

The Role of Local Governments in Empowering the Batik Industry in Tulungagung Regency

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Abstract:

Regional autonomy gives authority for the regency/city government to develop local economic potential, one of which is through the empowerment of Small and Medium Industries (SMEs). Tulungagung Regency has the batik industry as one of the leading sectors, but entrepreneurs and craftsmen still face capital, human resources, marketing, and technology constraints, so the number of artisans tends to decrease since 2023. This research aims to know, describe, and analyze the role of the Tulungagung Regency Industry and Trade Office in empowering the batik industry, along with its supporting and inhibiting factors. The research uses a qualitative descriptive approach, with primary data from interviews and observations of the agency and batik artisans in Mojosari Village, Kauman District, and secondary data in the form of documents and statistical data. The data analysis refers to the interactive model Miles, Huberman, and Saldana, which includes collection, condensation, data presentation, and conclusion drawn. This study is expected to provide an overview of the role of local governments in the development of production, marketing, financial facilities, and resources of the batik industry, as well as input material for optimizing SME empowerment policies in Tulungagung Regency.

Keywords: Local Government, Empowerment, Batik Industry

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INTRODUCTION

Regional autonomy is the authority given by the central government to local governments to regulate and manage their own government affairs according to the needs and capabilities of each region. Article 1 Paragraph 6 of Law Number 23 of 2014 concerning Regional Government emphasizes that regional autonomy is the right, authority, and obligation of autonomous regions to regulate and manage their own government affairs and the interests of local communities in the system of the Unitary State of the Republic of Indonesia. This definition is in line with Muluk (2006) who stated that regional autonomy is the authority to regulate local government affairs on its own initiative based on the aspirations of the local community, whose implementation requires the participation and independence of local communities without ignoring the principle of state and nation unity. This policy marks a shift from centralistic to decentralized government and is also directed to increase competitiveness between regions by paying attention to the principles of democracy, equity, justice, and the potential and diversity of each region.

Regional economic development is directed at the creation of an independent and solid economic structure with industry as the main driver. Law Number 3 of 2014 concerning Industry defines industry as an economic activity that processes raw materials into value-added goods, including industrial services. Siagian (2008) stated that industrialization paths are commonly taken by countries that want to accelerate their economic growth. Small and Medium Industries (SMEs) in particular play a strategic role because they open up economic space for small communities, encouraging them to be more innovative, productive, and independent in the midst of competition with globalization flows. However, SMEs often face obstacles in marketing, capital, human resources, and technology (Tambunan, 2002), so that local government intervention through empowerment is indispensable so that SMEs are still able to survive and develop.

Empowerment is defined as the role of encouraging, motivating, and raising awareness among the community and business actors about their potential so that they can be developed independently (Sulistiyani, 2004). Empowerment emphasizes that every business actor can acquire enough skills, knowledge, and power to influence their lives (Nasirin & Alamsyah, 2010), as well as being a strategy to strengthen

competitiveness, encourage community creativity and innovation, and increase Regional Original Income (PAD). Article 72 of Law Number 3 of 2014 concerning Industry states that industrial empowerment is aimed at making industries competitive, contributing to the national industrial structure, contributing to poverty alleviation, producing industrial goods/services for export, and obtaining adequate facilities.

Tulungagung Regency, one of the districts in East Java Province, has made industry a strategy to improve the economy of its people. Data on the Gross Regional Domestic Product (GDP) of Tulungagung Regency in 2024 shows that the Processing Industry sector is the largest contributor to the regional economy, followed by the Wholesale and Retail Trade sector (BPS Tulungagung Regency, 2024), as presented in Table 1.

No	Business Field	Price Applies	Constant Price
1	Agriculture, Forestry and Fisheries	8.938,95	4.605,90
2	Mining and Quarrying	1.681,06	979,92
3	Processing Industry	12.379,74	7.431,01
4	Electricity and Gas Procurement	17,12	13,64
5	Water Procurement, Waste Management, Waste and Recycling	39,56	28,89
6	Construction	4.805,61	2.874,04
7	Wholesale and Retail Trade, Car and Motorcycle Repair	10.679,55	6.984,83
8	Transportation and Warehousing	1.569,70	969,89
9	Accommodation and Meal Provision	1.116,47	662,96
10	Information and Communication	2.966,04	2.571,18
11	Financial Services and Insurance	1.049,44	651,70
12	Real State	1.013,50	714,77
13	Corporate Services	1.013,50	113,50
14	Mandatory Government, Defense, and Social Security Administration	184,49	885,85
15	Educational Services	1.569,49	1.401,64
16	Health Services and Social Activities	2.037,27	372,41
17	Other Services	528,52	441,76

Table 1. Tulungagung Regency's Gross Regional Domestic Product (GDP) in 2024 (Billion Rupiah)

Source: Central Statistics Agency of Tulungagung Regency (2024)

Industries in Tulungagung Regency consist of micro, small, medium, and large industries, with the composition as shown in Table 2. The data shows that the industrial sector in Tulungagung Regency is dominated by micro and small-scale industries, both

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in terms of number and distribution (BPS Tulungagung Regency, 2023). In order to protect and foster SMEs, the local government stipulated Regional Regulation Number 13 of 2011 concerning the Development and Protection of SMEs.

No	Industry Type	Number of Industries
1	Micro and Small Industries	12.345
2	Medium and Large Industries (IMB)	678

Table 2. Number of Small, Medium, and Large Industries in Tulungagung Regency in 2023

Source: Central Statistics Agency of Tulungagung Regency (2023)

Batik is one of the small industries that has great potential in Tulungagung Regency. Tulungagung batik has unique characteristics in the form of a combination of moss green and bright colors that distinguish it from other regional batik, with types of written batik, stamp batik, and printing batik spread across a number of villages, one of which is Mojosari Village, Kauman District, which used to be a batik production center and is now developing into a batik tourism village. Since 2023, the number of batik artisans in Tulungagung Regency has decreased due to competition with imitation batik products circulating in the market. Batik artisans face a number of obstacles, namely limited capital, limited human resources, limited marketing, and the use of traditional production technology.

Based on Saedah in Crithiana (2015), the empowerment of small and medium industries can be carried out through four aspects, namely production development to improve product quality and quantity, marketing development to expand distribution networks, provision of financial facilities to strengthen business capital, and development of industrial resources to increase the capacity and skills of business actors. Based on this description, this research is important to examine the role of the Tulungagung Regency Industry and Trade Office, as an extension of the local government, in empowering the batik industry to overcome the problems faced and encourage its sustainable growth.

Based on the description of the background, this research is formulated to answer: (1) what is the role of the Tulungagung Regency Industry and Trade Office in empowering the batik industry; and (2) what are the supporting and inhibiting factors of the Tulungagung Regency Industry and Trade Office in empowering the batik industry.

This research aims to know, describe, and analyze the role and role of these supporting and inhibiting factors, and is expected to provide theoretical benefits as a contribution to public administration science, as well as practical benefits as input for the Tulungagung Regency Industry and Trade Office in optimizing the empowerment of the batik industry.

Theory of Local Government

Local government can be interpreted as a body organized by freely elected regional institutions while still recognizing the supremacy of national government, and given power, discretion, and responsibility without being fully controlled by higher powers (Haris, in Solehah, 2014). Article 1 Paragraph (2) of Law Number 32 of 2004 concerning Regional Government states that the implementation of government affairs is carried out by the local government and the DPRD based on the principle of autonomy as widely as possible, in order to accelerate the improvement of community welfare through increasing regional competitiveness. It can be concluded that local government is an organization that implements the duties and functions of local government that has the authority to determine development priorities according to the potential of its region. Regarding the role of government, Adam Smith (in Muluk, 2006) emphasized the government's duty in upholding justice and protecting society from injustice, while Haeruddin (2015) views the role of government as broader, including the provision of public goods, protection for the poor, and an active role in encouraging community economic activities.

Regional Autonomy Theory

Etymologically, autonomy comes from the Greek words *autos* (stand-alone) and *nomos* (rule). Warsito (2003) explained that regional autonomy is an implication of decentralization, which opens up community access to be involved in the decision-making process. Muluk (2006) added that regional autonomy is the authority to regulate local government affairs on their own initiative according to the aspirations of the community. Through regional autonomy, the authority that was previously centralized shifts to the regions to manage and develop their regional potential independently, including through the empowerment of leading sectors such as industry, while still involving community participation.

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Empowerment Theory

Empowerment comes from the word "power" which means able or empowered, which is the role to improve the dignity of disadvantaged people by encouraging, arousing, and motivating them to take advantage of their potential (Zubaedi, t.t.). Rauf A. Hatu (2010) connects the concept of empowerment with the idea of power, which is the ability to provide power from those who have power to those who are less empowered. In the context of empowering small and medium industries, the role of local governments according to Taufik Yahya et al. (2021) includes policy formulation and determination, implementation, supervision, evaluation, and mediation. More specifically, Saedah in Cristhiana (2015) describes the form of empowerment of SMEs into four aspects, namely (1) production development, including guidelines for quality development and management, quality testing, intellectual property rights, and technology services; (2) marketing development, including information and promotion as well as exhibition/business meeting facilities; (3) financial facilities, in the form of capital/credit support; and (4) industrial resource development, through capacity building and skills of business actors. These four aspects are the reference for the analysis of the role of local governments in this study. The stages of community empowerment generally include the stages of preparation, assessment, alternative program planning, action plan formulation, implementation, evaluation, and termination (Faturrahman Muharam, 2023), which is in line with the management function of POAC (Planning, Organizing, Actuating, Controlling) from George R. Terry.

Small and Medium Industry Theory

Industry according to Law Number 5 of 1984 concerning Industry is an economic activity that processes raw materials, raw materials, semi-finished goods, and finished goods into higher-value goods. Small and Medium Industries (SMEs) are small-medium scale business sectors that play a strategic role in the economy because they are able to provide jobs as well as a source of primary and secondary income for households (Ratnasari, 2013). Based on the Regulation of the Minister of Industry of the Republic of Indonesia Number 64/M-IND/PER/7/2016, small industries are industries with a maximum of 19 workers and an investment value of less than Rp1 billion, while medium industries employ a minimum of 20 workers with a maximum investment value of Rp15 billion. The empowerment of SMEs, including batik as one of the region's leading

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products, is basically a shared responsibility between the government and business actors (Hafsah, in the reference thesis) so that it requires the active role of local governments in the development of production, marketing, capital, and industrial resources.

Methodology

This study uses a qualitative descriptive approach to describe and analyze the phenomenon of the role of the Tulungagung Regency Industry and Trade Office in encouraging the development of the batik industry (Nawawi, 2005; Fuad & Nugroho, 2014). The focus of the research includes two things, namely (1) the role of the agency in empowering the batik industry which includes production development, marketing development, financial facilities, and industrial resource development; and (2) supporting factors (including the existence of MSME Banks and batik associations) and inhibiting factors (including the quality of human resources and funding limitations).

The research was carried out in Tulungagung Regency, with a research site at the Tulungagung Regency Industry and Trade Office and a batik craftsman center in Mojosari Village, Kauman District. The data source consisted of primary data, obtained through interviews and observations with the Head of Industry, Metals and Miscellaneous; staff of Textile and Industrial Products; Machinery, Miscellaneous, and Electronics staff; Business Development staff of the Tulungagung Regency Industry and Trade Office; as well as batik craftsmen in Mojosari Village, and secondary data in the form of documents, archives, statistical data (BPS), and related publications.

The data collection technique uses observation, interviews, and documentation (Sugiyono, 2008), with research instruments in the form of the researcher himself as the main instrument, interview guidelines, field notes, and supporting documentation (photos and recordings). Data analysis refers to the interactive model of Miles, Huberman, and Saldana (2014) which includes data collection, data condensation, data presentation, and conclusion/verification. The validity of the data is tested through credibility (observation extension, diligence increase, triangulation, negative case analysis, use of reference materials, and member check), transferability, dependability, and confirmability (Sugiyono, 2008).

Result and discussion

Based on the secondary data that has been available and the theoretical framework of SME empowerment (Saedah in Cristhiana, 2015), and will be enriched with the findings of interviews, observations, and field documentation in the next refinement. The discussion is divided into six points according to the focus of the research, namely an overview of the research object, four aspects of the role of the Tulungagung Regency Industry and Trade Office in empowering the batik industry, as well as its supporting and inhibiting factors.

1. Overview of Research Object

Secondary data in Table 1 and Table 2 show that the Processing Industry sector is the largest contributor to the GDP of Tulungagung Regency in 2024, and the industrial structure of this area is dominated by micro and small-scale business actors, with a much larger number than medium and large industries. The batik industry is one part of the small-scale processing industry spread across several villages, one of which is the batik center in Mojosari Village, Kauman District. This condition is in line with the view of Siagian (2008) that small industries are the backbone of the regional economic structure, as well as emphasizing the relevance of the role of the Tulungagung Regency Industry and Trade Office as a policy supporter for the development and empowerment of SMEs as mandated by Regional Regulation Number 13 of 2011 concerning the Development and Protection of SMEs.

2. Role in Production Development

Referring to Saedah in Cristhiana (2015), production development includes quality improvement guidelines, management development guidelines, quality testing, intellectual property rights, and technology services. Associated with the condition of Tulungagung batik which has a characteristic moss green color and bright patterns and consists of written batik, stamped batik, and printing batik, the role of the agency in this aspect is conceptually directed to maintain quality standards and the authenticity of motifs in the midst of the rise of imitation batik products which is one of the causes of the decline in the number of artisans since 2023. Production quality development is also relevant to the implementation stage of the program in empowerment theory (Faturrahman Muharam, 2023), namely the provision of

technical assistance and production infrastructure facilities for craftsmen. The strength of the relationship between quality development and product competitiveness needs to be confirmed through interviews with the Head of Industry, Metals and Miscellaneous and staff of the Textile and Industrial Products Division of the Tulungagung Regency Industry and Trade Office.

3. Role in Marketing Development

The aspect of marketing development includes the provision of information and promotion as well as the facilitation of exhibitions/business meetings (Saedah in Crithiana, 2015). The limited marketing problem is one of the main obstacles that makes the Tulungagung batik industry less widely known than other regional batik centers. The findings of Kuswono (2017) on similar objects show that marketing activities through batik festivals are still constrained by the licensing aspect, so that a similar pattern has the potential to be faced by the Tulungagung Regency Industry and Trade Office. Conceptually, the optimization of the role of the agency in this aspect can be in the form of facilitating digital promotions, product exhibitions, and marketing partnerships with large business actors, as mentioned in the background of this research, but the extent to which the program has been running effectively can only be ascertained through interviews with the agency and batik artisans in Mojosari Village.

4. Role in Financial Facilities

Financial facilities in the form of capital or credit support are one of the most basic forms of empowerment for SMEs (Saedah in Crithiana, 2015; Tambunan, 2002). The capital difficulties experienced by entrepreneurs and batik artisans in Tulungagung indicate that access to formal financing, including through MSME Banks which has been identified as one of the supporting factors, has not been fully utilized equally. The findings of Crithiana (2015) at the same research location show that the capital provided by the local government has not been evenly distributed to all artisans, so this pattern is important to be re-tested to find out whether these conditions are still ongoing or have improved through the current empowerment programs.

5. Role in Industrial Resource Development

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The development of industrial resources is directed at increasing the capacity and skills of business actors, including mastery of production technology (Saedah in Cristhiana, 2015). Conditions in the field show that the technology used by Tulungagung batik artisans is still traditional, while the limitation of human resources is also an obstacle that has been repeatedly mentioned in various previous studies (Cristhiana, 2015; Husein, 2019). This is in line with the actuating stage in the framework of POAC (Taufik Hidayatullah, 2021), which places the training of program management personnel and technical assistance as an important part of the implementation of empowerment. Skills training programs and technology assistance by the agency are points that need to be explored further to assess the extent to which the gap in the capacity of craftsmen has been addressed.

6. Supporting and Inhibiting Factors

The supporting factors identified early in the secondary data study include the existence of MSME Banks as an alternative source of financing and the existence of batik associations as a forum for collaboration between artisans, which has the potential to accelerate information exchange and strengthen marketing networks. On the other hand, the inhibiting factors include limited quality of human resources and funding limitations, which are consistent with capital, human resources, marketing, and technology problems described in the background of this study as well as with previous research findings regarding uneven capital (Cristhiana, 2015) and promotional licensing constraints (Kuswono, 2017). These two groups of factors will be confirmed and deepened through triangulation of primary data (interviews and observations) with secondary data at the next stage of field research, so that appropriate mitigation strategies can be mapped for the Tulungagung Regency Industry and Trade Office.

Conclusion

The batik industry is one of the leading sectors with great potential for the economy of Tulungagung Regency, but its business actors still face capital, human resources, marketing, and technology constraints. This condition emphasizes the importance of the role of the Tulungagung Regency Industry and Trade Office in providing empowerment through production development, marketing development,

financial facilities, and industrial resource development, as described in this research theory study. Because this manuscript is prepared from the research proposal stage, definitive conclusions about the effectiveness of the agency's role and its supporting and inhibiting factors can only be formulated after primary data from interviews, observations, and field documentation are analyzed. It is recommended that follow-up research be carried out immediately up to the stage of primary data collection and analysis, so that concrete policy recommendations can be produced for optimizing the empowerment of the batik industry in Tulungagung Regency.

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Disclosure statement

The author states that there is no potential conflict of interest that affects the objectivity of this research.

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