

Conditions and the Existence of Cluster Development Business Batik Pekalongan City, Central Java, Indonesia

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Abstract

Cluster policy is the hope to achieve production efficiency so that the products will have a competitive edge. The existence of clusters has encouraged cooperative relationships among business actors are increasingly relying on broad market. Cluster also has become one of the drivers of local economic activities based on local advantages base that has a regional impact. Batik business activities in Pekalongan City have long been directed at the cluster concept by the local government, though not entirely. Pekalongan batik cluster, known as batik village. Study of batik clusters, which had been done in Pekalongan shows the efficiency in the production process of batik, among others, provision of raw materials for sure and guaranteed quality. However, still required the creation of a conducive business environment to realize cluster which is more efficient, dynamic, competitive, and can attract investors who are needed by small-scale batik industry. Ineffectiveness of batik industry in Pekalongan batik cluster it takes effort to improve the human resource capacity, because as a business, human resources is the activator and decision-makers in every activity. A business will grow well if the business operators have the motivation, as well as education and knowledge of business management and technology.

Keywords: cluster, policy, economy, territory, batik business

1. Introduction

Globalization led to the emergence of increasingly intense competition levels, nationally, regionally and internationally. To answer these challenges, along with the decentralization of authority, the area required to be able to take advantage of a variety of potential that will encouraging competitiveness the region. One of the policies related to efforts to increase the competitiveness of local businesses in the form of creation of clusters based on the potential of existing industrial activities in the region. Cluster policy based business experience in several countries have been proven effective to encourage innovation and synergy among relevant actors (www.bappenas.go.id).

The process of cluster formation mostly occurred as a result of the initiative of business players involved in it. However, it is likely that this process is initiated by the government through policies among policy cluster agglomeration (industrial centers). Policies clusters or agglomeration is important because, first, an economic activity that has developed spatially, will be able to achieve economies of scale more quickly. Second, it will encourage co-operation between the lines in most economic activities are spatially and third, to encourage the fulfillment/availability of the necessary infrastructure (see Suryanto, 2012; Kuncoro dan Sumarno, 2003).

Cluster policy is the hope of achieving efficiencies so that the products will have a competitive edge. This becomes important from the context of trade, which began on January 1 year 2010, the Indonesian domestic market should open widely to the ASEAN countries and China. Consequence of the opening of the market, will result in the inclusion of a variety of products from various ASEAN countries and China, because of the mechanism of the ASEAN agreement China Free Trade Agreement (ACFTA) requires the reduction and elimination of tariff rates to zero percent within three years (Dewitari, *et al.*, 2009). One of the commodities trading concern is textiles, where Pekalongan City as a regional textile products with typical batik is expected to face competition.

This article is a descriptive research results, and the data used are primary and secondary data. Secondary data were obtained from a variety of official documents of the central government/local that already exist in some institutions (e.g Ministry of Public Works, Department of Industry, and Bappeda in West Java) (Bappeda = Badan Perencanaan dan Pengembangan Daerah). While the primary data obtained by asking questions based on the interview guide to selected resource persons (in-depth interview).

Batik business in Pekalongan, for a long time, has been directed to the cluster concept by local governments. The existence of batik clusters in Pekalongan, known as batik village. In this regard, then this article will present the results of studies on the role and the carrying capacity of the region to the existence and development of batik cluster.

2. A Brief History of Business Activity of Batik Pekalongan

Pekalongan city has a tremendous potential over the results of batik art. In this city, batik, not only as the identity of Pekalongan city, but it has become a legacy as well as the field of business for most citizens in this region. This is indicated by the spread of the batik industry, throughout the District in Pekalongan, except the District of

North Pekalongan. In this latter region, the majority of the population have livelihoods in marine fish processing industry (Bambang as Head of Industry Depperindagkop Pekalongan) (Depperindagkop = Departemen Perindustrian, Perdagangan dan Koperasi)

Handicrafts making batik in Pekalongan started by followers of Prince Diponegoro who settled in this region, and then developed a batik business around the beach area. Batik industry began when a number of Indo European women began to made batik. The process of making batik, influenced by a tendency among those who make a formal dress gloves. Those who engage in this batik business activities, is the wife of a European people living in Pekalongan, where the majority of their home, is located in the resident office, and resident house in the city, which is now known as Jalan Diponegoro, Jalan Imam Bonjol and Jalan Progo.

Pekalongan batik industry started by Caroline Josephine van Franquemont, an Indo-European who first pioneered and introduced the manufacture of batik. Based on information verbally, this woman has been doing batik around the year 1850-1860. However, these activities are not carried out in Pekalongan, but in Semarang. In 1860, batik is also made by Veldhuisen and Heringas known as batik style is heavily influenced Dutch. In addition, another Dutch lady who participate to make batik is Metzelaar Lien. This activities undertaken during the year 1870-1920. At that time, among the many batik makers, there is one maker who lived in Pekalongan batik, named Eliza van Zuylen Charlota, which provide knowledge to the people of Pekalongan batik. Based on the narrative Fathiyah A.Kadir as Chairman of the Society of Lovers of Batik Pekalongan, the entry of the Indo European women in batik production process at the time, has led to a number of changes in the characteristics of coastal batik. Therefore, Pekalongan batik today more impressed with shades of various typical cosmopolitan India, Persia, Turkey, China and the Netherlands were clearly visible, although the year 1940 appeared batik with Japanese style, which is called the Hokokai Java Batik .

Around the 1960s, batik in Pekalongan experiencing a golden period, which began with the development of printed batik very rapidly in years 1970-1980. At the same time, painted batik also raised its value and still preferred by people who have a high artistic taste. In the past, consumers come to batik market, which is located in Kampung Arab, or around Jalan Semarang, Jalan Bandung, and Jalan Surabaya, East Pekalongan . In the golden period of Pekalongan batik, people making a living very easily. It can be said capitalize only "words", people can get money to fullfil the basic needs of daily. According to the experts of batik in Pekalongan, Fathiyah A.Kadir, painted batik and printed batik has experienced ups and downs faced heavy competition, especially when emerging printing technologies, which can be mass-producing batik cloth printing. In this situation, the batik industry experienced a dead faint as batik somehow become the lifeblood of most citizens Pekalongan. This happens because since decades ago until now, Pekalongan batik relies entirely on hundreds of small entrepreneurs and not on some entrepreneurs who have big capital.

Batik is an artistry that never cracked by the times and always dynamic, which becomes the identity or characteristic of Pekalongan City. Now, batik has become the livelihood most citizens Pekalongan City and surrounding areas, and is one prime product. That is because many industries which produce batik. Therefore famous for its batik products, the Pekalongan City is known as the "City of Batik".

3. Population and Employment Developments in SMEs Batik

Based on Policy Development Zoning System in Central Java, Pekalongan included in the Development Region II along with Pekalongan District, Batang District, and Pemalang District, where the city of Pekalongan is the center of the development of the region. As a regional development center development, Pekalongan City is expected to establish its territory to explore their potential (RUTRK Pekalongan City in 2003-2012) (RUTRK = Rencana Umum Tata Kota). Pekalongan consists of four sub-district and 47 villages. The total area of the city is 45.25 km², in which District Pekalongan is the largest District of North Pekalongan which covers an area of 14.88 km², while the district which has the smallest area is the Eastern District of Pekalongan, ie 9.52 km².

Pekalongan city population in 2010 amounted to 278,368 people, consisting of 135,593 men and 142,775 women. In a period of five years (2006-2010) there have been increasing numbers of people with an average growth of 0.91 % per year. The highest growth occurred in female who achieve a 1.24 % annual growth compared to male who only 0.57 % a year. The development of the population of Pekalongan City in detail is presented in Table 1.

Table 1. Total Population by Gender in the Pekalongan City, years 2006-2010

Year	Gender		Total
	Male	Female	
2006	132,557	135,913	268,470
2007	132,196	139,794	271,990
2008	133,215	140,696	273,911
2009	134,332	141,826	276,158
2010	135,593	142,775	278,368
Growth (%)	0.57	1.24	0.91

Sources: Central Bureau of Statistics Pekalongan City in 2010.

In terms of livelihood, most of Pekalongan population, worked in the industrial sector. This is reflected in the large proportion of the population employed in the industrial sector that is equal to 69.54%. The trade sector is the second choice as a livelihood. The large proportion of the population employed in the industrial sector proved by the number of batik centers in Pekalongan City spread over 18 villages or 38.30 percent of the total villages in Pekalongan City. In this region, the number of SMEs are take part in the industry there are as many as 585 batik SMEs, with a workforce 8,243 people or 73.96% of the total labor force who worked in industrial sector (Table 3).

During the period of 2007-2010 year average of the highest employment growth over the age of 15 years are absorbed in the main employment in the sector of electricity, and water services as much as 10.06 percent. Average growth in the industrial sector in the year to accommodate a workforce of just about 0.12 percent. Overall employment sector in the same period, the average growth annually in labor absorbing only about 0.09 percent. In more detail the distribution of the working population in the field of business can be seen in Table 2.

Based on the previous analysis it is known that most of the people working in the industry Pekalongan batik, which is generally a small-scale household industries. If observed carefully, there are variations in the number SMEs per village in Pekalongan City. Batik centers in Pasirsari village has the highest number of SMEs, namely by 79 SMEs or about 13.50%. Medono village had 64 SMEs or 10.94%. Kradenan village had 54 SMEs or 9.23%. Meanwhile, Pringlangu village had 44 SMEs or 7.52%.

Table 2. Distribution of Population 15 years and over who work in Key Sectors in Pekalongan, 2010

No	Main Industry	2007		2010		Growth (%)
		People	%	People	%	
1.	Agriculture	569	3.56	579	3.61	0.58
2.	Mining and Quarrying	0	0	0	0	0
3.	Manufacturing Industry	11,109	69.52	11,145	69.54	0.12
4.	Electricity, Gas and Water	54	0.34	72	0.45	10.06
5.	Construction	116	0.72	121	0.76	1.42
6.	Retail Trade	1,631	10.21	1,631	10.18	0
7.	Transportation and Communication	605	3.78	613	3.83	0.43
8.	Financing	1,168	7.30	1,168	7.29	0
9.	Community	728	4.55	728	4.54	0
	Total	15,980	100.00	16,026	100.00	0.09

Sources: Statistics Pekalongan (2010)

Most of the existing workforce absorbed in the batik industry in Pasirsari village, which is 1,189 people or 14.42 percent, because of the largest number of SMEs located in Pasirsari village. Second, Medono village can absorb approximately 852 persons or 10.34 percent. Third, Kergon village can absorb 658 people, or 7.45 percent, and the fourth, Tegalrejo village can absorb 589 people or 7.15 percent.

Table 3. The number of SMEs, Labor, Annual Production Value and Investment Value, according to the Center in the City of Pekalongan Batik, Year 2010

CENTER BATIK	SMEs		Workforce		Value of Production Per year (IDR.000)	Average Value of production per SMEs (IDR.000)	Investment IDR 000
	Unit	Percent	Person	Percent			
Kauman	31	5.30	508	6.16	3,805,330	122,752,581	3,984,164
Landungsari	19	3.25	298	3.62	2,226,785	117,199,211	674,104
Medono (ATBM)	64	10.94	852	10.34	12,513,413	195,522,078	2,287,828
Kergon	31	5.30	658	7.98	3,805,330	122,752,581	1,677,440
Landungsari	19	3.25	298	3.62	2,226,785	117,199,211	674,104
Krapyak Lor	12	2.05	95	1.15	1,391,500	115,958,333	248,710
Degayu	18	3.08	483	5.86	8,900,930	494,496,111	617,696
Pabean	18	3.08	167	2.03	3,239,600	179,977,778	403,923
Kradenan	54	9.23	467	0.06	7,038,784	130,347,852	1,458,263
Buaran	30	5.13	191	2.32	1,053,200	35,106,667	339,392
Jenggot	29	4.96	503	6.10	14,853,999	512,206,862	866,026
Banyurip Alit	25	4.27	244	2.96	11,981,600	479,264,000	834,287
Banyurip Ageng	27	4.62	365	4.43	4,062,800	150,474,074	1,613,880
Pasirsari	79	13.50	1,189	14.42	7,521,532	95,209,266	1,778,249
Tegalrejo	29	4.96	589	7.15	2,330,140	80,349,655	1,638,450
Pringlangu	44	7.52	465	5.64	4,065,300	92,393,182	724,317
Tirto	37	6.32	573	6.95	6,458,900	174,564,865	853,815
Medono	19	3.25	298	3.62	2,098,172	110,430,105	1,437,085
Total	585		8,243		99,574,100		22,112,333

Sources: Perindagkop Pekalongan (2010)

In terms of production value generated per region batik industry centers or villages, the Jenggog village generate the highest value a year, which is around IDR 15 billion or IDR 14,853,999,000. However, existing SMEs in Jenggog village, were smaller when compared to other village, is only 29 SMEs. But, the average value of production per year for each SME in this region can reach IDR 512,206,862 or more than half a billion rupiahs. Meanwhile, the Pasirsari village which has 79 SMEs, generating production value IDR 7,521,532,000 or around almost IDR 8 billion, but the average value of production per SMEs only IDR 95,209,26. The lower value of the center of batik production compared to the center of batik in Pasirsari village and Jenggog village caused by differences in the quality of products between the two centers of batik.

The amount of investment in the batik industry in year 2010 at 18 villages based on data from the Department of Commerce and Industry Pekalongan recorded more than IDR 22 billion. The largest investments are valued at Kauman village IDR 3,984,164,000 or 18.02 percent of the total value of the investment. Furthermore, batik business in the Medono village had an investment of IDR 2,287,828,000 or as much as 10.35 percent, and Pasirsari village with an investment of IDR 1,778,249,000 or a total of 8.04 percent. Investment in the batik industry which are the smallest in the Krapyak Lor village whose value is not more than IDR 250,000,000 or as much as 1.12 percent. In detail, the invested amount in the batik industry in 18 villages can be seen in Table 3.

4. Regional Economic Conditions and Cluster Batik

4.1 The Conditions of Regional Economic

During the period of 2006 -2010, Pekalongan economy increased by an average annual growth at constant prices by 4.45 per cent, where the value of GRDP increased from IDR 1.7 billion to more than IDR 2 billion. The sectors that contributed which rose consistently to Pekalongan GDP were trade, hotels and restaurants, construction and services. This increase is supported by the efforts of local government and community paguyuban batik lovers through the first batik festival in 2005, which was attended by the minister of Tourism. In 2007, held the International Batik Week (PBI = Pekan Batik Internasional), which was attended by the Minister of Commerce. At that time, precisely on September 5, Kauman village directly inaugurated by the Vice President HM Jusuf Kalla as "Kampung Batik Kauman". Given these events, many domestic and foreign tourists who attend the event using the services of the hotel, restaurant and they bought large quantities of Pekalongan batik. Especially after UNESCO on October 2, 2009 has been declared Indonesian batik as world cultural heritage or as Masterpieces of the Oral and Intangible Heritage of Humanity and existence in Pekalongan batik museum also received an award, then Pekalongan as the City of Batik became more famous in the world.

Based on the contributions and growth for GRDP of Pekalongan City, the ability of the manufacturing sector is still quite significant, which is about 20.0 per cent to 3.82 per cent growth rate. However, during the period of 2006-2010, the contribution of this sector has decreased from 20.88 percent in 2006 to 20.37 percent in 2010. This decrease occurs because since 2008, the Chinese textile products began to invade the Indonesian market. This threat becomes more serious since the enactment of the ACFTA on January 1, 2010 in which Indonesian domestic market should open widely to the ASEAN countries and China. The threat of Chinese textile products to the industrial textile industry both large and small and medium industries is not groundless, because people tend to prefer the textiles from China that are relatively inexpensive. During this time, the textile and garments from China are relatively inexpensive. According to Karina and Nova (2010) in Herawati (2010), China's textile and garment relatively cheaper price 15-25 % when compared with domestic products and is recognized by traders that apparel products from China is more interested in the community because of the quality and style, more to follow trends mode .

A different situation occurred in trade, hotels and restaurants. These sectors were able to increase its contribution to GRDP Pekalongan, from 26.25 percent in 2006 to 27.29 percent in 2010, so that in this period the average annual growth was 6.72 percent. In more detail, the contribution of the sectors, to GRDP Pekalongan can be seen in Table 4.

After the inauguration of Kampung Batik Kauman as Pekalongan batik centers in 2007 by Vice President Yusuf Kalla, as well as designated Pesindon village and Pasirsari village by the local government as a center of batik Pekalongan, not visible to an increase in the industrial sector's contribution to GRDP Pekalongan. GRDP growth on average per year showed an increase even though just under 5.0 percent. According Sodikin (The Chairman of the Associated of Pekalongan Batik Handycraft in Pasirsari village), batik industry often experience price fluctuations of raw materials, especially cloth and gondorukem. This has an impact on business continuity batik, which has led to rising raw material 50 batik artisans out of their business. Due to the increase in raw materials, batik traders profits shrink as the number of requests from consumer goods declined. The number of workers absorbed after batik cluster, there is a slight increase, where the average annual growth of only 0.12%, or within a period of three years only increases 36 people

Table 4. Gross Regional Domestic Product Pekalongan City at Constant Prices, 2006 - 2010 (Million IDR)

No	Sector	2006	2007	2008	2009	2010	Growth (%)
1	Agriculture	196939,56 (11,23)	183003,98 (10,06)	171591,09 (9,09)	168803,04 (8,53)	160715,41 (7,70)	-4,95
2	Mining & Quarrying	-	-	-	--	-	-
3	Manufacturing	366.068,63 (20,88)	382.474,59 (21,01)	394.035,66 (20,87)	407.216,81 (20,59)	425.216,81 (20,37)	3,81
4	Electricity, Gas & Water Supply	19.590,32 (1,12)	20.887,65 (1,15)	21.641,88 (1,15)	22.180,53 (1,12)	23.950,01 (1,15)	5,15
5	Construction	214.767,67 (12,25)	229.650,79 (12,62)	241.426,95 (12,79)	259.539,86 (13,12)	278.586,68 (13,35)	6,72
6	Trade, Hotels and Restaurants	460.252,95 (26,25)	477.190,04 (26,22)	512.140,98 (27,13)	538.457,74 (27,22)	569.640,82 (27,29)	5,47
7	Transportation & Comunication	179.297,31 (10,23)	189.792,44 (10,43)	193.741,57 (10,26)	199.664,70 (10,09)	210.046,14 (10,06)	4,04
8	Finance & business service	121.280,71 (6,92)	129.662,43 (7,12)	133.848,95 (7,09)	138.603,03 (7,01)	145.465,05 (6,97)	4,65
9	Services	195.208,58 (11,53)	207.339,29 (11,39)	219.426,62 (11,62)	246.524,29 (12,46)	273.493,25 (13,10)	8,79
	GRDP	1753405,73 (100,00)	1820001,32 (100,00)	1887853,70 (100,00)	1978085,98 (100,00)	2087114,17 (100,00)	4,45

Sources: Dinas Perindagkop Pekalongan (2010)

4.2. The Conditions of Batik Cluster

BAPPENAS defines clusters as geographic concentrations of certain activities that are complementary to one another, interdependent, and competing in the conduct of business activities. However clusters in Pekalongan City is not exactly the definition of BAPPENAS. Cluster Batik in Pekalongan City is located in a region of the predominantly urban livelihood from the business of making and marketing of batik in a household scale. Under these conditions, the existence of clusters of batik in Pekalongan identical with the batik village. Although often referred to as batik village, in practice, batik business conducted similar clusters, where the raw materials for making batik, such as cloth, gondorukem, as well as batik dyes obtained from merchants outside of the village of batik. In fact, employers in the village Kauman Batik, often give orders batik to other areas or so-called "to spread". Here employers only give cloth and design desired order to the recipient, the recipient was order to capitalize other raw materials and the price per sheet of fabric is determined by agreement. The area outside the village of batik which became the center of "proclaimer" is located in the Pasirsari village.

Batik business activities undertaken by entrepreneurs in several clusters that have been formed by Pekalongan City is **Cluster Batik Kauman**.

Kauman village is one area of business origin of batik in Pekalongan, as written in the book of Harmen C. Veldhuisen entitled: "Batik Netherlands from 1840 to 1940. The Dutch influence on Batik of Java, History and Stories around it ". On page 64 we can see that the possibility of a mistress B. Fisfer is used to introduce the most batik business activity by using canting in Pekalongan. Mentioned in the book that Mrs Fisher reside at the edge of the area Kauman (Arab village). Arab village in question is Kauman Kledok. Previously, Kauman is a meeting place for Muslim merchants from various regions that generally carries batik as merchandise.

Kauman village located in the Eastern District of Pekalongan, Central Java Province with an area of 118 025 ha. Kauman village population amounted to 2020 person whose life is a reflection of the religious community, communicative and understated.

With the potential batik owned, Kauman village has a tourist attraction, because many people had been in the world of batik and which became one tourist attraction in the form of batik craft and manufacture of canting. This batik village in the future will be a village or a Green Travel Smart Village. In order to realize the program, has established Telecenter Kauman Kampung Batik (Batik Net) as a marketing tool for entrepreneurs and SMEs Batik through the Internet.

The existence of "Kampung Batik Kauman" encourage the local community in the areas of economic activity to start a business related to tourism. In this region has been established between the other 6 unit hotel /lodge/homestay, 20 units of transportation/freight, 7 unit restaurant/food stalls, 22 units souvenir stalls, and 53 units of batik industry/souvenir/food. Batik-Net was established by the Mayor of Pekalongan in Kampung Batik Charm Kauman event in 2010. The hope is, through Batik-Net, Kampung Batik Kauman can be accessed via the internet. In addition, in the Kauman village also been established Pokdarwis (Kelompok Sadar Wisata) Kampung Batik Kauman in 2009 where the race Pokdarwis Levels Central Java in 2010 won Runner Up I.

Kauman in Kampung Batik, batik entrepreneurs are H.Fatchur Rachman Noor who was called Tokman. He is the second generation of batik entrepreneurs who continued his father's business as a maker of gloves and a long cloth. The figure is a creative who never cease to innovate. In 1993 in collaboration with expert makers and

experts roll their mechanic managed to make dyes whose function is remarkable that tool environmentally friendly dyes, increased productivity, efficient use of labor, the duty cycle is more regular and better production results. Unfortunately, other employers have not followed his example and according to him, they are less concerned about the environment (<http://piumkm.blogdetik.com/2010/11/25/tokoh-kampoeng-batik-kauman>).

"Kampung Batik Kauman" opened as a tourist village by the government in 2007. This moment turned out to be necessarily affect other areas to build their respective regions, especially in the field of tourism, for example Pesindon Batik Tourism, Jenggot Batik Tourism and Sentra ATBM Medono. Besides the existence of "Kampung Batik Kauman" was also very influential in the industry pariwisata It can be seen from the increasing number of tourists significantly. Tourist visits per year in Kampung Batik Kauman carrying 700 domestic tourists and 100 foreign tourists.

5. Regional Policy Related to Batik Cluster Development

The government has tried to increase the potential of batik through the establishment of cluster policy. In addition, the local government is also trying to improve the quantity and quality of production, design engineering, and marketing of batik coloring, so that the resulting product can be sold in domestic and international markets. Further impact, is the increasing regional economy and the welfare of society. Several aspects to be considered in the development of batik business, dealing with the internal condition of society in the Pekalongan City, among others:

1. Specialization

Pekalongan batik industry does not have the specialized products specifically and tend to be diversified because producing motif according to customer and market orders. This condition, on one side is positive because it is able to respond to the demand quickly, while on the other hand, there are negative aspects as it eliminates the traditional characteristic of Pekalongan batik.

2. Capacity for Research and Development and Innovation

Pekalongan batik entrepreneurs have a very intensive (innovative) in the creation of new motifs. But unfortunately, there is no institution that helps and has not been followed by the granting of patents that are common motifs plagiarism. Other innovations in the production process, such as making batik combined with weaving and the use of natural dyes. In terms from technology, can be said to be difficult to perform because the batik industry technology transfer is a handicraft industry.

3. Level of Knowledge and Skills

Labor in Pekalongan batik industry has a high enough skill in batik, and labor supply is also sufficient, but in terms of business management and marketing is still restricted. The main source of knowledge possessed batik employers and employees is a skill that is inherited from generation to generation in the community and assisted by the Government in the form of education and training. In addition, there are Polytechnic USMANU who have majors Batik technique, but this new polytechnic established for three years, so can not contribute.

4. Cooperation Networks and Social Capital

Cooperation between firms occurs vertically in terms of the subcontract, but the intensity is still restricted, whereas horizontally, especially in small-scale industries, often unfair price competition. This is also reflected in a less active association of batik entrepreneurs. Cooperation between the batik industry related industries considered quite good. Cooperation with supporting agencies experienced problems because of Branch Delivery System (BDS) is less active role as well as the banking industry is still difficult to access by small-scale batik business. Meanwhile, the government considered quite good cooperation, especially in terms of marketing, and training

5. Entrepreneurial Spirit

The number of medium-scale batik industry in recent years has decreased due to reduced levels of batik exports. In contrast, the small-scale industry, an increasing number of businesses, mostly informal industry. The growth of this new industry is caused by an entrepreneurial spirit amongst the existing labor. Under such conditions, Pekalongan batik industry has the potential to become a dynamic cluster.

Although batik entrepreneurs said difficult to find access to banking, government through Disperindagkop (Dinas Perindustrian, Perdagangan dan Koperasi) expressed readiness to assist entrepreneurs in accessing capital. Disperindagkop certify Land Rights (HAT = Hak Atas Tanah) to batik SMEs to apply for loans to banks. HAT purpose is to improve the business capital for SMEs through credit, and the availability of collateral of capital ownership dead (dead capital) into active capital (liquid capital), so it can be used as collateral to the loan maximum effort. This certificate is powerful evidence of ownership of land rights for a person. The government is targeting 100 SMEs in the program. Currently, 60 SMEs have applied for certification to the government. According to the plan, HAT will be given to SMEs in Yosorejo 19, 17 SMEs in Long Wetan, 20 SMEs in Podosugih, 20 SMEs in Medono, 10 SMEs in Tegalrejo, 1 Krapyak SMEs, 4 SMEs in Bandengan, and 10 SMEs in Kergon.

Pekalongan City Government, has had a variety of programs and activities of cooperatives and SMEs which are

considered strategic are:

1. Development Programme for SME Business Support Systems

The program aims to empower the role of cooperatives and SMEs in developing and promoting superior products Pekalongan City. Facilitation program has been undertaken by the government to improve the quality of human resources through training, improved product quality, design, reinforcement capital, access to markets through exhibitions and promotions.

2. Entrepreneurship Development Programme and the SME Competitive Advantage

Development of entrepreneurship and SMEs a competitive edge in 2010 reinforced by a variety of support activities, including socialization of intellectual property rights, provision of facilities and infrastructure network expansion in SME advisory services (telecentre pilot), brand registration, batik label and direct assistance unit capacity of SMEs and SMEs. Economic Secretariat of the Agency conducting entrepreneurship training.

3. Community Education program of School

The program is implemented in the cooperative management of training activities/cooperatives, entrepreneurship training for SMEs, as well as ICT training, community development, and management of telecentres for MSME entrepreneurs, and personnel supervisors ICT.

4. Cooperative Institutional Quality Improvement Program

The existence and role of cooperative institutions in Pekalongan city has been famous in the regional and national scale, so it is often used as a reference for the development and management of other areas. Therefore, improving the quality of institutions is done through coaching, supervision, and cooperative achievement awards, cooperative business network development cooperation, facilitate Dekopinda (Dewan Koperasi, Perindustrian dan Perdagangan) activities, and facilitate the formation of women's cooperatives (www.pekalongankota.go.id). In addition, the Information Technology (IT) of Pekalongan City working to improve government performance through the delivery of electronic-based governance, as an integral part of regional development. Development of IT-based Pekalongan was launched in 2008 through the program HARTEKNAS (Hari Teknologi Nasional) Warning e-pekalongan @ batik-city-2010 with the mission of e-Development to accelerate the empowerment of communities, good governance, quality education, and the creative economy. By explore opportunities and formulate consensus in the utilization of collaborative activities, and diffusion of IT, the expected synergistic effect in regional development.

Cybercity preparation began with the development of ICT infrastructure that connects the entire Pekalongan City. The initial phase, has been developed telecenters in 4 districts and 47 villages, telecenters in the center of a superior product, and hotspots in public places. The next stage, telecenters in RT / RW. Given IT infrastructure, the public can access public services applications for free (www.biskom.web.id).

Pekalongan City government is also building a Technology Incubator, a technology-based entrepreneurial development venture. Technopreneur human resources, by the government will be expected to consist of 14 creative industry. But this time, the field has been prepared is fashion, and all of creative activities associated with the creation of batik clothing design, clothing production, batik fashion and accessories.

Because batik is an industry that is not environmentally friendly, so if the marketing can enter the market to consider is how batik is produced environmentally friendly. That is, batik products made clean by applying the principles of eco-efficient. The aim of eco-efficiency itself is to eliminate or minimize the emission of toxic waste discharged into the environment, so that the development of SMEs will not burden the environment with wastes, industrial waste or hazardous pollutants.

In order to minimize waste from production batik, Pekalongan City government has given intalasi wastewater treatment (WWTP) in three villages, namely in Jenggot village in 1990, and Kertoarjo village and Kauman Village in 2007. Natural coloring in batik products have started to be developed, and it was done by a few people. Natural coloring batik products have also been taught and developed at the Polytechnic Usmanu, Pekalongan. The Polytechnic has a large collection of various types of plants that can be coloring batik. Here, presented some photos of the activities to minimize waste produced batik industry.



Figure 1. Installing a Wastewater Treatment Plant (WWTP) in the Kauman Village



Figure 2. Activity Polytechnic USMANU In Natural Coloring Training



Figure 3. Natural coloring collected Polytechnic USMANU

6. Conclusion

"Kampung Batik Kauman" characterized as an industrial cluster. At first, these clusters grow naturally. People in this region have the expertise batik, acquired and maintained from generation to generation. With this expertise, the people made batik small business, as well as, batik medium scale business. Gradually, businesses batik developing more and more and establish a geographical concentration in the same area. Cooperation between industry and related institutions carried out, as well as the addition of new innovations to be able to face the competition in the domestic and international markets.

However there are several constraints facing the industry in developing competitiveness clusters (Porter, 1997; Susanty et al., 2013) are:

- a) Market Aspects: Consumer behavior is more like imported products, as well as lack of network of cooperation and access to markets.
- b) Factors of Production: batik raw material prices, such as cloth and coloring are dependent on imports, so the price depends on the external market. As a result, the price tends to rise. On the other hand, the sources of business financing is still limited; production technology used is simple; knowledge and skills, including mastery of science and technology is still limited to small businesses; loan interest rates are still very high compared with competitor countries, and the banking access of SMEs to extremely low, has led to the low competitiveness of batik.
- c) Strategy, Structure, and Competition: climate of unfair competition; management business is still poor; collaboration and cooperation among enterprises are still weak; leadership in the industry has not yet appeared; trust and social capital among business is still low. Creation of a conducive business environment needed to realize efficient clusters, dynamic, competitive, and can attract investors who can help a commonly encountered problem of capital, by small-scale batik industry.

Creation of a conducive business environment needed to realize efficient clusters, dynamic, competitive, and can attract investors who can help the problem of capital faced by the industry that many small-scale batik.

The ineffectiveness of Pekalongan batik cluster, then the required human resource capacity building. This is necessary because humans are driver, decision-makers and actors of each activity. A business will thrive when the actors are motivated, and have the education and knowledge in business management and technology.

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