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Mulyanto

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PAR F4 Poverty and Public Policy - Session 4

Time: Tuesday, 3 June 2014 : 14.45-15.15 CIT

Location: Room F

The Role And Contribution of Handicraft Industry of Batik Lurik (Lutik) to Improve The Progress of Regional Development in Klaten Regency – Central Java, Indonesia

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Batik and Lurik (striated) are a product of culture and local knowledge possessed by the people of Indonesia and have been recognized by the world. Indonesian batik has been officially recognized by UNESCO and it is incorporated into the representative list of the intangible cultural heritage of humanity in the 4th session of the intergovernmental committee about heritage of cultural objects in Abu Dhabi on October 2, 2009.

This study was intended to: (i) explore the potentials of handicraft of Lurik Batik (LUTIK) to develop the creative industry based on local wisdom; (ii) identify the contribution of the handicraft production of LUTIK to the craftsmen's economy as well as to the regional economic development; (iii) examine marketing mechanism and network of LUTIK which produced by the craftsmen in Klaten Regency; and finally, (iv) to explore both the obstacles of the upstream sector (diversification and improvement of product quality of LUTIK) and downstream sector (marketing of LUTIK).

This study used data which collected using several methods, including site observation, interviews, Focus Group Discussions (FGD), and document study method (content analysis). Data were analyzed using interactive analysis (Miles and Huberman, 1984), thematic analysis (Kvale, 1996; Hayes, 1997), and supply-demand analysis (Blank and Stigler, 1957). Three sub district in Klaten Regency (namely: District of Bayat, District of Pedan, and District of Cawas) have been adopted as research area of this study. This study also asked approximately 20 business respondents in the three sub districts to fulfill the questioner about the potential and problems faced by the handicraft owner of LUTIK.

Methodology used in this research employed the descriptive qualitative and quantitative approach. The descriptive qualitative approach was applied to know the characteristic of the LUTIK handicraft industry in Klaten Regency on generally. Meanwhile, the quantitative analysis approach was used to examine the differences of number of production, number of employment classified by sex, the rate of wage given to the worker classified by sex, and also the age of experiences work which viewed from the differences of location of handicraft of LUTIK. The one way ANOVA would be applied to solve this problem.

Results of this study showed that the development of combined products of Lurik dan Batik (LUTIK) has an important role in supporting the revitalization of crafts towards creative industry based on local wisdom. The potential of lurik batik handicraft has the prospect to be a competitive product that can improve the economy of the craftsmen. Up to the present, the marketing mechanism and network of lurik batik has been dominated by informal marketing. Some obstacles to develop combined products of

lurik batik, among others, include the limited number of workers (craftswomen), the absence of tools to apply batik motif on lurik in Klaten, and the presence of some giant textile industry competitors that can print fabric with LUTIK motif in quick time and produce products in large quantities

No	Question	Answer
1	What are the main factors that influence the development of batik industry in Klaten?	1. Limited number of workers (craftswomen) 2. Absence of tools to apply batik motif on lurik in Klaten 3. Presence of some giant textile industry competitors that can print fabric with LUTIK motif in quick time and produce products in large quantities
2	How does the batik industry in Klaten contribute to the local economy?	The batik industry in Klaten contributes to the local economy by providing employment opportunities for many people, particularly women, and generating income for the community.
3	What are the challenges faced by the batik industry in Klaten?	The challenges faced by the batik industry in Klaten include the limited number of workers, the absence of tools to apply batik motif on lurik, and the presence of some giant textile industry competitors that can print fabric with LUTIK motif in quick time and produce products in large quantities.
4	What are the opportunities for the batik industry in Klaten?	The opportunities for the batik industry in Klaten include the growing demand for batik products, both locally and internationally, and the potential for innovation and development in the industry.
5	How can the batik industry in Klaten be developed further?	The batik industry in Klaten can be developed further by providing training and education for workers, investing in tools and equipment, and promoting batik products through marketing and branding.

THE ROLE AND CONTRIBUTION OF HANDICRAFT INDUSTRY OF *BATIK LURIK (LUTIK)* TO IMPROVE THE PROGRESS OF REGIONAL DEVELOPMENT IN KLATEN REGENCY – CENTRAL JAVA, INDONESIA¹⁾

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ABSTRACT

This study was intended to: (i) explore the potentials of handicraft of *Lurik* Batik (*LUTIK*) to develop the creative industry based on local wisdom; (ii) identify the contribution of the handicraft production of *LUTIK* to the craftswomen's economy as well as to the regional economic development; (iii) examine marketing mechanism and network of *LUTIK* which produced by craftswomen in Klaten Regency; and finally, (iv) to explore both the obstacles of the upstream sector (diversification and improvement of product quality of *LUTIK*) and downstream sector (marketing of *LUTIK*).

This study used data which collected using several methods, including site observation, interviews, Focus Group Discussions (FGD), and document study method. Data were analyzed using interactive analysis, thematic analysis, and supply-demand analysis. Qualitative and quantitative approaches were applied in this study.

Results of this study showed that the development of combined products of *LUTIK* has an important role in supporting the revitalization of crafts towards creative industry based on local wisdom. The potential of *LUTIK* handicraft has the prospect to be a competitive product that can improve the economy of the craftswomen. Up to the present, the marketing mechanism and network of *LUTIK* has been dominated by informal marketing. Some obstacles to develop combined products of *LUTIK*, among others, include the limited number of workers (craftswomen), the absence of tools to apply batik motif on *LUTIK* in Klaten, and the presence of some giant textile industry competitors that can print fabric with *LUTIK* motif in quick time and produce products in large quantities

Keywords: Creative Economy, *Lurik* Batik (*LUTIK*), Regional Economic Development, Central Java, Indonesia

JEL Classification: r12, r58

I. INTRODUCTION

¹⁾Paper for presentation in the Conference of 12th Indonesian Regional Science Association (IRSA), held on 2-3 June, 2014 at the Faculty of Economics of Hasanuddin University - Makassar, South Sulawesi Province. This paper is part of the National Priorities Research - Master Plan for the Acceleration and Expansion of Indonesian Economic Development Year 2011 - 2025 (Penprinas MP3EI 2011-2025), which has been financed by DP2M, Directorate General of Higher, Ministry of Education and Culture of Republic of Indonesia in 2013. The views expressed in this paper are the views of the author and do not necessarily reflect the view of both the Center for Information and Regional Development (PIPW) and Sebelas Maret University (UNS) Surakarta-Indonesia. Mulyanto can be contacted by email to: yanto.mul@gmail.com.

Lurik (striated) and batik, henceforth abbreviated by *LUTIK*, are a product of culture and local knowledge possessed by the people of Indonesia and have been recognized by the world. Indonesian batik has been officially recognized by UNESCO and it is incorporated into the representative list of the intangible cultural heritage of humanity in the 4th session of the intergovernmental committee about heritage of cultural objects in Abu Dhabi on October 2, 2009. Meanwhile, *LUTIK* have also long been known and used by the public and has a symbolic meaning and cultural content. Therefore, both of them should be preserved as a national cultural identity that became the pride of the nation (Sugiarti, 2012).

Klaten is one of regencies in Province of Central Java, that becomes one of the centers of batik and striated (*LUTIK*). It can be seen from the numbers of Small and Medium Enterprises (SMEs) batik and striated contained in the area. In recent years, there is a trend to combine both product into a single striated and batik craft product called *LUTIK*. This product can be a good potential to be developed further as an economic activities in Klaten regency. Combination of *Lurik* and Batik (*LUTIK*) not only can be Klaten regional identity, but also can be an entry point for the acceleration and expansion of regional economic development. The striated craftswomen who have been engaged in the manufacture of striated only produce traditional motifs such as stripes or rows of. With the growing interest of young generation towards cultural products themselves, then the craftswomen of *LUTIK* is required to present a combination of *LUTIK* that have a high product quality and can be favored by many consumers.

Basically, *LUTIK* is a combination of striated fabric woven manually (*ATBM: Alat Tenun Bukan Mesin*) and batik that produced by using traditional looms (ATMB) or loom machines. In the next process, this product is made into another product with carefully and thoroughly so as to produce alloy special style and color that produces a new product diversification. This diversification process, finally it creates a creativity that is able to create an impression and change patterns of thinking or mindset about batik and striated (*LUTIK*) who once considered old-fashioned, conventional, traditional and far from being a modern image. The creation of creativity has built the image of batik and striated (*lurik*) where today it can be used by all generations, both young and old, and even children. Development of designs that adjusting of the markets increase of their capability to indicate the wealth of cultural of the nation itself, namely batik and striated. Nowadays, communities have the pride to wear batik and striated, or a combination of the two (*LUTIK*). The Illustration of *LUTIK* design can be seen in Figure 2.2.

However, there are several issues related to the context in upstream (production) or downstream (marketing of the product) of *LUTIK*. In the upstream sector, there are several problems such as the lack of creativity and innovation craftsmen to produce *LUTIK*, both related to the enrichment of motifs and design and coloring. While, in the downstream sector of promotion and marketing is done to increase sales of products is very limited. To overcome these problems required a study that may provide breakthrough thinking to empowerment of *LUTIK's* craftswomen in order to produce diversified products that can follow the tastes and desires of the market by directing *LUTIK* into the corridor of the creative industries.

This study was intended to: (i) explore the potentials of handicraft of *Lurik* and Batik (*LUTIK*) to develop the creative industry based on local wisdom; (ii) identify the

contribution of the handicraft production of *LUTIK* to the craftsmen's economy as well as to the regional economic development; (iii) examine marketing mechanism and network of *LUTIK* which produced by the craftsmen in Klaten Regency; and finally, (iv) to explore both the obstacles of the upstream sector (diversification and improvement of product quality of *LUTIK*) and downstream sector (marketing of *LUTIK*).

This paper will be classified into 5 (five) sections. Section I describes the background of the study. Section II will explain about the literature reviews. In section III will be explained the research. In section IV presents the result of study. And, finally, section V is a short summary and some interesting points.

II. LITERATURE REVIEWS

According Simatupang (2007) creative industry is an industry that has a major element in the form of creativity, expertise, and talent through offering the potential to improve the welfare by using intellectual creations. Creative industries consist of providing creative products directly to customers and support the creative value creation in other sectors that it is not directly related to the customer. Creative products have the following characteristics: (i) a shorter life cycle, (ii) higher-risk, (iii) higher-margin, (iv) higher-diversity, (v) higher-competition, and (vi) easily imitated. Creative industry is an industry group consisting of various types of industries, where each of which has been linked to the process of optimal utilization of ideas or intellectual property into a high economic value that can create jobs and improve the well-being.

Development of creative economic in Indonesia has got a strong support from the government, private and public. Support from the Government, especially from the Central Government, manifested in the form of a blueprint for Indonesia's Creative Economy Development Plan Year 2009 - 2015 which was developed in 2008 by the Ministry of Trade based on a comprehensive study and assessment of the creative economy in many countries (The Presidential Instruction No. 6 Year 2009).

The Presidential Instruction No.6 Year 2009 instructed to all Ministers, Head of the Department of Non-Government Institutions, the Governor, the Regent / Mayor to support the development of creative economy policy during 2009-2015 to develop the economic activities based on creativity, skill and talent to create individual creativity in order to increase the value added and affect to the welfare of the Indonesian people.

The development of the creative economy as it is called in the Presidential Instruction No. 6 of 2009 includes: (i) architecture, (ii) design, (iii) fashion, (iv) crafts, (v) publishing and printing, (vi) television and radio, (vii) music, (viii) movies, video and photography, (ix) advertising, (x) computer services and software, (xi) art markets and antique markets, (xii) performing arts, (xiii) research and development, and finally (xiv) interactive games. Illustration graphically can be seen as in Figure 2.1.

The stage of economic development generally can be divided into four (4) phases. The first stage is called the stage of agrimarine economy, because the economy is still dominated by the agriculture and marine sectors. The second stage is the stage of industrial economy which indicates the dominance of the economy by the industrial sector. The third stage is the stage of information economy where the economy is dominated by the information that is constantly evolving in tandem with the development of information and

communication technology. While the final stage of this stage is the stage of the creative economy where the economy is dominated by sectors creative, where the ideas are required to always new and innovative.



Figure 2.1 Group of Creative Industry in Indonesia

Source: Adopted from the Presidential Instruction No.6 Year 2009

In the context of the creative economy, there are the main actors or stakeholders that called as a triple helix consisting of intellectuals or academics from universities, businesses, and government. The three major players in the creative economy is often abbreviated with IBG (Intellectuals, Business and Government).

The term of *Lurik* (Striated) actually comes from ancient Javanese language that means *lorek*, lane and/or line. Striated basically have three basic motifs, namely: (i) motif style with long lines in the direction of a piece of cloth, (ii) a poor feed motif of lines the width of the fabric, and (iii) the pattern motifs that are chopped into small pieces. The illustration of *LUTIK* design can be seen in Figure 2.2.

At first, *lurik* (striated) was made in the form of a scarf that serves as a cover the top of the women and as a means to hold something of goods by women in a way tied to hers body. Several heritage sites can be seen that during the Majapahit Empire, striated known as weaving work that time, already become part of people's lives in the past. It can be seen from the *Wayang Beber* story depicting a warrior king to propose a princess carrying looms as her dowry. The existence of these *lurik* (striated) also appears in one of the Borobudur reliefs that depicting people who were weaving with a loom pickaback.

Basically, the properties of *lurik* (striated) are determined by yarn from cotton, silk, or other yarn types. These patterns of striated can be formed in lines, boxes, or plain. Further development of striated motifs are by integrating or combining diverse motif into the striated cloth. The combination is done by adding or applying batik patterns on cloth are striated, so it will create *Lurik Batik (LUTIK)* unique and interesting (Nian S. Djoemena, 2000).

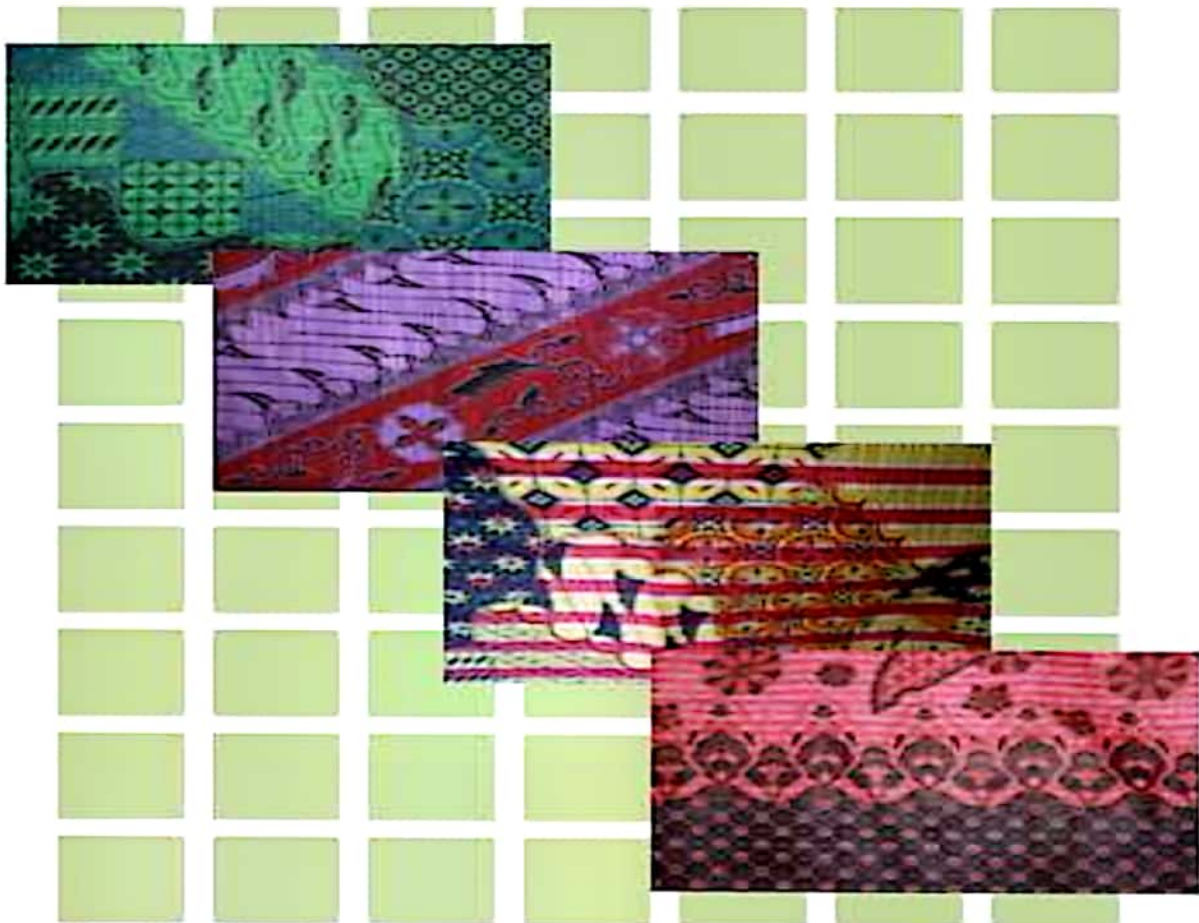


Figure 1.1 Example of Motive of *Lurik* and Batik (*LUTIK*)

Source: Mulyanto, et al, (2013). *Penguatan Ekonomi Pengrajin Melalui Pengembangan Kombinasi Produk Lurik dan Batik (Lutik) Menuju Perluasan Pembangunan Industri Kreatif di Kabupaten Klaten*, pp. 5.

III. RESEARCH METHODS

This study is a descriptive study by using qualitative and quantitative approaches, and generate descriptions and analyzes of the potential and barriers associated with the potential development of striated batik craft (*LUTIK*) as a superior product. The descriptive qualitative approach was applied to know the characteristic of the *LUTIK* handicraft industry on generally. Meanwhile, the quantitative analysis approach was used to examine the differences of number of production, number of employment classified by sex, the rate of wage given to the worker classified by sex, and also the age of experiences work which viewed from the differences of location of handicraft of *LUTIK*. The one way of Analysis of Variance (ANOVA) would be applied to solve this problem.

This research was conducted in Klaten Regency, Central Java Province. The selection of study area was based on the consideration that in the Klaten Regency there are many SMEs, both SMEs that produce batik SMEs that produce *lurik* (striated), but not many who catch the opportunity to combine and synergize both the potential that it is full of culture, in order to bring a new innovative products and full development of creations in order to support the improvement of the local economy.

This study used data which collected using several methods, including site observation, interviews, Focus Group Discussions (FGD), and document study method (content analysis). Data were analyzed using interactive analysis (Miles and Huberman, 1984), thematic analysis (Kvale, 1996; Hayes, 1997), and supply-demand analysis (Blank and Stigler, 1957). Three sub district in Klaten Regency (namely: District of Bayat, District of Pedan, and District of Cawas) have been adopted as research area of this study. This study also asked approximately 20 business respondents in the three sub districts to fulfill the questioner about the potential and problems faced by the handicraft owner of *LUTIK*.

IV. RESULTS AND DISCUSSION

4.1 Location of Study

Location of *LUTIK* companies in Klaten Regency dominant scattered in 3 (three) locations, namely: in (i) Sub-district Bayat, (ii) Sub-district Pedan, and (iii) Sub-district Cawas. Location of Employers *LUTIK* in 3 (three) locations, can be seen in Figure 4.1 till Figure 4.3.

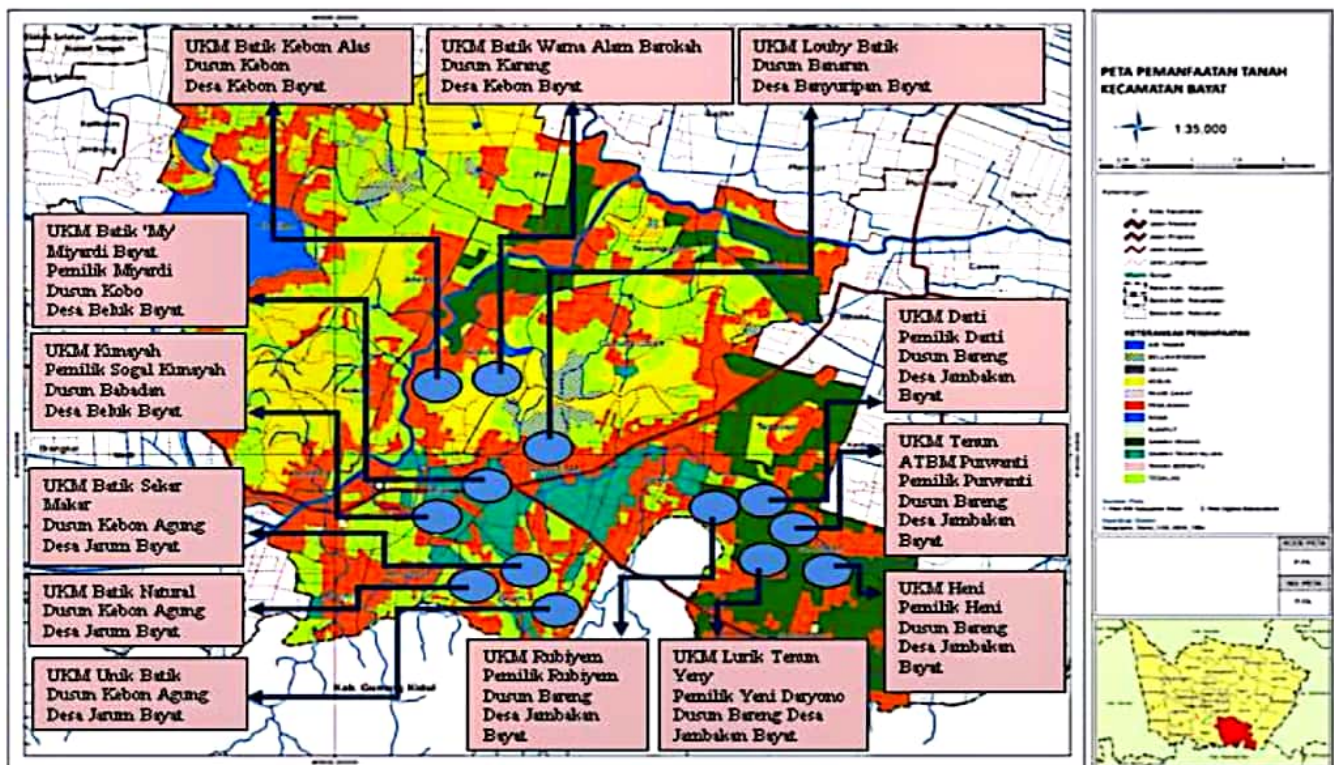


Figure 4.1 Distribution of Employers of *LUTIK* in Sub-district of Bayat

Source: Data Processing from Survey in 2013

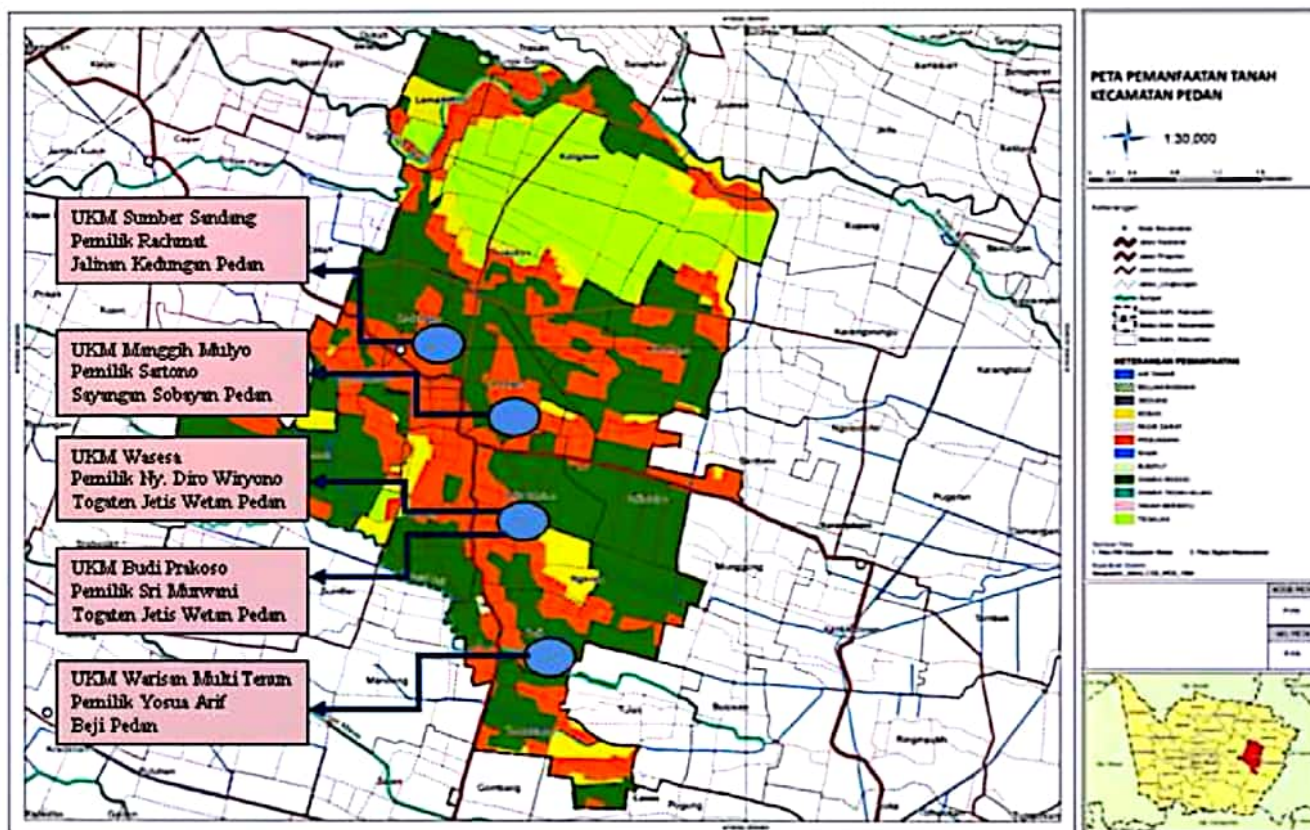


Figure 4.2 Distribution of Employers of *LUTIK* in Sub-district of Pedan

Source: Data Processing from Survey in 2013

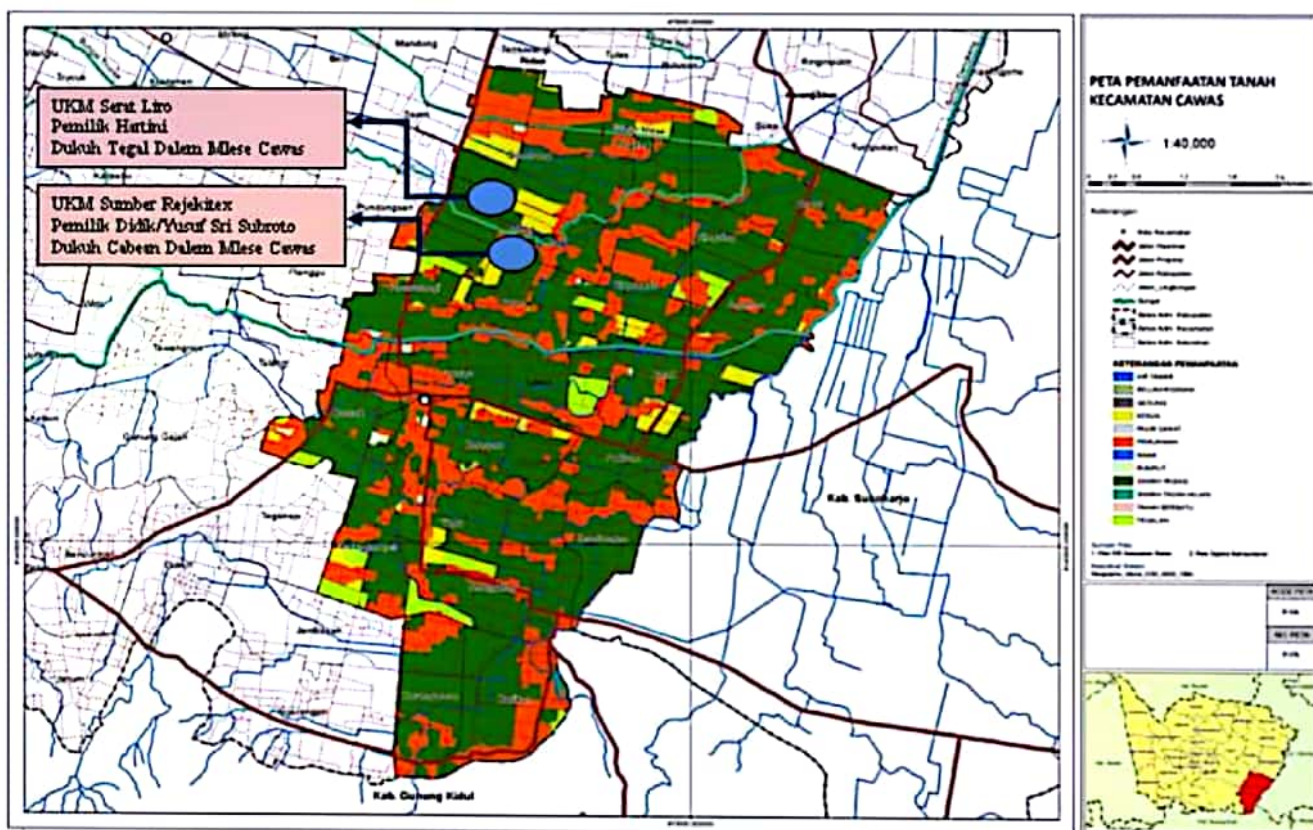


Figure 4.3 Distribution of Employers of *LUTIK* in Sub-district of Cawas

Source: Data Processing from Survey in 2013

4.2 Name of Company, Address and Owners

The name of *LUTIK* company, address and name of the owner in Klaten Regency that used in this study, which spread over in 3 (three) locations, can be seen in Table 4.1. From the table, it can be seen that most of the respondents sampled in this study are a number of 13 respondents (or 65%) were in Sub-district of Bayat; a number of 5 respondents (or 25%) were in Sub-district of Pedan; and a number of 2 respondents (or about 10%) is in Sub-district of Cawas.

Table 4.1 Name of Company of *LUTIK*, Address and Name of SMEs Owners in Klaten Regency

No.	Name of Company	Address of SMEs			Name of Owner
(1)	(2)	(3)			(4)
01.	Tenum ATBM	Bareng	Jambakan	Bayat	Purwanti
02.	Home Industri	Bareng	Jambakan	Bayat	Heni
03.	Home Industri	Bareng	Jambakan	Bayat	Darti
04.	Lurik Tenun Yeny	Bareng	Jambakan	Bayat	Yeni Daryono
05.	Home Industri	Bareng	Jambakan	Bayat	Rubiyem
06.	Kunayah	Babadan	Beluk	Bayat	Sogal Kunayah
07.	Louby Batik	Banaran	Banyuripan	Bayat	Ripto Atmajo
08.	Batik Sekar Mawar	Kebon Agung	Jarum	Bayat	Sarino
09.	Batik Natural	Kebon Agung	Jarum	Bayat	Sarwidi
10.	Unik Batik	Kebon Agung	Jarum	Bayat	Suroto
11.	Batik 'My' Miyardi Bayat	Kobo	Beluk	Bayat	Dyah Evi Kurniasari
12.	Batik Warna Alam Barokah	Karang	Kebon	Bayat	Hariyanto
13.	Batik Kebon Alas	Kebon	Kebon	Bayat	Saimo
14.	Manggih Mulyo	Sayangan	Sobayan	Pedan	Sartono
15.	Sumber Sandang	Jalanan	Kedungan	Pedan	Rachmad
16.	Wasesa	Togaten	Jetis Wetan	Pedan	Diri Wiryono
17.	Budi Prakoso	Togaten	Jetis Wetan	Pedan	Sri Murwani
18.	Warisan Multi Tenun	Beji	Beji	Pedan	Yosua Arif
19.	Sumber Rejeki Tex	Tegal Dalem	Mlese	Cawas	Yusuf Subroto
20.	Serat Liro	Tegal Dalem	Mlese	Cawas	Hartini

Source: Data Processing from Survey in 2013

4.3 Experience of Business

When viewed from experience of business that have been undertaken by entrepreneurs of *LUTIK* in Klaten Regency, they can be grouped into 3 (three) categories, namely: (i) have experience less than 10 years, (ii) have experience between 10-40 years, and (iii) have experience more than 40 years. Companies that have experience less than 10 years, a number of 10 respondents (or 50%); experience between 10-40 years, a number of 6 respondents (or 30%); and companies have experience more than 40 years, only a number

of 4 respondents (about 20%). Diagrammatic of business experience can be seen in Figure 4.4 below.

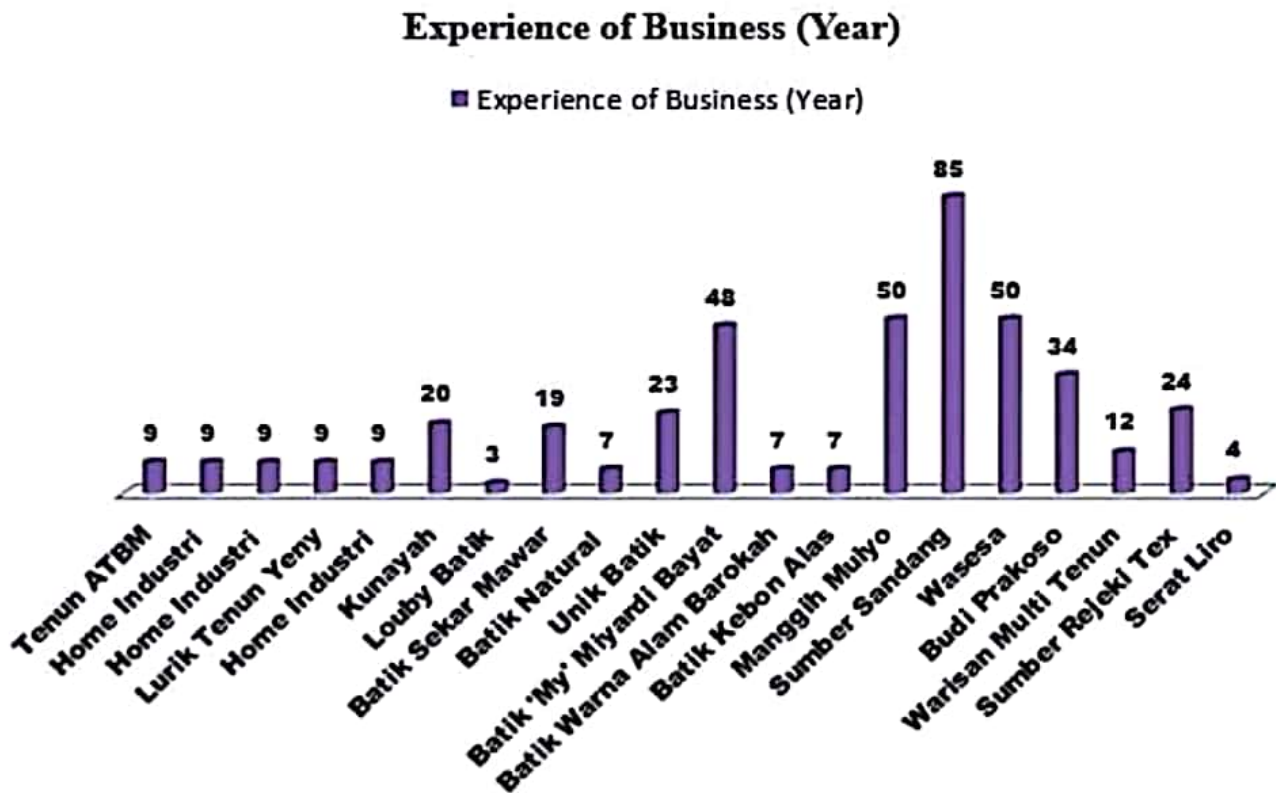


Figure 4.4.a Experience of Business in Klaten Regency

Source: Data Processing from Survey in 2013

At three locations Sub-districts, experience of business on average (in years), companies in Sub-district of Pedan have value on average of experience of business longer (46 years) compared with in Sub-district of Bayat (14 years) and Sub-district of Cawas (15 years). In the form of diagrams, can be seen in Figure 4.4.b.

With the value of F (ANOVA) is 7,055 (significant at 1%) indicates that business experience between the three Sub-districts there is a difference. Sub-district of Bayat, the minimum experience is 3 years, the maximum is 48 years. Sub-district of Pedan minimum experience is 12 years, the maximum is 85 years. Meanwhile, Sub-district of Cawas have a minimum experience is 4 years, maximum is 24 years. More detailed explanation can be found in [Appendix D.1.a](#) and [Appendix D.1.b](#).

Of the 20 LUTIK businesses that it was surveyed, most of them, some 15 employers or about 75% had not had a business license, either Company Registration Permit (*TDP: Tanda Daftar Perusahaan*) and the Trading Business License (*SIUP: Surat Ijin Usaha Perdagangan*); and only 5 companies or approximately 25% which already has a license, includes Taxpayer Identification Number (*NPWP: Nomor Pokok Wajib Pajak*).

4.4 Gender, Age and Level of Education of Business Owners

From Table 4.2, if it is seen from the gender of the entrepreneur of LUTIK, most or about 11 respondents (or about 55%) is dominated by men and the remaining about 9

respondents (or about 45%) led by women. It carries the implication that women have also had a big role in preserving *LUTIK* culture in Klaten Regency.

Meanwhile, if the age of the owner of the company of *LUTIK* in Klaten Regency are grouped into three (3) categories, namely: (i) age under 40 years, (ii) age 40-55 years, and (iii) age over 55 years; most of *LUTIK* entrepreneurs are in the age range 40-55 years as many as 12 respondents (or approximately 60%). While the age under 40 years only 3 respondents (or about 15%); and the remaining about 5 respondents (or 25%) are in the age range of 55 years. In other words, the range of age of entrepreneurs of *LUTIK*, the lowest age is 33 years old and the oldest was 85 years of age. The average age of entrepreneurs of *LUTIK* in Klaten Regency was 51 years old (see Table 4.2).

On the other hand, when the company owners in Klaten Regency are viewed from the level of education, as many as of 6 respondents (or approximately 30.0%) graduated from elementary school; as much as 3 respondents (or about 15.0%) educated Secondary School; about 7 respondents (or approximately 35.0%) of high school education; and only 4 respondents (or about 20.0%) were educated bachelor/university. This indicates that the level of education of entrepreneurs of *LUTIK* in Klaten Regency in elementary school is still large, while they are educated bachelor/university is still relatively small (see Table 4.2).

Table 4.2 Owner's Name, Gender, Age and Education of Employers of *LUTIK* in Klaten Regency

No.	Name of Owner	Gender	Age	Education
(1)	(2)	(3)	(4)	(5)
01.	Purwanti	Female	42	Secondary School
02.	Heni	Female	35	High School
03.	Darti	Female	42	Secondary School
04.	Yeni Daryono	Female	37	High School
05.	Rubiyem	Female	55	Elementary School
06.	Sogal Kunayah	Male	50	High School
07.	Ripto Atmajo	Male	57	Elementary School
08.	Sarino	Male	43	High School
09.	Sarwidi	Male	47	Elementary School
10.	Suroto	Male	51	Elementary School
11.	Dyah Evi Kurniasari	Female	33	University
12.	Hariyanto	Male	56	Secondary School
13.	Saimo	Male	60	Elementary School
14.	Sartono	Male	50	University
15.	Rachmad	Male	85	High School
16.	Diri Wiryono	Female	85	Elementary School
17.	Sri Murwani	Female	54	High School
18.	Yosua Arif	Male	45	University
19.	Yusuf Subroto	Male	40	University
20.	Hartini	Wanita	50	High School

Sources: Observations and Interviews of Research Team (2013)

4.5 The Absorption of Labor

The absorption of employment at the companies of *LUTIK* in Klaten Regency, from 20 companies surveyed, they have absorbed as much as 535 person workforce, with the details as much as 72 males (or approximately 13.5%) and women as much as 463 people (or about 86.5 %). This indicates that most of the companies involved in the activities of SMEs of *LUTIK* are women. In general, employment of men of a number of 20 companies at 3 (three) Sub-district in Klaten Regency absorb an average of 4 people, while they can absorb labor women an average of 23 people. Diagrammatic of business experience can be seen in Figure 4.5 below

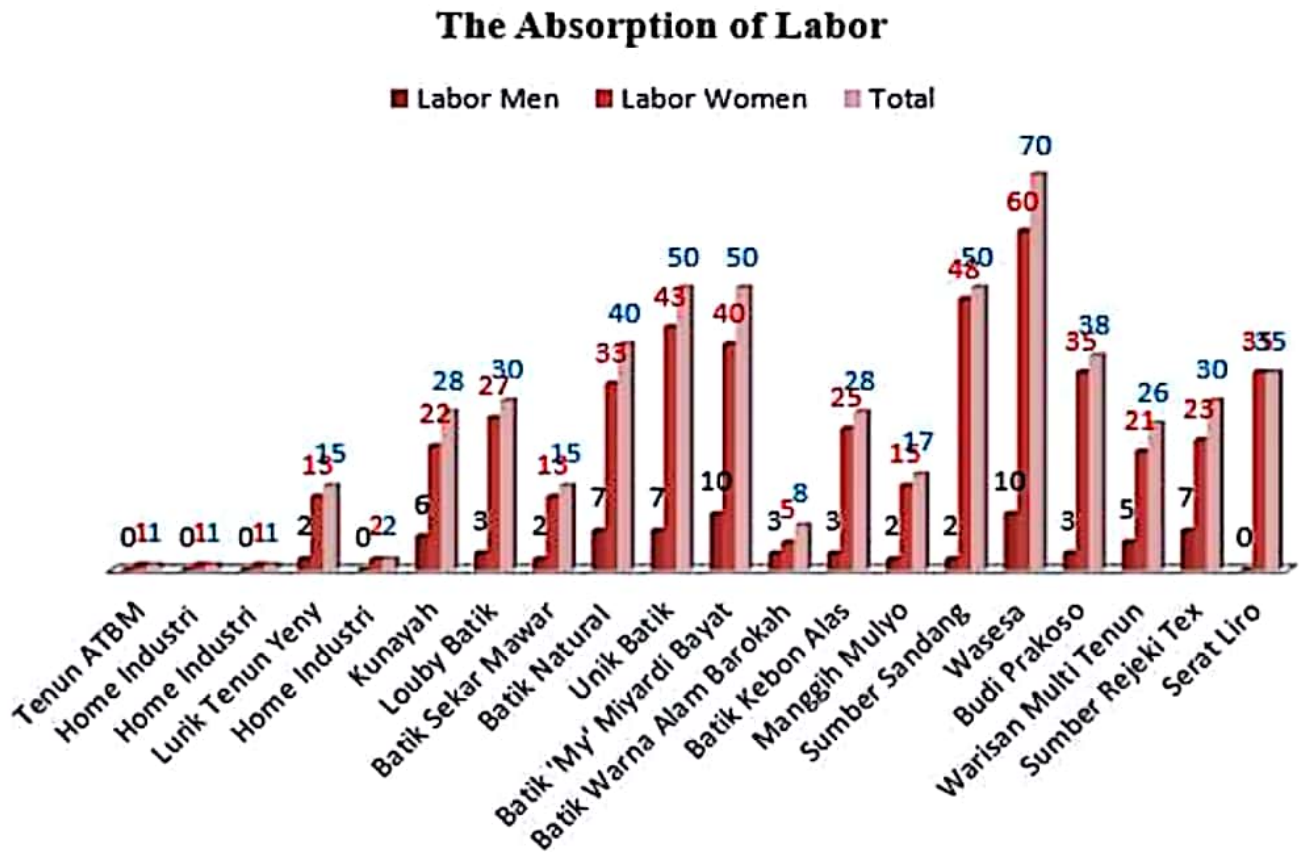
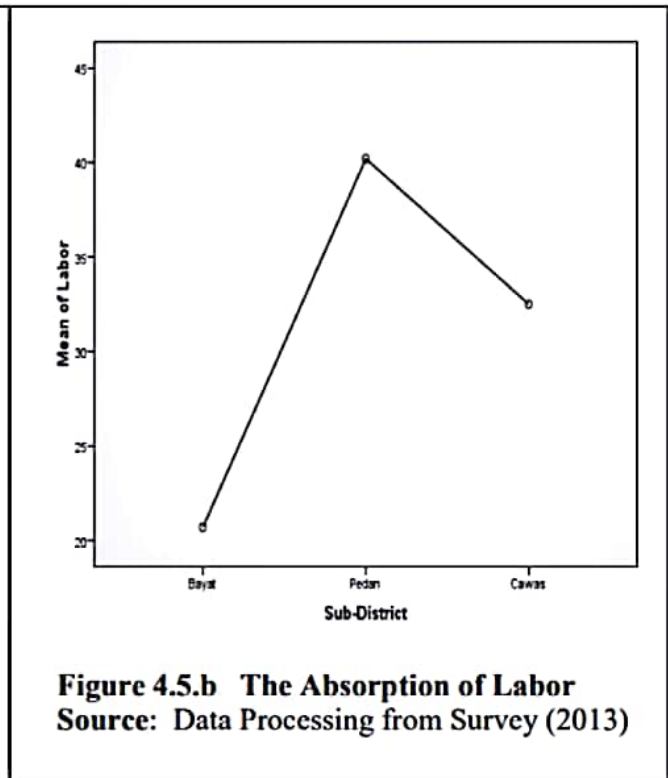
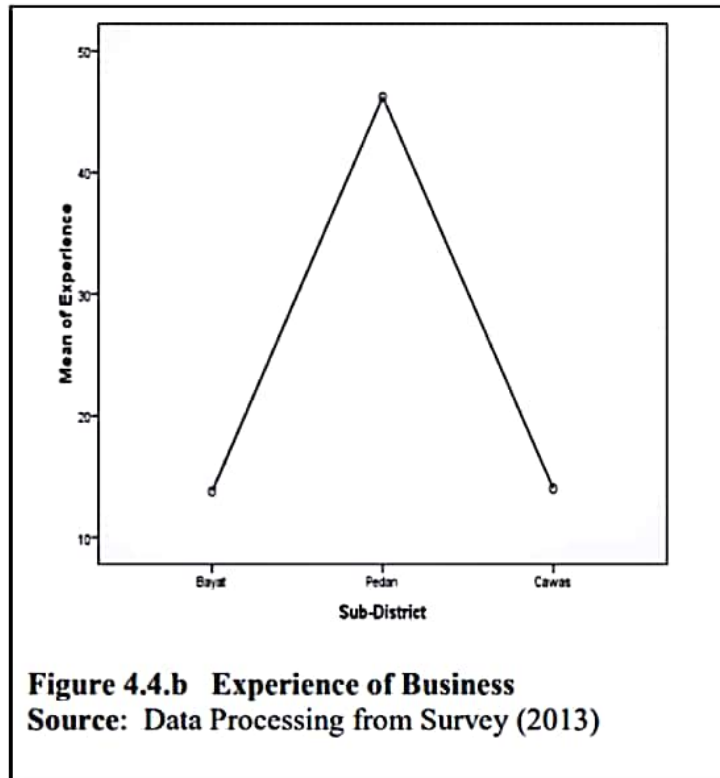


Figure 4.5.a The Absorption of Labor in Klaten Regency
Source: Data Processing from Survey in 2013

If the absorption of labor (on average) are grouped into three Sub-district locations, companies in Sub-district of Pedan have absorption of labor in average about 40 people, compared with in Sub-district of Cawas (about 33 people) and Sub-district of Bayat (about 21 people). In the form of diagrams can be seen in Figure 4.5.b.

With the value of F (ANOVA) is 2.135 (not significant or have the degree of error at 15%) indicates that the absorption of labor among the three Sub-districts there is no difference. Sub-district of Bayat has the absorption of labor is at least 1 person, maximum is 50 people. Sub-district of Pedan has the absorption of labor is at least 17 people, the maximum is 70 people. While Sub-district of Cawas absorb minimal labor is 30, the maximum is 35 people. Detailed of these explanation can be found in the **Appendix D.2.a** and **Appendix D.2.b**.

Criteria of SMEs based on labor absorbed by companies of *LUTIK* in Klaten Regency can be grouped into 3 (three) categories, namely: (i) Micro Enterprises (labor less than 5 persons), (ii) Small Business Scale (labor between 5-19 people), and (iii) Medium Enterprises Scale (labor between 20-99 people). From Figure 4.5.a, it can be seen that most of the companies *LUTIK* in Klaten Regency have entered in the Medium Enterprises category, namely of the total sample of 20 companies of *LUTIK*, as many as 12 corporate (or about 60%). While the category of micro and small enterprises, each of enterprise as much as 4 (or about 20%). These companies mainly employ female workforce.



4.6 Age and Education of Workforce

If the workforce employed in SMEs of *LUTIK* in Klaten Regency seen from age, the youngest age-group is 16 years old, and the oldest 24 years old (the average in the young age group is 24 years old). While, the old age group, the youngest 50 years old, and the oldest 70 years old (the average in the old age group is 57 years old). This implies that most of the labor on SMEs of *LUTIK* in Klaten Regency are in the old age group (see in Figure 5.6).

Of the 20 companies surveyed, which absorb a workforce of approximately 535 people, if grouped by education level of the workforce, can be described: (i) labor that does not pass from the Elementary School were 9 people (or about 1.7%); (ii) workforce graduated from Elementary School as many as 284 people (or approximately 53.1%); (iii) The labor graduating from Secondary School as many as 171 people (or approximately 32.0%); and (iv) workforce graduated High School as many as 71 people (or approximately 13.3%). This indicates that the labor force works in the majority of SMEs of *LUTIK* in Klaten Regency still the workforce with education from graduate from Elementary School (see in Figure 5.6).

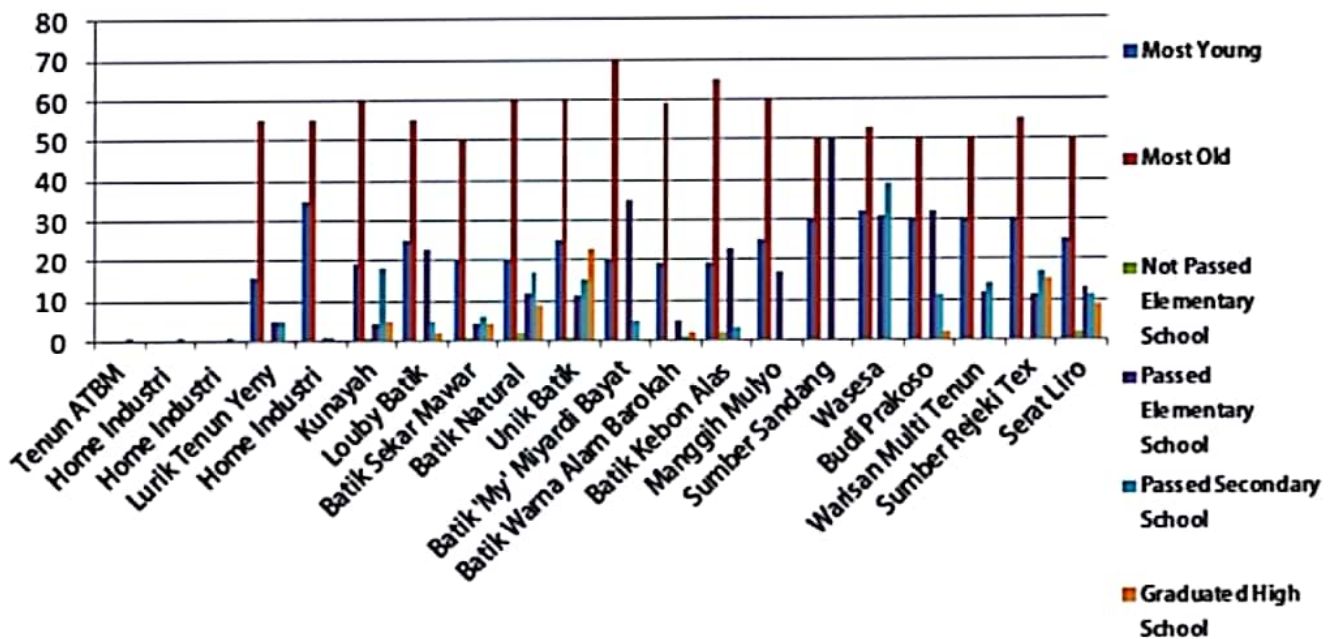


Figure 4.6 Age and Education of Workforce of Labor in Klaten Regency

Source: Data Processing from Survey in 2013

4.7 The Wage of Labor

The level of the wages earned by workers in SMEs of *LUTIK* in Klaten Regency, can generally be grouped into 2 (two) categories for male workers and female workers. Wages per worker per day for men smallest is Rp. 20.000; being the highest is Rp. 50.000; or the average wage for a male worker per day is Rp. 32 250. Meanwhile, wages per worker per day for women workers category smallest is Rp. 15.000; being the highest is Rp. 35.000; or the average wage per day for women workers category is Rp. 27.40. (see Figure 4.7).

With the value of F (ANOVA) was 1.502 (not significant or has an error rate of 25%) indicates that the wage per worker per day for male among three districts there is no difference. The smallest wages for male workers in Sub-district of Bayat is Rp. 25,000, while being the highest is Rp. 40,000. The lowest wages of male workers in Sub-district of Pedan is Rp. 30,000, while the highest is Rp. 50,000. Meanwhile in Sub-district of Cawas, the lowest wages of male is Rp. 35,000 and the highest is Rp. 40,000. Detailed explanation can be found in the Appendix D.3.a and Appendix D.3.b.

On the other hand, with the value of F (ANOVA) was 0.806 (not significant or has an error rate of 47%) indicates that the wage per worker per day for female among three districts there is no difference. The smallest wages for female workers in Sub-district of Bayat is Rp. 15,000, while being the highest is Rp. 35,000. The lowest wages of female workers in Sub-district of Pedan is Rp. 25,000, while the highest is Rp. 35,000. Meanwhile in Sub-district of Cawas, the lowest and the highest wages of female are Rp. 30,000. Detailed explanation can be found in the Appendix D.4.a and Appendix D.4.b.

The Wage of Labor (Rupiah 000)

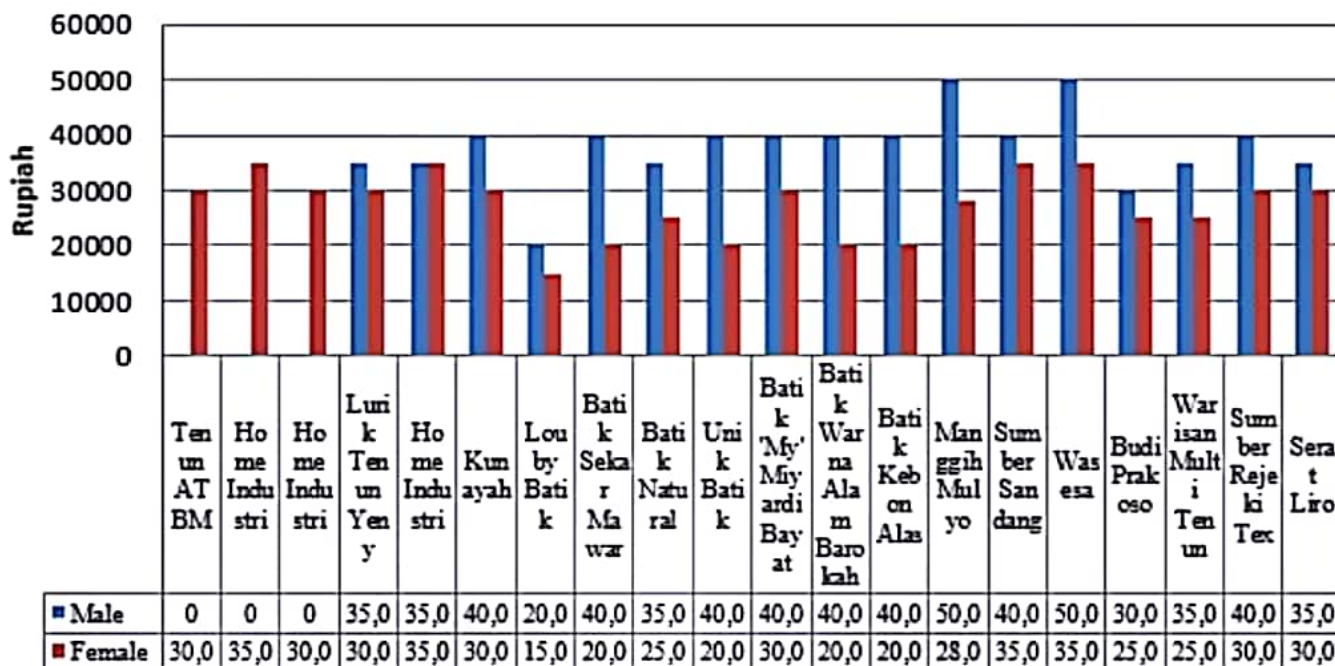


Figure 4.7 Age and Education of Workforce of Labor in Klaten Regency

Source: Data Processing from Survey in 2013

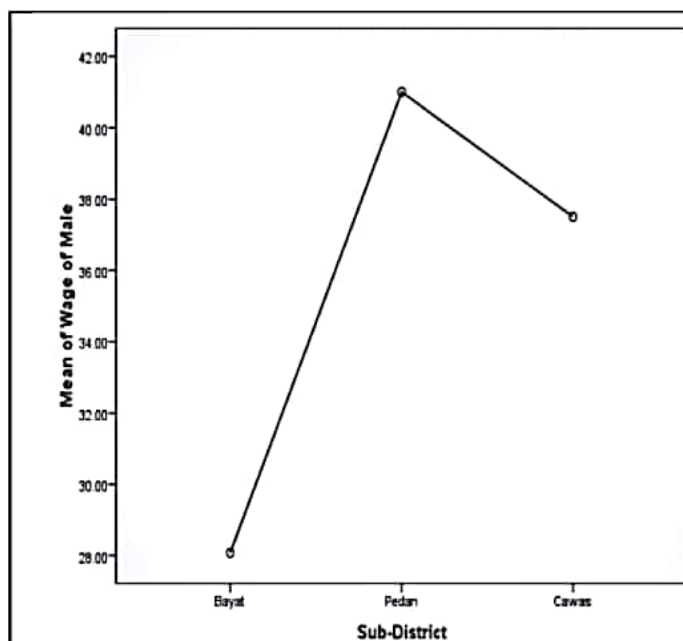


Figure 4.7.a The Wage of Male Labor

Source: Data Processing from Survey (2013)

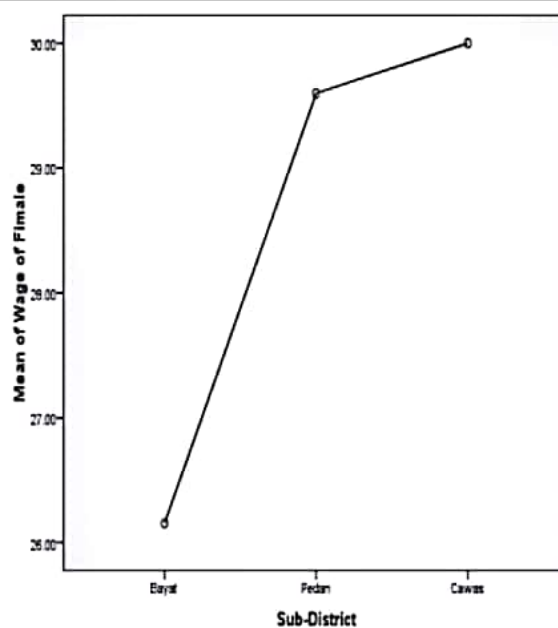


Figure 4.7.b The Wage of Female Labor

Source: Data Processing from Survey (2013)

4.8 Production Capacity and Technique Making of LUTIK

SMEs *LUTIK* production capacity in Klaten Regency were measured into units of meters per day, in general can be seen in Figure 4.8. From Figure 4.8, it can be seen that of the 20 companies in Klaten Regency, the company that the smallest produces *LUTIK* is a company called Tenun ATBM. Meanwhile, SMEs of *LUTIK* in Klaten Regency which the most produces is a company called Serat Liro. SMEs of *LUTIK* in Klaten Regency (in average) able to produce about 36 meters per day.

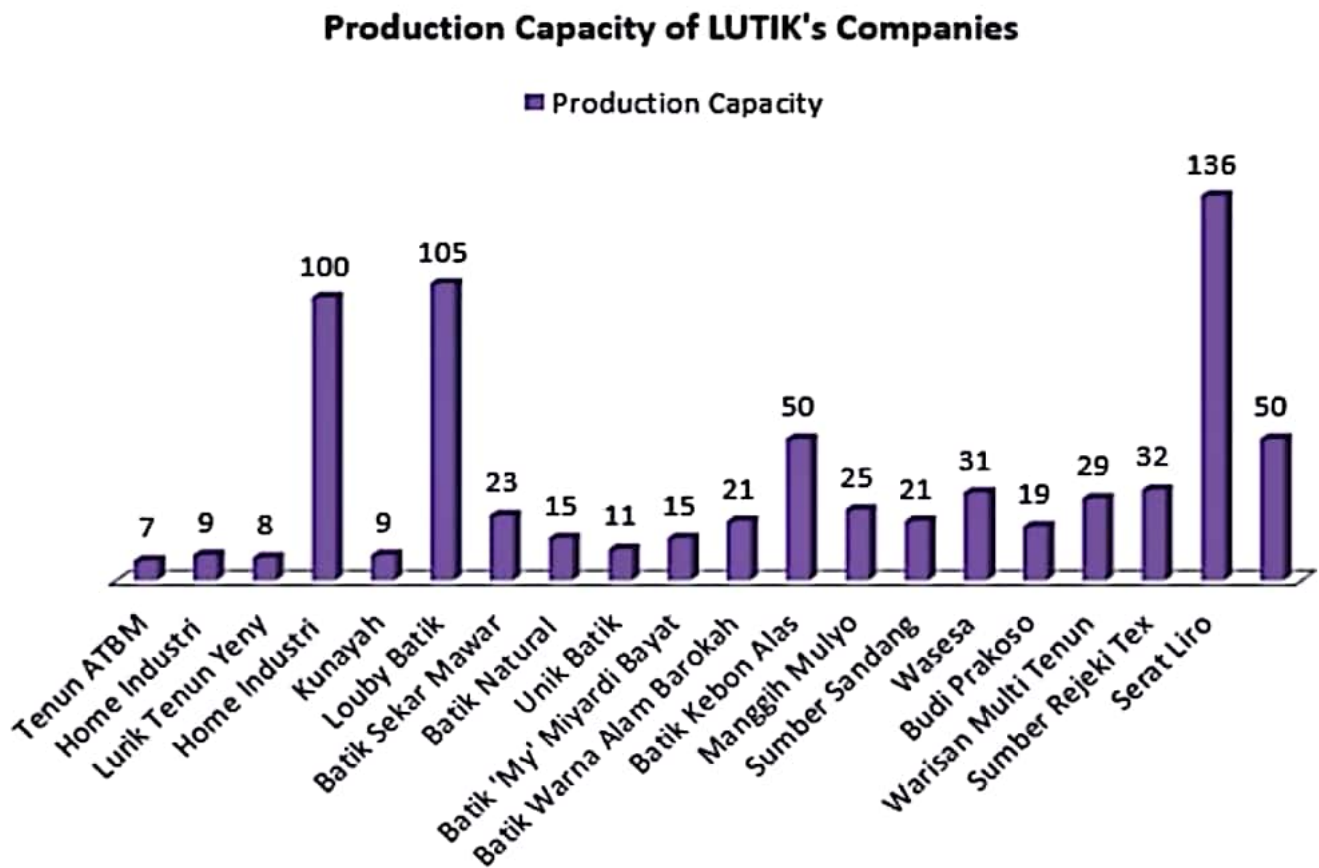


Figure 4.8 Production Capacity of *LUTIK*'s Companies in Klaten Regency

Source: Data Processing from Survey in 2013

The technique of making of *LUTIK* in Klaten Regency, can generally be categorized into 4 (four) techniques, namely: (i) Written Technique, (ii) Technique of Cachet, (iii) Printing Technique, and (iv) Combination Technique. Written technique dominate in the making of *LUTIK* in Klaten Regency, namely as many as 16 companies (or about 80%). These techniques then followed by second technique namely the cachet technique, as many as 13 companies (or 65%). The Printing Techniques, as many as 6 companies (or about 30%); and lastly by using combination technique, as many as 5 companies (or about 25%). The explanation of this situation, can be seen in the following table.

Table 4.3 Owner's Name, Technique Making of *LUTIK* in Klaten Regency

No.	Name of SMEs of <i>LUTIK</i>	Written	Stamp	Printing	Combination
(1)	(2)	(3)	(4)	(5)	(6)
01.	Tenun ATBM	V	V	-	-
02.	Home Industri	V	V	-	V
03.	Home Industri	V	V	-	-
04.	Lurik Tenun Yeny	V	V	-	-
05.	Home Industri	V	-	V	-
06.	Kunayah	V	-	-	-
07.	Louby Batik	V	V	-	V
08.	Batik Sekar Mawar	V	V	-	-
09.	Batik Natural	V	-	-	-
10.	Unik Batik	-	V	V	-
11.	Batik 'My' Miyardi Bayat	V	-	-	-
12.	Batik Warna Alam Barokah	V	V	-	-
13.	Batik Kebon Alas	V	-	-	-
14.	Manggih Mulyo	V	V	-	-
15.	Sumber Sandang	-	V	V	V
16.	Wasesa	V	-	-	-
17.	Budi Prakoso	V	V	-	-
18.	Warisan Multi Tenun	-	V	V	V
19.	Sumber Rejeki Tex	V	V	V	V
20.	Serat Liro	-	-	V	-

Sources: Observations and Interviews of Research Team (2013)

4.9 Marketing Area, Media Promotion, Problems , and Hope of SMEs of *LUTIK*

4.9.1 Marketing Area

Marketing area of SMEs *LUTIK* in Klaten Regency, can generally be categorized into 4 (four) regions, namely: (i) Local (one regency), (ii) Regional (one province), (iii) National (other provinces out Central Java), and (iv) Foreign. For local area (one regency in Klaten only) absorb about 30% market share *LUTIK* products. For regional areas (one province), Surakarta absorb about 60%, while other areas there is also a place of marketing of *LUTIK* product, namely in Winogiri Regency, City and Regency of Magelang, Semarang City and County as well as Wonosobo.

For marketing in the National territory (other province outside the Province of Central Java), Yogyakarta is the main market of the product *LUTIK* in Klaten Regency, which is nearly absorbed about 78%, followed by Jakarta (about 55%), and the rest is marketed in Sumatra, Surabaya, Bali, even to Papua. For overseas marketing, there are several SMEs *LUTIK* who market products to Europe (Canada) and Czechoslovakia.

4.9.2 Media Promotion

Distribution channels of SMEs handicraft products *LUTIK* in Klaten Regency, can generally be categorized into 4 (four) channels, namely: (i) Dealer (consumers come to SMEs or passive activities), (ii) SMEs do directly marketing to consumers, (iii) SMEs opened his own shop in downtown / minimarket, and (iv) SMEs do market their products via the internet. Based on distribution channels, the mechanism of customer comes to SMEs (passive) ranks first, which is about 11 companies (or about 55%); and distribution channels by opening his own shop in downtown / minimarket and also through of internet about 30%.

As for the media campaign, there are 7 (seven) options, namely: (i) Advertising board, (ii) Advertising in print media, (iii) Advertising in electronic media, (iv) Through person (from mouth to mouth), (v) Following the exhibition / event, (vi) Using brochures, and finally (vii) Become a sponsor activities. The exhibition media of *LUTIK* is the most often used as a means to promotion of *LUTIK* products in Klaten Regency, which reaches about 55%, followed by the installation of billboards and promotions by individuals around 25 %, and the remaining approximately 15% through advertisements in print media.

4.9.3 Problems of SMEs of *LUTIK*

From the results of the survey on SMEs of *LUTIK* in Klaten Regency, it has been found that most of the problems faced by *LUTIK* entrepreneurs is still limited of workforce that ready to support SMEs development *LUTIK*, with the amount of reaching approximately 50%. Other issues is related to the narrowness of the *LUTIK* marketing network that faced by entrepreneurs, which is about 20%.

In addition to labor issues and network marketing, other problems are: (i) the Company is still running as it is and work just to fill free time, (ii) model is still very limited and simple motifs, (iii) Motif / type is still same and less modification, (iv) raw material of natural dyes have not been provided adequately, (v) Many who hijack model / design, so that innovation and creativity is always defeated by them, (vi) the Local Government (LG) does not pro-actively to the development of SMEs in area, and (vii) Competition with manufacturing industry or Tenun Tool Machine (ATM: Alat Tenun Mesin).

4.9.4 Hope of SMEs of *LUTIK*

The craftsmen of *LUTIK* in Klaten Regency, from the results of the survey showed that most of them hope there is an awareness of the Local Government, especially to support the progress and development of *LUTIK* in Klaten Regency with the amount reaches 55%. Other expectation, they need the assistance and modal for developing their companies with amount reached 15%, and they also hope for ease in filing permits about 10%.

Other expectations, namely: (i) the need for cooperation of production and marketing, especially trying to ordering and using the product *LUTIK* as an uniform for civil servants and school children, (ii) the existence of aid ease of obtaining the raw materials, (iii) the existence of aid in creating a network marketing / promotion, and (iv) The desire to make *LUTIK* continued to progress in the future.

V. SUMMARY, FINDINGS AND IMPLICATION

In general, the existence of SMEs that produce *LUTIK* has had a role in supporting the strengthening of the local economy. The existence of SMEs producing *LUTIK* in Klaten Regency had been able to provide employment for the local community, to contribute to increasing people's income Klaten, helping improve the economy of the family, the community and able to support regional economic development.

Presence of SMEs that produce *LUTIK* in Klaten Regency, over the years, has provided employment opportunities, especially for women to gain a livelihood for the family. SMEs of *LUTIK* have given a major livelihood for women. In addition to creating employment opportunities for local people, especially for women, the existence of SMEs that produce *LUTIK* has also provided increased revenue for the workers or craftswomen involved in the production process of *LUTIK*.

In one day the women who worked as craftswomen *LUTIK* get paid between Rp. 25,000 to Rp. 40.000. The size of the labor costs are influenced by the type of work done by the craftswomen. The highest wages are wages to make doobby woven fabric, which is Rp. 10,000 per meter. On average a craftswoman can produce about 6 to 7 meters per day.

The existence of SMEs that memproduksi *LUTIK* have been supporting the economy Klaten Regency. The number of SMEs of about 20 (twenty) clusters of *LUTIK* can create jobs in relatively large amounts. People's livelihood, which many rely on seasonal agricultural sector can be diversified by the presence of SMEs *LUTIK*, so the presence of *LUTIK* industry, in general, has contributed to the improvement of the regional economy.

By looking at the background of workers in the craft industries *LUTIK* are women with education relatively low (most graduates of elementary school), the various training that lead to an increase in labor productivity, should continue to be well planned. Expectations of these activities, in addition to the skills of workers will increase also directed that the level of income of the workers can be improved.

ACKNOWLEDGMENT

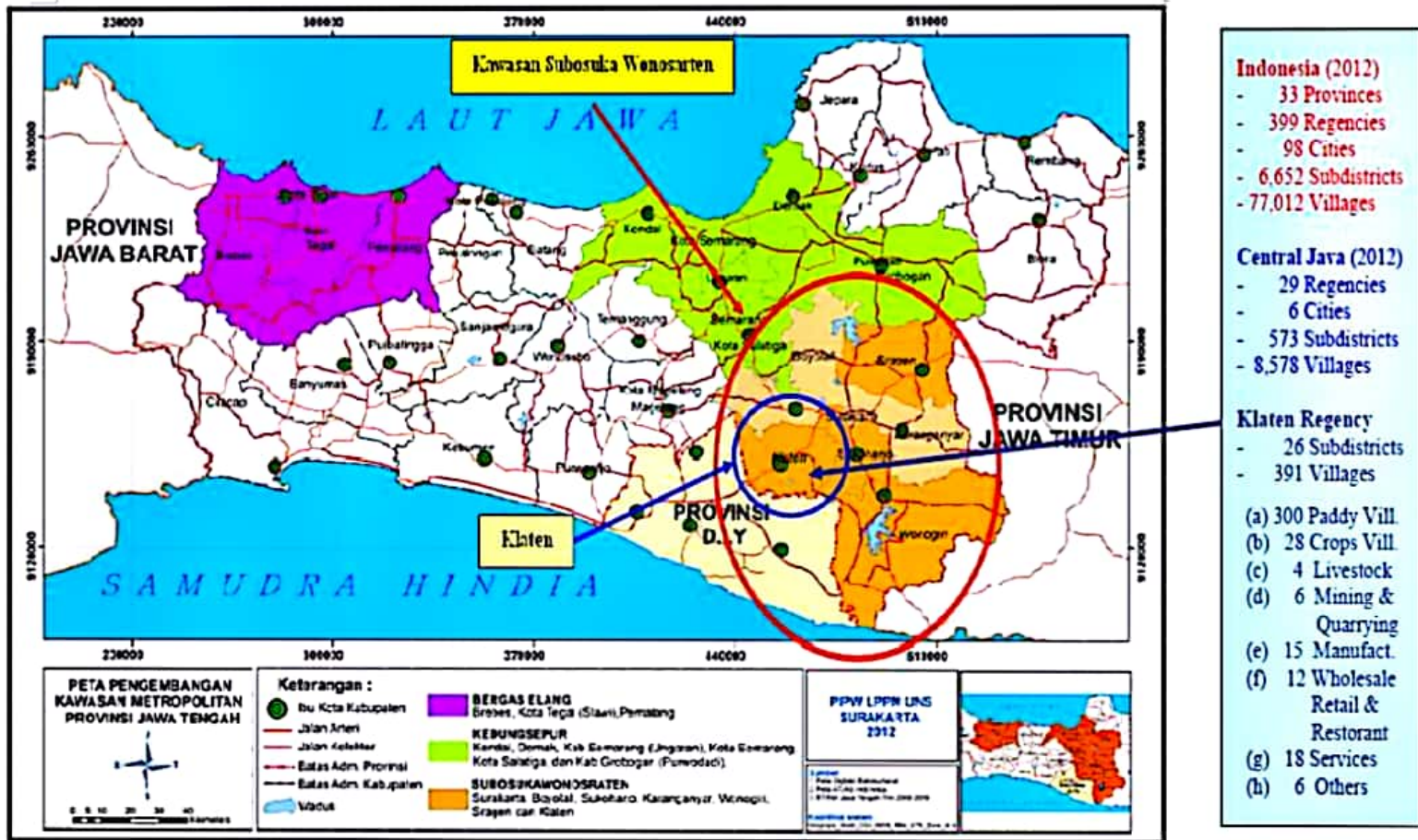
This paper is part of the Research of National Priorities (Master Plan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia / Master Plan for the Acceleration and Expansion of Indonesian Economic Development) Year 2011 - 2025 (Penprinas MP3EI Year 2011-2025), which has been financed by DP2M - Directorate General of Higher - Ministry of Education and Culture of the Republic of Indonesia in accordance with the Implementation Agreement Research, Number: 336a/UN27.11/ PN/2013, Date: May 22, 2013.

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Attachment A.1 The Map of Central Java – Indonesia (Divided into 29 Regencies and 6 Cities Year 2012) and Location of Study in Klaten Regency



Attachment A.2 Village, Urban Village, Hamlet and Area in Klaten Regency Year 2009-2012

<i>No.</i>	<i>Sub-district</i>	<i>Village</i>	<i>Urban Village</i>	<i>Hamlet</i>	<i>Area (Km2)</i>	
(1)	(1)	(2)	(3)	(4)	(5)	
1.	Prambanan	16	-	183	24.43	
2.	Gantiwarno	16	-	149	25.64	
3.	Wedi	19	-	178	24.38	
4.	Bayat	18	-	228	39.43	
5.	Cawas	20	-	238	34.47	
6.	Trucuk	18	-	171	33.81	
7.	Kalikotes	7	-	99	12.98	
8.	Kebonarum	7	-	65	9.67	
9.	Jogonalan	18	-	202	26.70	
10.	Manisrenggo	16	-	252	26.96	
11.	Karangnongko	14	-	35	26.74	
12.	Ngawen	13	-	124	16.97	
13.	Ceper	18	-	42	24.45	
14.	Pedan	14	-	151	19.17	
15.	Karangdowo	19	-	161	29.23	
16.	Juwiring	19	-	208	29.79	
17.	Wonosari	18	-	149	31.14	
18.	Delanggu	16	-	37	18.78	
19.	Polanharjo	18	-	44	23.84	
20.	Karanganom	19	-	48	24.06	
21.	Tulung	18	-	185	32.00	
22.	Jatinom	17	1	207	35.53	
23.	Kemalang	13	-	214	51.66	
24.	Klaten Selatan	11	1	112	14.43	
25.	Klaten Tengah	3	6	97	8.92	
26.	Klaten Utara	6	2	124	10.38	
	Jumlah	2012	391	10	3,703	655.56
		2011	391	10	3,703	655.56
		2010	391	10	3,703	655.56
		2009	391	10	3,703	655.56

Sources: BPS (2014). Klaten Regency in Figures Year 2013.

Attachment D.1.a Descriptive Statistics of Experience of Business in Klaten Regency

Experience	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Bayat	13	13.77	11.868	3.292	6.60	20.94	3	48
Pedan	5	46.20	26.706	11.943	13.04	79.36	12	85
Cawas	2	14.00	14.142	10.000	-113.06	141.06	4	24
Total	20	21.90	21.374	4.779	11.90	31.90	3	85

Source: Data Processing from Survey (2013)

Attachment D.1.b ANOVA of Experience of Business in Klaten Regency

Experience	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3936.692	2	1968.346	7.055	.006
Within Groups	4743.108	17	279.006		
Total	8679.800	19			

Source: Data Processing from Survey (2013)

Attachment D.2.a Descriptive Statistics of Number of Labor in SMEs in Klaten Regency

Experience	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Bayat	13	20.69	18.309	5.078	9.63	31.76	1	50
Pedan	5	40.20	20.789	9.297	14.39	66.01	17	70
Cawas	2	32.50	3.536	2.500	.73	64.27	30	35
Total	20	26.75	19.482	4.356	17.63	35.87	1	70

Source: Data Processing from Survey (2013)

Attachment D.2.b ANOVA of Number of Labor in SMEs in Klaten Regency

Experience	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1447.681	2	723.840	2.135	.149
Within Groups	5764.069	17	339.063		
Total	7211.750	19			

Source: Data Processing from Survey (2013)

Attachment D.3.a Descriptive Statistics of Labor Wage of Male in LUTIK Companies

Experience	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Bayat	13	28.077	16.899	4.687	17.865	38.289	25.000	40.000
Pedan	5	41.000	8.944	4.000	29.894	52.106	30.000	50.000
Cawas	2	37.500	3.536	2.500	5.735	69.265	35.000	40.000
Total	20	32.250	15.259	3.412	25.109	39.391	.000	50.000

Source: Data Processing from Survey (2013)

Attachment D.3.b ANOVA of Number of Labor Wage of Male in LUTIK Companies

Experience	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	664.327	2	332.163	1.502	.251
Within Groups	3759.423	17	221.143		
Total	4423.750	19			

Source: Data Processing from Survey (2013)

Attachment D.4.a Descriptive Statistics of Labor Wage of Female in LUTIK Companies

Experience	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Bayat	13	26.154	6.504	1.804	22.223	30.084	15.000	35.000
Pedan	5	29.600	5.079	2.272	23.293	35.907	25.000	35.000
Cawas	2	30.000	.000	.000	30.000	30.000	30.000	30.000
Total	20	27.400	5.933	1.327	24.623	30.177	15.000	35.000

Source: Data Processing from Survey (2013)

Attachment D.4.b ANOVA of Number of Labor Wage of Female in LUTIK Companies

Experience	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	57.908	2	28.954	.806	.463
Within Groups	610.892	17	35.935		
Total	668.800	19			

Source: Data Processing from Survey (2013)



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