of 1.680. Based on the results of the SWOT matrix analysis with quantitative model analysis to get an effective formulation, that is the ST strategy that is the strategy of using strength to overcome threats, the ST strategy implementation is (1) improving product quality, (2) enhancement of cooperation with suppliers of raw materials, (3) product diversification and (4) product design and innovation development.

Conclusion

The Trusmi Batik MSME development strategy can be used as an effort to realise that Trusmi Batik MSMEs become economic activities that have added value and that are highly competitive. Not only do they have comparative advantages but competitive advantages, which means that MSMEs can take part in the domestic and international markets. The MSME development strategy formulation is based on 2 (two) approaches, that is a strategy based on Cartesian SWOT diagram analysis and a combination of SWOT matrix strategies. Based on the Cartesian SWOT diagram the results show that MSMEs are in quadrant IV with a diversification strategy. Implementation of this diversification strategy is how MSMEs improve product quality, increase cooperation with raw material suppliers, product diversification, and product design and innovation development. Based on the analysis of a combination of quantitative strategies, it was found that the strategy that should be applied by Trusmi Batik MSMEs was the ST strategy, which is a strategy of using strength to overcome threats. The implementation of this strategy is to improve product quality, increase cooperation with raw material suppliers, product diversification and product design development and innovation.

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