

Analysis of Small and Medium Industry of The Tenun Ikat Craft in Kupang City

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Abstract— Small and medium businesses are business sectors that have an important role in the economy in the regions, especially in providing employment. For this reason, efforts are needed that lead to the development of the small business sector in order to improve product quality. Good business management is needed covering aspects of capital, production, marketing and human resources. The development of small-scale industry will help overcome the problem of unemployment because the technology used is labor-intensive technology so that in addition to enlarging employment and business opportunities it can also encourage regional development. Tenun ikat is one of the skills possessed by women and is relatively well known by the people of East Nusa Tenggara. Data obtained from the Office of Industry and Trade of the City of Kupang that currently the number of weavers scattered in the sub-districts in the city of Kupang as many as 79 people. With this condition, the problem is whether this business can improve the economic welfare and human resources of weaving artisans in Kupang City. The purpose of this study is to identify the strengths, weaknesses, challenges and obstacles of small scale weaving handicraft industry in Kupang City. Using SWOT Analysis, in order to identify various environmental factors both internal and external to be able to maximize strengths and opportunities while minimizing weaknesses and threats.

Keywords— *Small and Medium Industr; SWOT; Tenun Ikat Kupang*

I. INTRODUCTION

Small and medium businesses are business sectors that have a high enough role in the regional economy, especially in providing employment. However, the development of small and medium businesses is quite alarming with the entry of various imported products which are the results of medium-sized foreign businesses. Such conditions will weaken the position of the small business sector in the Indonesian market. Therefore, efforts are needed that lead to the development of the small business sector in order to improve product quality, it requires good business management including aspects of capital, production, marketing and human resources.

The development of small-scale industry will help overcome the problem of unemployment because the technology used is labor-intensive technology so that in addition to increasing employment and business opportunities it can also encourage regional development, urban and rural areas. The development of small industries must be focused on the sectors that are the mainstay and superior in terms of the potential of the mainstay sector as the potential of the sector which is dominantly taking into account the competitiveness of the sector in the economy.

The empirical condition of Kupang City shows that there are currently many small industries with a total workforce in 2017 of 178,561 people, which 70,901 are women. Regional original income of Rp.1,156,105 million. Not all of the workforce has been absorbed, so unemployment rates are also high at 95,957 people. With a large number of women workforce that should have the potential to be a source of family income, but in reality women are still seen as workers who only take care of the household. On the other hand, women actually have a strong ability to carry out business activities.

Tenun Ikat is one of the skills possessed by women and is relatively well known by the people of East Nusa Tenggara, namely Tenun Ikat Kupang. So-called because Tenun Ikat craft is widely available in Kupang City and Kupang Regency. Data obtained from the Department of Industry and Trade Kupang that currently the number of weavers scattered in sub-districts of Kupang city as many as 79 people with a distribution of 27 people in Kota Radja sub-district, 27 people in Maulafa sub-district, 10 people in Oebobo sub-district and 15 people in Alak sub-district. With this condition the problem is whether this business can improve the economic prosperity and human resources of Tenun Ikat craftsmen in Kupang city. For this reason, researchers deem it necessary to conduct a study on the Potential Analysis of the Weaving Craft Small Industry Enterprises in Kupang City. As for the objectives of this study, 1). Identify the strengths and weaknesses of small Tenun Ikat weaving business in Kupang City. 2). Identify challenges and obstacles faced by the Tenun Ikat industry in Kupang City.

II. LITERATURE REVIEW

A. *Small Business*

Small Business is a small-scale people's economic activity that meets the criteria of net worth or the results of annual sales and ownership as stipulated in the law. General Small Business has the following characteristics:

- 1) Individual business forms and not yet incorporated
- 2) The legal aspect of business is weak
- 3) Most do not have financial reports
- 4) The quality of management is low and rarely has a business plan
- 5) The source of capital is personal capital
- 6) Limited human resources
- 7) All company obligations become personal obligations.

In connection with that, in Indonesia gives two definitions of Small Business, namely 1) Based on UU UK No.20 tahun 2008, among others that: Has a net worth of more than Rp 50 million to Rp 500 million excluding land and buildings, owned by Indonesian citizens, standalone not a subsidiary, In the form of a business entity and incorporated law. 2) According to BPS, is identical with the Small Industry and home industry. BPS classifies industries based on the number of workers, namely: Home Industry with 1 - 4 people, Small Industry with 5-19 workers, Medium Industry with 20 - 99 people, Large Industry with workers above 100 people.

B. *Tenun Ikat*

Until now there have not been many studies related to Tenun ikat. Even so, quite a lot of popular writings, which states that ikat is a craft that is quite important in the lives of people in East Nusa Tenggara. Called "Tenun Ikat" because before being colored, the threads to be woven are tied with raffia cords on certain parts, then dipped in a coloring liquid. The part which is bound with raffia, after opening, remains white, while the part which is not bound by raffia becomes colored according to the color of the liquid. The color composition of the yarns has a colored part and a part that remains white. When weaving, it will form decorative patterns with certain colors. The thread used for weaving is made of cotton or silk, which is specifically used for weaving.

The Tenun Ikat in Kupang, aside from being used and useful to meet the daily needs of clothing, is also to increase family income, as well as meaningfully to show one's social status in society. Therefore, weaving skills are always inherited from generation to generation from parents, especially mothers to daughters since they were teenagers. In the past weaving skills have even become the norm in a society which is a benchmark for the feminine nature of a girl. This makes ikat cloth as the household industry of various tribes who live in the city of Kupang, such as Timor, Sabu, Sumba, Rote, Flores, Alor, Kupang, and Ende. Initially the woven products produced only included ai (sarong), hidj (blanket), and sash. Blankets are worn by men, sarongs are worn by women, while slashes are worn on the shoulders of both men and women.

The use of woven cloth is also limited to body armor, in addition to decorative motifs to show one's social status in society. Woven cloth is also used in life cycle ceremonies, which are used in initiation ceremonies when a teenager grows up and as a dowry in a marriage ceremony. However, today woven fabric is not only used for body armor, but also for other objects, such as bags, tablecloths, bedcovers, wall hangings, and others.

As a result, Tenun Ikat Kupang has undergone diversified forms and uses (Industry and Trade Office Kupang, 2006). Research conducted by the Pantau Foundation in collaboration with Swisscontact said that the obstacles faced by Small and Medium Enterprises (SMEs), including Tenun ikat Kupang crafters, namely businesses that are still traditionally built with family management and expertise, are only obtained in the past, so that product development is stagnant ; crafters' access to capital institutions is hampered; as well as inadequate technical management, product marketing, and infrastructure (Yayasan Pantau cooperates with Swisscontact, 2005).

III. METHOD

A. *Population and Samples*

The population in this study were all small Tenun ikat industry in Kupang City amounted to 79 business units spread in 4 sub-districts namely Kota Radja sub-district as many as 27 units, Maulafa sub-district as many as 27 units, Alak sub-district 15 units and Oebobo sub-district as many as 10 units and the entire population was sampled in this study [1].

B. *Data Types and Sources*

This study uses two types of data, namely primary data and secondary data. Primary data is sourced from the main data which is detected directly from the main source of research while secondary data is another supporting data related to this research. Data collection techniques in this study were carried out through:

- 1) Distribution of questionnaires to entrepreneurs of weaving, labor, customers, competitors and related institutions
- 2) Interviews were conducted with respondents and all parties related to the problem to be studied
- 3) Observations made directly on the object under study.

IV. RESULT AND DISCUSSION

A. *Characteristics of Business Units*

The results of the distribution of research questionnaires to 80 Small Medium Enterprises (SMEs) in the Tenun Ikat industry, namely the owners or leaders of the Small and Medium Enterprises (SMEs) planned, turned out to be 41 successful questionnaires with a return rate of 51%. The characteristics of the research sample can be seen from the age of the business, the number of workers, assets, and education. The age characteristics of businesses are categorized into three groups, namely (a) ≥ 1980 to ≤ 1989 , (b) > 1990 years to ≤ 1999 , (c) > 2000 years to date. The total number of craftsmen

who were respondents in the study were 42 craftsmen, where the majority of new craftsmen who started businesses above 2000 (79%), while in 1990-1999 16% and in 1980-1989 were 5%.

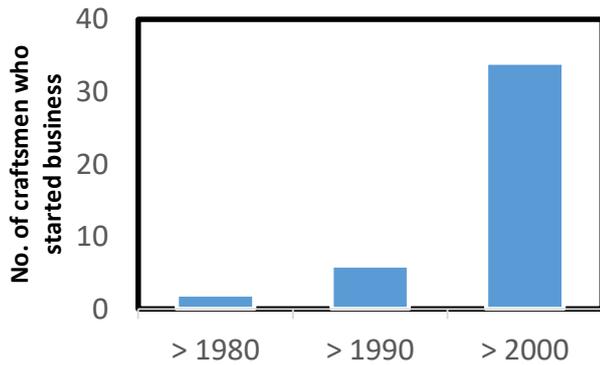


Fig. 1. Characteristics of Business Units

Then, the types of products produced by weaving craftsmen in Kupang City, such as Sarong, Blankets, Shawls, Clothes, Skirts, Pants, Jackets, Safari, Jackets, Tablecloths, Wallets, Bedcovers, Bags, Shoes, Earrings, Necklaces & Customary Clothes. Almost all Tenun Ikat craftsmen in Kupang city produce homogeneous products. Whereas related to Asset in the business characteristics of craftsmen in Kupang city 51% have production sites in other words only produce ikat. While 41% of 41 craftsmen in Kupang city have production and sales sites, meaning that besides producing they also market ikat. While 7% only acts as a seller of ikat.

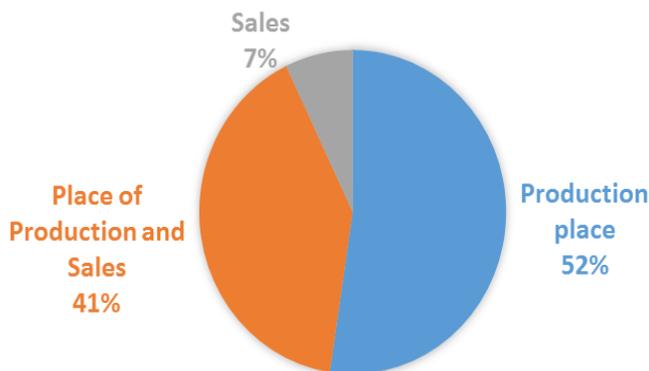


Fig. 2. Types of products produced by weaving craftsmen in Kupang City

Of the 41 craftsmen in the city of Kupang, entrepreneurs characteristic in terms of education The majority of craftsmen have an elementary school level of 31 people (75%), then 6 people (15%) in junior high school level, and only 10% have high school level 4 people (10%).

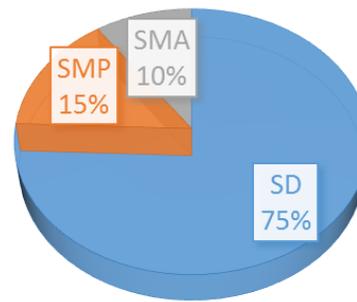


Fig. 3. Craftsmen in the city of Kupang

B. Capital Aspects

Factors that determine the success of SME development include human resources (HR), capital of machinery and equipment, business management, marketing, availability of raw materials, and information to be able to do global access [2]. In the context of this research capital becomes one focus of analysis, where capital is an asset in the form of money or non-money, owned by investors, and has economic value. Capital can be in the form of cash, it can also take the form of buildings, machinery, or equipment. Some of these capital come from their own pockets, but some are given by others in an investment activity.

The results of research related to capital aspects of the ikat weaving craftsmen, showed that the source of capital in establishing a business was obtained through its own capital, banks, government, assistance or grants from NGOs, PT. Telkom, as well as through CV. Ina Ndao which makes the Tenun Ikat craftsmen as partners in producing Tenun Ikat. Related to the amount of initial capital owned by craftsmen 51% of 42 craftsmen have a capital of Rp. 500,000 - 1,000,000, while those who have a capital of Rp.1,100,000 - 2,500,000 are 17%. Of the 41 craftsmen in Kupang city who have capital of over Rp. 5,000,000, as much as 17%. For large investors, they are able to provide products with good raw materials and have a middle to upper segment. Whereas small capitalists focus on the lower middle class with imitation raw materials [2].

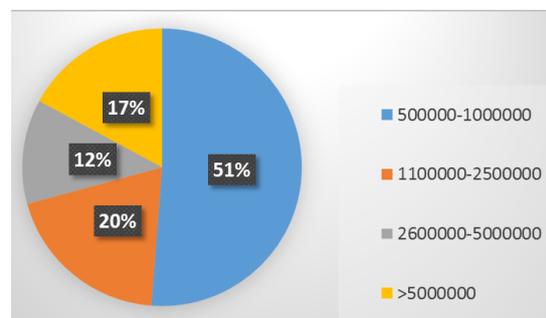


Fig. 4. Increase capital by lending to banks

SMEs have not done financial report because they have difficulties, where it certainly requires accuracy while they do not have enough knowledge to do financial report, and there are racial non-registrations in doing financial report. This is

what causes some consumers to experience difficulties when going to increase capital by lending to banks. Because banks demand financial statements that are complete with the aim of knowing the business prospects [2].

Since its inception up to now 28% of craftsmen have increased income to > Rp.5,000,000, and those who have capital of Rp.500,000-1,000,000 have been reduced to 44%. While in terms of production equipment 94% of the 41 people weaving craftsmen in Kupang city, only 3% use it.

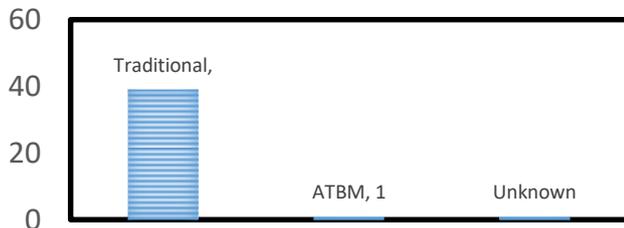


Fig. 5. Production Equipment

C. Market and Marketing Aspects

The target market in business is very important for business people, because as a target to market their business, the target market is a group of consumers which is the goal of the company to want to buy the products it markets. In the context of this research, the Target Market of Tenun Ikat craftsmen is sold publicly and to customers who order, sales are also sold to the NTT weaving gallery or government agencies, as well as NTT export outside.

In marketing the products, the Sales Method of the craftsmen is variative where the Tenun Ikat cloth is sold directly, sold through retailers and collectors as well as online. Publication is one way of delivering information about a product, both goods and services that want to be offered to the public. Publications are also included in the promotional mix element. Events, exhibitions, documentation is a way for product owners to publicize their products more attractively, the aim is to be more attractive to potential customers for the products offered.

Involvement in Exhibition: Never before, local, national and international. Business risks: lack of capital, too cheap prices, quality of coloring materials and no government assistance although ever asked, raw materials are difficult to obtain & less complete, lack of professional human resource.

D. Entrepreneurial Aspect

In this study, the authors also adopted the concept and measurement of entrepreneurial orientatio because it is relevant to the context of the research to be conducted in SMEs [3]. Thus, entrepreneurial orientation can be said that companies are entrepreneurial oriented if there is a willingness to innovate, be proactive in looking for new opportunities, and have the courage to take business risks. While from the results of the research of the Tenun ikat craftsmen in terms of business planning, in general they want to do development, increase business capital, set up a shop to be a gallery / boutique,

business development & professional staff, weaving training & creative sales methods.

Entrepreneurial orientation is characteristic at the company level because it reflects company behavior (Covin and Slevin, 1989,1991). Miller (1983) introduces a specific dimension of entrepreneurial orientation over three dimensions, namely, innovativeness, pro activeness, and risk taking.

Risk courage is the willingness of companies to decide and act without definite knowledge of possible income and possibly speculate in personal, financial and business risks (Dess and Lumpkin, 2005). Business risks: lack of capital, cheaper prices, quality of coloring materials and no government assistance although ever asked, raw materials are hard to obtain & less complete, lack of professional human resource

V. CONCLUSIONS AND SUGGESTIONS

In the context of SMEs, entrepreneurial orientation shows a strong relationship on the performance of SMEs. This is because SMEs have the ability to respond quickly to threats and business opportunities [4]. This capability is the basic capital for SMEs to be able to continuously maintain and improve their performance.

Reference [5] stated the need for an entrepreneurial mindset (entrepreneurial mindset) to find new opportunities to rejuvenate businesses that already exist. This entrepreneurial mindset is strongly attached to SMEs. Moreover, the tendency of SMEs to be very creative is to look for existing market opportunities so that they can continue to survive in a variety of conditions.

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