Internationalization of SMES Sarong Samarinda in the Industrial Revolution Era 4.0

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ABSTRACT: The existence of SMEs Sarong Samarinda has become one of the pillars of the economy of some Samarinda people. From raw material suppliers, weavers, business owners, and souvenir shops to online store activists, all are involved and feel the economic impact of the existence of the Samarinda Sarong Center. Like SMEs in Indonesia, Samarinda Sarong centers also experience many problems and obstacles in the sustainability of their business, especially in marketing Samarinda sarong products to the international market. This article examines how to maintain and develop the Samarinda Sarong SMEs in the 4.0 era, which is full of challenges to export. Case study research methods with field research, observation, and interviews. The study results show that the biggest problem currently experienced by weavers is product marketing and the weavers’ mindset toward the importance of implementing management on a simple scale. So far, SMEs Sarong Samarinda has only focused on the domestic market, while opportunities to penetrate the export market are wide open.

KEYWORDS: SMES, Sarong Samarinda, Industrial Era 4.0, Product Marketing

INTRODUCTION

In fact, like it or not, all business people in the world must adapt to the Industrial Revolution 4.0 era, which requires a lot of resources to adapt. This also includes SMEs, which are part of big business in various countries. The readiness of SMEs, starting from production, marketing, services, workforce competence, capital, technology, and so on, requires support from all parties in preparing the Sarong Samarinda SMEs to become truly strong.

The Industrial Revolution 4.0 was marked by the rapid changes caused by technological leaps. It takes the agility of business people to remain dynamic in various modifications. Organizational agility for small business firms is an essential dimension for two reasons: First, organizational agility has directly affected the competitive advantage of small businesses by as much as 69 percent. Second, small business firms must increase their organizational agility to strengthen the link between their capabilities and their competitive advantage (Qosasi et al., 2019).

METHOD

This research is a type of case study research with field research data collection techniques, namely collecting data by observing the research location, then collecting data by interviewing and documenting important notes to complete the research data. The area of this research is Micro, Small, and Medium Enterprises (SMEs) in Sentra Sarong Samarinda, Baqa Village, Samarinda Seberang.

DISCUSSION

This related discussion will be discussed into five aspects, namely aspects of history, production, marketing strategy, human resources, and finance/capital.

1. History of Sarong Samarinda

Sarong Samarinda or Tajong Samarinda is a cultural heritage which is one of the characteristics of East Kalimantan. In 1668 the Samarinda sarong woven craft was brought by Bugis migrants from Sulawesi who lived in the Tanah Low area (now called Samarinda Seberang). It was these immigrant Bugis people who developed the original pattern of Bugis weaving to become Samarinda weaving. The Samarinda sarong symbolizes Islamic culture because men wear sarongs to worship.
Internationalization of SMES Sarong Samarinda in the Industrial Revolution Era 4.0

The Samarinda sarong is one of the assimilations of the culture of the Bugis and Kutai tribes brought from their homeland and developed as a family business or home industry until now it is well-known to foreign countries as a result of the high-quality culture typical of the East Kalimantan region. Born from the hands of Bugis weavers, the Samarinda Sarong developed because it succeeded in combining Bugis, Dayak, and Kutai motifs.

The Samarinda woven sarong business has been produced in the Baqa village for a long time as a form of traditional home-produced crafts. This weaving production business is generally carried out by women who have been passed down from generation to generation by the family.

In the city of Samarinda, there is a weaving village located on Jalan Pengiran Bendahara in the Samarinda Seberang area. Administratively, the weaving village is located in the Baqa sub-district, and the mosque is in the Samarinda Seberang sub-district, Samarinda city. The weaving village is located in the alley that holds the beauty of the charm of Samarinda’s typical weaving Art. It is called Kampung Tenun because the residents of Kampung Tenun are weavers of Samarinda sarongs, known as one of the icons of Samarinda city. In this Weaving Village, you can see the entire process of making Samarinda sarongs, starting from yarn spinning to the fabric weaving process, which is mainly done outside the home so that anyone can see the process of making Samarinda sarongs.

The Samarinda sarong woven fabric has cultural and economic value because the proceeds from the sale of the woven material can support the livelihood needs of the artisans. Samarinda woven sarongs have a high aesthetic value from the various motifs they produce.

In 2012 the City Government of Samarinda declared the Samarinda Weaving Village, located in Samarinda Seberang, as a national tourist destination. The concept of a cultural tourism destination not only focuses on weaving artisans as the primary business actors but also involves business actors in other supporting sectors such as trade, transportation, lodging, culinary and other sectors, the majority of which are MSME players.

2. Production Aspect

Samarinda sarong is a kind of traditional woven cloth using non-machine looms (ATBM) or what is called gedokan. One of the characteristics of the Samarinda sarong is the raw material that uses silk thread specially imported from China. To be strong when spun, before being woven, the raw material for yarn undergoes several processes. One piece of sarong produced by artisans is usually 80 centimeters wide and 2 meters long. With the size of the sheath, there is a seam in the middle, made using hand stitches.

The raw material in the form of silk, specially imported from China, requires a long process to become a sarong. Before being woven, the raw silk material still has to undergo several processes to make it firm when spun. The first process is soaking the raw materials in water for three days. After that, it is cooked in a mixture of water and dye until it boils for about two hours. Then the raw materials are washed thoroughly and directly starched. After starching, pressing, and drying in a place not exposed to direct sunlight, the raw material can be spun into silk woven thread. To get good results, spinning, which also uses traditional equipment, must be done carefully and as smoothly as possible. A sustainable supply chain can only happen through learning and innovation. (Fetters, 2019)

Furthermore, the spun threads are looped and inserted one by one into a tool made of wood called an are and a comb. Silk thread installation usually takes about 2 to 3 hours. The process of weaving into a woven sarong takes about two to 3 days or even up to two weeks, depending on the motif and level of difficulty. It takes concentration, imagination, and thoroughness for weavers to do their work until it becomes a sarong because if an error occurs, the work must be repeated, and this will waste time and energy.

The primary material for making the Samarinda Sarong is Chinese silk, the price per pack of which reaches Rp. 2,000,000 and produced 18 (eighteen) Samarinda Sarongs. The price range for the Samarinda Sarong at the souvenir shop is between Rp. 350,000 up to Rp. 1,500,000 per sarong, depending on the material, motif, and fine artistry. However, at the artisans’ level, the average sarong selling price is Rp. 200,000 Rp. 250,000 per sarong, with a profit-sharing ratio between souvenir shop owners (financiers) and artisans 70-30.

3. Product Design

Design in general, there are about 30 Samarinda sarong motifs, including Lebba Suasa, Belang Hatta (your name), Anyam Palupuh (tabba), Assepu Bolong, Billa Takkajo, Garanso, Burica, Sabbi, Belang Suharto, Belang Sukarno (Kudara), Rawa-Rawa Cooking, Shoots of bamboo shoots, Coka manippi, Belang Negara, Kuningsau, and Striped Bride (Siparape).

As a product that is highly dependent on consumer tastes, the Samarinda Sarong is heavily influenced by variations in motifs and colors. Weavers who are older have lower motif creativity. They tend to produce Samarinda Sarongs with monotonous motifs and colors. Meanwhile, weavers who are younger have better creativity in determining motifs and colors. In addition,
Internationalization of SMES Sarong Samarinda in the Industrial Revolution Era 4.0

competition in the use of dyes also occurs between natural dyes, which give softer colors, and synthetic dyes, which provide brighter colors.

Sharing the knowledge that occurs among employees or leaders will make it easier for employees to complete the ordered products because they find new ideas about processes and products and follow the desired product orders. Quality is the dominant dimension that strongly reflects competitive advantage compared to other sizes (Wijaya & Suasih, 2020).


4. Marketing Aspect

Some of the current sales methods for Samarinda sarongs are:

1. Direct Sales, where the weavers sell directly to buyers who visit the weaving village. About 60% of sales of Samarinda sarongs are locally oriented, i.e., direct sales by weavers to consumers or East Kalimantan specialty product shops, and 30% of Samarinda sarong sales are marketed to outside areas such as Balikpapan, Kutai Kartanegara, Bontang, as well as several other areas in East Kalimantan. The rest is sold to various regions in Indonesia and abroad.

2. Wholesale sales. Usually, many typical Kalimantan souvenir shop owners in Samarinda City buy Samarinda sarong woven products from weavers in large quantities to resell in their shops.

3. Collaborating with BUMN and the private sector to develop marketing through e-commerce to increase sales and open export opportunities.

Fostering an entrepreneurial culture within SMEs, managers can benefit both from being able to expand their company more widely into foreign markets and to help the organization become more agile and responsive to general customer needs (Asemokha et al., 2019). Until now, the Samarinda City Government has been working with the private sector and BUMN to continue to work on developing e-commerce for all Samarinda Sarong SMEs. Implementing e-commerce for SMEs in Indonesia is a challenge for the government because there are still many obstacles faced by SMEs. Important for SMEs based in emerging markets trying to export or compete in markets with intense global competition (Acikdilli et al., 2022).

International market orientation has a more significant influence on global results in the presence of high levels of innovation orientation or entrepreneurial orientation (Escandón-Barbosa et al., 2016). The adoption of e-commerce by SMEs in developing countries, particularly in Indonesia, is still at a low level. Most are email and website adopters (static and interactive websites). Compared to SMEs in developed countries, the level of e-commerce adoption by Indonesian SMEs is far behind. This condition certainly has implications for the government to further increase their efforts by promoting effective programs and initiatives to encourage the adoption rate of e-commerce by Indonesian SMEs (Rahayu & Day, 2017).

However, what needs to be considered when adopting e-commerce, all parties must focus on variables such as customer trust and satisfaction, information quality, user interface quality, and e-commerce ethics that are important to guide organizations to maintain customer loyalty in the e-commerce business context. (Al-Tit, 2020). the importance of convincing SMEs of the benefits of e-commerce and helping them in the adoption process can also be a solution to eliminating the possibility of failure or inefficient use of e-commerce (Kartiwi, 2006).

So far, most artisans have marketing limitations where each KUB relies on its network. For groups that are less active and inactive, the marketing network is still minimal. Sales only to direct buyers and do not have regular customers. They do not have a strong bargaining position, so weaving is often sold below market prices, especially when there is an economic need.

Weaknesses in cooperation between groups are obstacles that impact the non-uniformity of weavers in determining prices, lack of information sharing to the limited market reach, and the formation of individualistic traits that will make it challenging to solve joint problems sustainably.

An essential factor in increasing the innovativeness of small and medium-sized enterprises is customer orientation and competitor orientation. Customer orientation means in the process especially understanding current and future customer needs, constant monitoring of their level of satisfaction, and commitment to ensure this satisfaction. Competitor orientation manifested in quick response to actions taken by competitors, which requires continuous monitoring of the organizational environment (Ejdys, 2015).

The concept of export marketing capability holds that the key to the success of SMEs is through the determination and satisfaction of the needs, wants, and preferences of foreign consumers. SMEs must pursue this process more effectively and efficiently than competitors (Firmanzah, 2008).

Companies seeking to become more proactive and financially viable should seek to develop outside market capabilities, particularly market sensing capabilities (Osakwe et al., 2016).
Internationalization of SMES Sarong Samarinda in the Industrial Revolution Era 4.0

5. Promotion
The more developed an organization is, the more attention must be given to promoting and building its image of the organization (Pauli, 2016).
To continue to introduce Samarinda sarongs and increase their sales, several promotional efforts have been made by the government and weavers, namely:
1) The Samarinda City Government requires all government employees to wear clothes made from Samarinda woven fabric which are worn every Thursday.
2) Promoting Samarinda woven sarongs at various local exhibition events and in different regions in Indonesia.
3) To popularize the Samarinda woven sarong motifs that become designs on the wallpaper of government offices, gates, and various public facilities or at every government event, it is required to use the Samarinda woven motif.
4) Promoting fashion events with the theme of Samarinda woven sarongs.
5) Design experiments made by designers and manufacturers modify Samarinda sarongs into dresses, caps, wallets, merchandise, etc.
6) They are utilizing the Internet and social media such as Instagram, Whatsapp, Line, Youtube, and so on to promote Samarinda sarongs.

6. Aspects of Human Resources
Most of the business actors in the Samarinda sarong industry are home industries. They make the central business their primary source of income, although there are a few who make it a side business. Generally, work skills are obtained by being self-taught in a hereditary manner. Most business actors have joined the Joint Business Group (KUB), hoping that their businesses will continue to grow.

The educational level of weavers with low economic capacity is one of the obstacles where working capital is often used to make ends meet. Weavers do not have knowledge about business management for sustainable business. Assistance from related agencies is often considered a grant or gift, so there is no moral obligation to return or develop this assistance.

Currently, the majority of weavers only master coloring and weaving skills. Meanwhile, only a few weavers mastered the patterning expertise, which is the core of making Samarinda woven motif designs.

To complete one sheet of Samarinda Sarong, one worker is needed. One Samarinda sarong for men can be made within 2-3 days, while for women's sarongs, it takes 4-5 days, not to include the time for dyeing, thread spinning, and finishing after the weaving process. If many orders are received, the weaver has additional labor besides himself. There are even weavers who send raw materials to weavers in South Sulawesi to fulfill large orders.

Weavers receive wages ranging from Rp. 500-700 thousand per month, depending on the quality of the sarong produced (material, motif, and fineness of artistry). Many young people in the weaving village prefer to work in companies or in various industries that are widely spread across the city of Samarinda. The declining interest of the younger generation to become weavers will be a problem for the sustainability of Samarinda’s woven sarongs in the future.

Samarinda sarong weavers and entrepreneurs need a balance in their life and work to feel comfortable pursuing the Samarinda woven sarong business. The internal personnel relations that most robustly the ability of employees to maintain a job-life balance are most beneficial in micro and small enterprises (Robak et al., 2016).

7. Financial Aspect
The role of stakeholders, for example, banking, is vital, and institutions must be able to support SMES by opening access and facilitating the financing process. At the same time, the government needs to monitor progress and intervene in the development of better SMEs (Rafiki, 2020). Capital limitations cause a decrease in the ability of weavers to provide sufficient stocks of raw materials, especially plain yarn. The government, through the East Kalimantan Province and Samarinda City Disperindagkop, has so far been in the form of essential thread assistance, which is routinely given once a year, as well as loom assistance. Assistance is given only to weavers members of KUB assisted by government agencies.

Related to the capital problems that are often experienced by SMES, the People’s Business Credit (KUR) program, the Revolving Fund Management Institution- Micro, Small and Medium Enterprises Cooperatives (LPDB-KSMES) can be an option for weaving artisans in Samarinda to obtain credit with much cheaper interest rates.

Apart from financial institutions, CSR programs from various large companies are a profitable option for SMES. So far, CSR in SMEs Sarong Samarinda has not been optimal and is still limited to equipment assistance.
8. Internationalization of Sarong Samarinda

The business model concept assumes that the relationships between components such as innovation, core competitive competencies, and network relationships are informed by a firm’s competitive strategy (Onetti et al., 2012). SMEs players in Samarinda Sarong still need product innovation and marketing innovation to gain opportunities to penetrate the export market. SMEs can seek to gain a competitive advantage by commercializing their new products or services in various country markets, thus increasing the expected results of their innovations (Kuivalainen et al., 2013).

SMEs have the potential to include in their business model the utilization of network links to access information and other resources to facilitate their internationalization (Musteen et al., 2014). The importance of having direct access to international markets supported by technology is an urgent need that must be owned by SMEs in Sarong Samarinda. The value proposition includes new offerings, new channels (e.g., export channels), new markets, and new customer relationships. In contrast, the sub-components of value creation are capabilities, new technologies and processes (innovation, core competencies), and new partnerships (Clauss, 2017). With the development of technology, new opportunities have emerged for SMEs to compete in markets they might not have been able to reach before; therefore, the structure and implementation of sales communication tools during international sales must be improved (Fraccastoro et al., 2021).

Apart from that, SMEs Sarongs in Samarinda also need intensive assistance and training from relevant agencies so that they have competence and experience in carrying out the process of internationalizing Sarongs in Samarinda. Appropriate training and briefing, as well as assistance to have insight into unfamiliar foreign markets (Child et al., 2017).

So far, the role of the government in the internationalization of SMEs Sarong Samarinda has been felt to be lacking and not optimal. Institutional initiatives intended to support the internationalization of SMEs should be directed at promoting international entrepreneurship, facilitating the formation of networks with foreign companies, and removing barriers to entry in foreign markets (Solano Acosta et al., 2018).

The stronger the network SMEs have with other stakeholders such as universities, industry, and technoparks, the higher their international performance (Yoon et al., 2018). The government must actively encourage collaboration between SMEs and large companies especially in the areas of rapid technological change, great social needs and intense international competition (Osano, 2019).

Of all the findings that are no less important to pay attention to is the role of the owner or leader of the SMEs Sarong Samarinda who must begin to have an orientation to the international market. They must have the courage to implement a significant strategy that will bring SMEs Sarong Samarinda to the global market. The global mindset of leaders and the international entrepreneurial orientation of companies have a direct impact on the international networking and knowledge acquisition activities of SMEs (Lin et al., 2020).

CONCLUSION

The sustainability of the Samarinda sarong SMEs is inseparable from the participation of all parties. The various constraints and weaknesses of the Samarinda sarong SMEs must be a shared responsibility, especially the city and provincial governments. The distribution of assistance in the form of capital, equipment, training, and technology is an urgent need so that SMEs Sarong Samarinda is genuinely ready to compete in the Industrial Revolution 4.0 era.

Marketing which has been primarily to the domestic market, it is time to increase it to the international market. The need for sarongs in the Southeast Asian region is still relatively high. Samarinda Sarong’s product innovation is needed to be accepted in various countries. SMEs Sarang Samarinda can make designs and models according to the needs and desires of consumers abroad.

In the end, the government’s role in improving technology and as a liaison with foreign markets is what is highly expected for SMEs Sarong Samarinda. The government can empower State-Owned Enterprises to act as a companion for the Samarinda Sarong SMEs in global marketing efforts.

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Internationalization of SMES Sarong Samarinda in the Industrial Revolution Era 4.0


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