ANALYSIS OF THE LEVEL OF READINESS FOR THE APPLICATION OF ONE VILLAGE ONE PRODUCT IN THE SMALL AND MEDIUM BATIK TULIS INDUSTRY IN SIDOARJO DISTRICT

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Abstract This study aims to determine the level of readiness of the Batik Tulis Small and Medium Industry in Sidoarjo district in implementing One Village One Product (OVOP) by mapping the assessment criteria based on the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices, as a first step in conducting analysis using the Strengths, Weakness, Opportunities, and Threats (SWOT) method. OVOP is a way to develop the potential of an area that was pioneered by Dr. Morihiko Hiramatsu has succeeded in alleviating poverty in Japan’s Oita Prefecture through the Japan External Trade Organization (JETRO) by motivating the economies of several developing countries albeit under different names. Base on the identification of the performance of 30 small and medium industries (SMI) spread across 5 batik centers, it can be seen that the level of readiness is 81%. The results of the 82 evaluation criteria means that the product quality is good and has been classified as 4 star even though the marketing area is only in the country. So that the value still needs to be increased on several indicators (A). Aspects of Production, Product and Community Development, (B). Marketing Aspects and Product History, (C). Aspects of Product Type, Quality, and Market Opportunities. Of the 25 indicators of OVOP product assessment for the batik category, when mapped in the IFE matrix, 8 are seen as strengths and 4 of weakness, while in the EFE matrix, 7 of opportunity and 6 of threats are seen.

Keywords: OVOP, SWOT, IFE and EFE Matrix

1. Introduction

The occurrence of economic inequality as a general phenomenon can be seen from the contribution of the Gross Domestic Product (GDP) of several regions in America, China, and Thailand in the form of lagging development in the eastern part compared to the western part [1], it is also experienced by Indonesia, starting from Maluku and Papua by 2.5%, Bali and Nusa Tenggara 3.1%, Sulawesi 6%, Kalimantan 7.9%, Sumatra 22%, and Java 58.5% [2]. To overcome this, various laws and regulations were issued so that each district / city developed a regional superior commodity (One Village One Product or OVOP). So that in 2009, the role of MSMEs as a support for export and import growth reached 99% of all existing companies, making Indonesia's economic growth position the 3rd largest in the world and 17th based on GDP achievements [3]. Likewise, the important role of Small and Medium Industry (SMI) as one of the business sectors has contributed 33.47% of the GDP of the industrial sector with 3.8 million business units, 8.75 million workers, the production value of Rp. 521 trillion and foreign exchange earnings of US $ 13.5 billion [4].

OVOP is a way to develop the potential of an area that was pioneered by Dr. Morihiko Hiramatsu has succeeded in alleviating poverty in Japan's Oita Prefecture through the Japan External Trade Organization (JETRO) by motivating the economies of several developing countries, especially those who are members of the Least Development Countries (LDCs) including Indonesia [5]. Thus, this strategy was adopted by several countries, albeit under different names [6], the following research results, among others; Thailand (One Tambon One Product) [7], Malaysia (One District One Industry), Indonesia and Cambodia (One Village One Product) [8][9] Brunei (One Kampung One Product) and even America (One Village One Product Day and One Parish One Product Movement) for the improvement, development and promotion of a product to be better known [6]. One of the implementations
of this strategy is on batik tulis products so that UNESCO's recognition as a Masterpieces of the Oral and the Intangible Heritage of Humanity on 2 October 2009 in Abu Dhabi [10] does not end [11]. Therefore, the world demand for batik tulis continues to increase [12] with export destination countries, including the United States, Belgium, England, Japan, and South Korea [15], as shown in Figure 1 [13]:

![Figure 1. Development of the Batik Industry in 2011 – 2015](image)

This is an opportunity for Indonesia to become a market leader with classy businesses to support the people's economy because of its competitive and comparative advantages [15] as well as challenges in order to maintain its existence and sustainability, thus triggering the spread of the batik industry in 101 centers [14]. Of the 22 provinces that have succeeded in penetrating the export market with the highest order of production value are provinces; 1). Central Java, 2). IN. Yogyakarta, 3). West Java, 4). East Java, 5). DKI Jakarta, 6). Bali, 7). Jambi, 8). Bengkulu, and 9). Riau [16], with various development strategies it chooses. The different strategies chosen by each SMI can affect the improvement, development and promotion that will be carried out, although they have similarities in internal inhibiting factors (equipment, quality and worker motivation, capital, standardization and waste) as well as external inhibiting factors (infrastructure and level of competition) [3].

Currently there are 3 action plans development of batik selected by several districts in East Java Province, namely: 1). Regional Core Competencies (RCC); Bangkalan, Banyuwangi, and Sumenep 2). Creative Industries (CI); Magetan, Pacitan, Pamekasan, Trenggalek, and 3). One Village One Product (OVOP); Sidoarjo, Tuban, and Mojokerto [17] [13]. It can be seen that the action plans development of batik was chosen by Sidoarjo districts as a development method in 5 batik centers (Sekardangan, Jetis, Kenongo, Kedung Cangkring, and Cina Peranakan) [18][13] which is one of the 30 types of superior products it has [19]. Based on this description, the authors are interested in measuring the level of readiness this small and medium batik industry became OVOP because there is conformity with predetermined criteria, namely: (1).Regional superior products, (2).
Commodities typical of local villages, (3). Product appearance and quality (4). Local and export market share, (5). High added value and (6). Supporting the local economy [21].

2. Literature Review

2.1 Similarities and Differences between MSME and SMI

The similarities between MSMEs and SMI are activities carried out through an economic process to obtain a goal that has economic value with the type of business referring to the 2015 Indonesian Standard Business Field Group (KBLI), while the difference from the references:

| No. | Basic Distinction                        | MSMEs                                                                 | S M I                                                                 |
|-----|-----------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| 1.  | Designation of categories based on applicable regulations | Constitution No. 20 of 2008, categories based on asset value and turnover | • Constitution No. 3 of 2014 concerning Industry                     |
|     |                                         |                                                                      | • Regulation of the minister of industry No. 64/M-IND/PER/7/2016 concerning Number of Workers and Investment Value for Industrial Business Classification |
| 2   | Process of Economic Activities Conducted | More generally in production, distribution and consumption economic activities or in the trade and service industrial sector | More focused on the production or industrial sector                   |
| 3   | Licensing                                | • Presidential Decree No. 98 of 2014 concerning Micro and Small Business Licensing   |
|     |                                         | • Rules of trade ministry No. 46/M-Dag/Per/9/2009 Regarding the Issuance of Business Licenses, PP No. 107 of 2015 concerning Industrial Business Permits | Government regulations No. 107 of 2015 concerning Industrial Business Permits. |

Table 1. Differences between MSME and SMI

Source: http://itsklikpro.blogspot.com/2018/09/perbedaan-MSME-dan-SMI.html, 24th April 2020

2.2 One Village One Product (OVOP)

2.2.1 Definition, Basic Concepts, and Principles of OVOP

One Village One Product (OVOP) is an integrative movement from various parties to improve: 1). Public awareness of the potential and regional wealth, 2). Income of business actors and society, and 3). Self-confidence and pride in one's abilities [4] [22] in order to produce a unique global class product, unique to a region by utilizing local resources [23] and an implementation focus on economic prosperity (Gross National Product) and inner satisfaction of local communities (Gross National Satisfaction), in accordance with the selection criteria of the Directorate General SMI 2012 [13]. An area in question can be in the form of one village, which is expanded to become a district, regency/city/other territorial units in accordance with the economic potential and business scale [4].

Therefore, the basic concept of this OVOP is a revitalization movement to foster local potential so that they can compete at the local level according to their competencies by utilizing local, unique, and distinctive local resources by applying the 3 OVOP principles [21] as follows:

1. Local Yet Global, namely making local products that can be marketed globally and become the pride of the local community [21] by registering patents and improving the quality owned so that the higher the authenticity and local distinctiveness of an area, value, and international attention to the area [24].

2. Independence and Creativity (Self Reliance Creativity) is an effort to facilitate regional development through awareness of local potential by developing a spirit of self-help that fosters self-reliance and self-respect and creativity [21]. This aims to see the seriousness of the local community based on the initiatives they have, although
sometimes they are not successful in implementing them. So that it takes the role of the government as a facilitator [24].

3. Human Resources Development, is the most important component of the propaganda of this movement, so that citizens can produce distinctive and quality products, encourage the creation of creative and innovative human resources who are able to face new challenges and take advantage of business opportunities in the sector. agriculture, marketing, tourism and other fields [21]. The success of a region must have a good "local leader". Therefore, if a region wants to make a good product on a large (national) scale, it can take advantage of investment from outside the region. However, there are also regions that try to pay attention to as well as increase local authenticity and uniqueness, so that the community moves with initiative and creativity, as well as their own responsibility, so that OVOP can run and be sustainable. Because usually, big investors aim to achieve results quickly, but leave immediately if they fail [24].

2.2.2 Main Objectives and Objectives of the OVOP

The main objective of OVOP implementation is to increase income, pride, and community (Government) independence to help anyone who is trying to be independent, with OVOP goals including [4] : 1. The growth of independent cooperatives and SMEs in each region;
2. Strengthening cooperatives and SMEs as motors of the regional and national economy;
3. Increasing the marketing capabilities and competitiveness of Cooperative and SME products to comply with international standards;
4. Creation of the role of cooperatives and SMEs in job creation;
5. To increase the acquisition of added value for superior products to increase income;
6. Increasing equitable development and welfare of the people throughout Indonesia.

2.2.3 Legal Basis for OVOP Implementation

The laws and regulations and the legal basis for implementing this OVOP are [21] :
1. Constitution No. 25 of 1992 concerning Cooperatives
2. Constitution No. 20 of 2008 concerning MSMEs
3. Presidential Instruction No. 6 of 2007 concerning Acceleration of the Real Sector and Development of MSMEs dated June 8, 2007 which mandates the development of centers through the OVOP approach
4. Regulation of the Minister of Industry No. 78/M-IND/PER/9/2007 concerning Increasing the Effectiveness of Small and Medium Industry Development through the One Village One Product (One Village One Product or OVOP) Approach
5. Presidential Regulation No. 28/2008 concerning National Industrial Policy
6. Decision of the Working Meeting of the Ministry of Cooperatives and SMEs with Commission VI of the DPR RI in 2008 so that the OVOP Program can be developed in other provinces.
7. Key Development Milestone achievements have been determined for the first period of 2010 - 2014, resulting in 100 successful OVOPs.

2.2.4 OVOP Parameters

In the implementation of OVOP, there are 2 parameters, namely general parameters and special parameters [13] as described in table 2, as follows:

| No. | General Parameters | Special Parameters |
|-----|--------------------|--------------------|
| 1.  | Aim                | According to the applicant's submission |
| 2.  | OVOP Initiator     | Top – Down, Bottom – Up |
|     | Government Public  |                                  |
|     | Non-governmental organization |
| 3.  | Parties involved other than the initiator and the community | Government Private Sector |
| No. | OVOP Parameters | General Parameters | Special Parameters |
|-----|----------------|--------------------|--------------------|
| 4.  | Sources of funding | Government, Public, Non-Governmental Organizations or Community Social Development Institution, Etc. | |
| 5.  | Implementation stages | In accordance with the OVOP implementation framework | |
| 6.  | Form of participation in determining the product | Government, Expert Team (Consultants / Japan External Trade Organization (JETRO) Community (Frum / Discussion / Chair / etc) | |
| 7.  | Design | Government, Designer, Local, Trend, Local, Out of area, Traditional, Modern, Mixed, Scientific background, Design experience | |
| 8.  | Form of Assistance | Training, Workshop, Seminar, etc. | |
| 9.  | Marketing (Promotion) Channel | National, International, Internet / Magazines / Exhibitions / others | |
| 10. | Product Criteria | Unique, distinctive culture, and local wisdom, Export quality, Sustainable production | |
| 11. | Producer | Have business legality, Submitting an application as an OVOP product manufacturer | |
| 12. | Types of Product | Submitted by the owner and according to the scope of the SMI product types | |
|     | Coverage of SMI Product Types | | |
|     | • Snacks | rice, dried fruits, rosella, whole grains, sweets, banana jam, dried bananas, honey, gorang gorang, dried fish, fish balls, eggs, various types of chips, etc. | |
|     | • Drink juice and fruit syrup | coffee, tea, milk, fruit juices, mineral water, and wine (wine) | |
|     | • Textiles, Fabrics and Clothing | various types of silk, woven, and batik fabrics, | |
|     | • Ornaments | photo frames, spice baskets, handbags made of local ingredients: hemp, pandanus, etc. | |
|     | • Crafts and souvenirs | Artificial flowers, paper made of pineapple fiber, palm leaf handbags, various kinds of carved ornaments from zinc / tin, copper, and other metals. | |
|     | • Medicinal plants / spices | Various facial and body care products including powders, shampoo, aromatherapy oils, etc. | |
| 13. | Number of Products | < 2 types of products (for single products), < 2 sets of products (for product sets) | |
2.2.5 Process of Selection, Assessment and Determination of OVOP Classification

The OVOP product selection process is divided into 2 levels, namely the provincial level and the central level [4] as described in table 3:

| No. | Provincial Level | Central Level |
|-----|------------------|---------------|
| 1.  | The selection process is carried out every year from January to June | The selection process is carried out every year from May to August |
| 2.  | Producers submit application forms and product samples to the Head of the Provincial Industry Service for the administrative selection process covering; document verification, check to the company and physical product assessment. | The FKO Secretariat sends documents and samples of products received from the Provincial Industry Service to the Selection Team. |
| 3.  | The results of verification and assessment that meet the requirements of the best products at the provincial level will be sent to the Central Secretariat of the OVOP Coordination Forum (OCF). | • The selection team carries out verification and assessment of product performance as well as field verification  
   • The selection team conducts a final assessment and submits recommendations for determining OVOP products to the OCF |

Meanwhile, the assessment criteria are based on the Technical Guidelines for the Assessment, Classification and Development of OVOP Products [4], including:

1) OVOP Center Assessment Criteria

OVOP Center is an area (Village or District) that has 1 champion company with 3 to 10 other companies / entrepreneurs whose guidance produces similar products and must meet:

1. Mandatory requirements, namely:
   a. Products have uniqueness / uniqueness and local or historical wisdom which is assessed from the aspect of raw materials and / or local skills and local culture.
   b. There is a commitment to the program or facilitation of the Regional Government for the development of SMI products at the center concerned.
   c. Has central management which can be in the form of Joint Business Group (KUB), Cooperative, Paguyuban, Association, and others.
   d. Availability of raw materials in the local area.
   e. There is access that can be reached by public transportation to the central location.

2. Not prioritized, if the proposed OVOP center is in accordance with the Regional Regulation of the RUTR (General Spatial Plan) of each region.

2) OVOP Product Assessment Criteria

Aspects of assessment on OVOP products submitted by individuals / companies, including; 1). Production and community development (30 - 41 scores), 2). Marketing (15 - 35 scores), and 3). The quality and appearance of the product (35 - 46 scores) will have a higher score, if:

1. The use of raw materials from the local area.
2. Product development and innovation with the creativity of individuals / companies / groups.
3. Local uniqueness of the product (specific location) with local cultural characteristics / skills
4. Product history (history) includes product legends and documented local wisdom
5. The use of packaging (including type, shape, and content / label information) is in accordance with the packaging rules and regulations.
6. Standards used can be in the form of company / buyer standards, National Standards, and International Standards.
7. Technologies assessed include the use of simple, semi-mechanical / automatic technology
8. Development of production capacity in the last 3 (three) years.
9. Licensing (business legality) includes;
Registration Certificate, Trading Business Permit, Halal Certificate, Food - Home Industry (F - HI) / Trade Mark (TM).

10. The assessed business management includes aspects of the organizational structure and division of tasks
11. Orderliness of financial administration accounting
12. Product marketing (including volume, location, and marketing techniques) as assessed from the reach and market segment.
13. Increase in the percentage of sales turnover in the last 3 (three) years.
14. Impact of the production process on the environment
15. Involvement of workers and surrounding communities
16. Concern for society and the environment by contributing a portion of the profits earned by a company.

After obtaining the value (score) of OVOP products based on the selection criteria from the Director General of SMI [4], then the ranking and classification are determined as shown in table 7 as follows:

| Classification | Score | Assessment |
|----------------|-------|------------|
| 5 stars (*****)| 91 – 100 | very good quality and export market. |
| 4 stars (****) | 81 – 90 | good quality, national / domestic market. For the export market with some improvements. |
| 3 stars (***)| 71 – 80 | quite good quality, with some improvements can reach 4 stars for the national / domestic market. |
| 2 stars (**)| 61 – 70 | still needs basic guidance, but has the chance to improve as a 3 star with various improvements. |
| 1 stars (*)| 50 – 60 | the product still has many weaknesses and is difficult to develop to reach 2 stars in the near future. |

### 2.3 SWOT Analysis

SWOT analysis is an analysis tool or a comprehensive evaluation or assessment method to identify various strategic factors based on the strengths, weaknesses, opportunities and threats of a company [25] from the various resources it has, various external opportunities and challenges faced. This matrix can help entrepreneurs to choose the type of strategy according to the company's internal and external factors, including strategies for Strengths - Opportunities (SO), Weakness - Opportunities (WO), Strengths - Threats (ST), and Weakness - Threats(WT) [26].

The procedure for making a SWOT matrix as a matching tool to develop these 4 (four) types of strategies [27], is to compile:

a. List of internal factors and analyze them to find out the strengths that can be exploited and the weaknesses that must be overcome in the development of batik SMI in Sidoarjo District.
b. List external factors and analyze them to see if there are opportunities and threats that exist and determine the effectiveness of using the current strategy.

c. SO strategy by adjusting to internal strengths and external opportunities.
d. WO strategy by adjusting to internal weaknesses and external opportunities.
e. ST strategy by adjusting to internal forces and external threats.
f. WT strategy by adapting to internal weaknesses and external threats.

### 3. Research Methodology

The research location was selected by purposive sampling, namely in Sidoarjo District, East Java Province and the object of research was using the census method. The population in this study is SMI Batik Tulis in Sidoarjo District, with a sample of 30 entrepreneurs who are considered representative of the population.

The data collection technique as a first step in this study aims to obtain data, both primary data in the form of field research and interviews to determine the degree of readiness of the Batik Tulis SMI in Sidoarjo District for OVOP implementation using the formula [28]:

\[
\]
OVOP readiness = (Nx : Nt) x 100%

Nx = The number of objects that meet the OVOP indicator
Nt = The number of OVOP indicators x the number of objects

As well as secondary data from related agencies in the Regional Work Units (RWU), namely the Industry and Trade Service, the MSMEs, District, and Village/Village Services to find out the supporting facilities for OVOP policy development in Sidoarjo District, which are then integrated into a SWOT (Strengths, Weakness, Opportunities, and Threats) analysis, because the scope of this research is limited to the implementation of a superior product development strategy for SMI Batik Tulis with OVOP in Sidoarjo District.

4. Result and Discussion
4.1 Degree of OVOP Readiness

The focus of the implementation of the OVOP program in our country is an effort to develop the potential of MSMEs and SMIs that are entrepreneurs in a region, in order to obtain a basic OVOP concept that is in accordance with the objectives of implementation in the field [24] by referring to several studies on OVOP implementation in various countries, including Thailand [29][30][31], Japan [32][33][34], Philippines [7], Africa [35][36] and Indonesia [8].

The results of data collection on the performance of 30 batik tulis SMIs spread across 5 batik tulis centers in Sidoarjo District, namely: Sekardangan and Jetis in Sidoarjo District, Kenongo in Tulangan District, Kedung Cangkring in Jabon District, and Peranakan Chinese in Wonoayu District [18][13] it can be seen the degree of readiness of the Batik Tulis SMI in Sidoarjo District for OVOP implementation. The degree of OVOP readiness is assessed based on 10 indicators as explained in table 5. So it can be said that an area has an optimal degree of readiness if all aspects of the indicator can be fulfilled with the achievement of indicators each for Government, private and community cooperation of 76.67%, Promotion and Development Institutions of 56.67%, and 100% Community Support indicator, which is calculated as follows [37]:

![Administrative Map of Sidoarjo District](image-url)
Based on the results of the above calculations, it can be seen that the degree of OVOP readiness is 81%. This shows that most of the Batik Tulis SMI are ready to support the implementation of OVOP in Sidoarjo District as one of the regional superior products.

4.2 OVOP Product Selection Criteria and Identification of Internal and External Factors

After conducting observations, interviews, and assessment of the selection criteria for one area of one product (OVOP) Indonesia for the batik category [4], obtained results and identification of internal and external factors (SWOT) as described in table 9 below with information:

\[ \text{SCORE} = \frac{\text{maximum assessment results determined by DSGMI are based on product type categories}}{} \]

\[ \text{REAL} = \frac{\text{value obtained by one type of OVOP product at this time}}{} \]

\[ \text{SWOT = Factor Identification Strengths, Weakness, Opportunities and Threats} \]

### Table 5. Indicator of OVOP Readiness Degree at SMI Batik tulis in Sidoarjo District

| NO  | OVOP READINESS DEGREE INDICATOR                                      | AVAILABILITY | ACCESSIBILITY |
|-----|---------------------------------------------------------------------|--------------|---------------|
| 1   | Product Uniqueness                                                  | 30           | 0             | 100,00        |
| 2   | HR Skills                                                           | 26           | 4             | 86,67         |
| 3   | Government, Private and Community Cooperation                       | 23           | 7             | 76,67         |
| 4   | Use of Technology in Production and Marketing                       | 25           | 5             | 83,33         |
| 5   | Promotion and Development Agency                                     | 17           | 13            | 56,67         |
| 6   | Access to Capital                                                   | 18           | 12            | 60,00         |
| 7   | Sustainable Development                                             | 20           | 10            | 66,67         |
| 8   | Government Prioritizes SMEs and IKM                                 | 24           | 6             | 80,00         |
| 9   | Community Support                                                   | 30           | 0             | 100,00        |
| 10  | Community Leaders Moral Support                                     | 30           | 0             | 100,00        |
|     | Sub Total                                                           | 243          | 57            | 81,00         |
|     | Total                                                              | 300          |               |               |

OVOP Readiness at SMI Batik tulis in Sidoarjo District = \( \frac{\text{Nx} \times \text{Nt}}{100\%} \) = \( \frac{243 \times 300}{100\%} \) = 81%

### Table 6. Result of Assessment of Product Selection Criteria for SMI Batik Written OVOP

| ASSESSMENT INDICATOR | SCORE | SWOT |
|----------------------|-------|------|
|                      | DSGMI | REAL |
| **A. PRODUCTION ASPECTS, PRODUCT AND COMMUNITY DEVELOPMENT** |       |      |
| **Issue 1: Production Aspect** |       |      |
| A.1.1 Main Source of Raw Materials | 13    | T    |
| A.1.2 Production Capacity (last 3 years) | 3     | O    |
| A.1.3 Value Added Production (last 3 years) | 3     | O    |
| A.1.4 Environmental Control | 3     | T    |
| **Issue 2: Product Development Aspects** | 16    | T    |
| A.2.1 Model Development / Product Design in the last 1 year | 3     | W    |
| A.2.2 Product Innovation and Creativity | 3     | W    |
| A.2.3 Motive Making Process | 3     | S    |
| A.2.4 Use of Fabric Dyes | 4     | T    |
| A.2.5 Packaging | 3     | O    |
| **Issue 3: Community Development Aspects** | 12    | S    |
| A.3.1 The presence of the company in the center | 3     | S    |
| A.3.2 The existence of companies in the group | 3     | S    |
From table 6 above, it can be seen that the real score is 82, which means that the products at SMI Batik Tulis in Sidoarjo District have been classified as 4 stars (****) with good product quality even though the marketing area is still in the country so that some improvements are still needed in order to penetrate the export market, among others:

A. Aspects of Production, Product Development, and Community Development

- Issue 1: Aspects of Production
  - A.1.2 Production Capacity
  - A.1.3 Value Added Production
  - A.1.4 Environmental Control

- Issue 2: Aspects of Product Development
  - A.2.3 Motive Making Process
  - A.2.4 Use of Fabric Dyes

B. Marketing Aspects and Product History

- Issue 1: Marketing Aspects
  - B.1.1 Destination Market
  - B.1.2 Increase in Sales Turnover (compared to last year)
  - B.1.3 Customer
  - B.1.4 Marketing Improvement Efforts

- Issue 2: Aspects of Product History
  - B.2.1 Product History
  - B.2.2 Local culture

C. Aspects of Product Types, Quality, and Market Opportunities

- Issue 1: Aspects of Product Types
  - C.1.1 Characteristics of Local Wisdom and Function of Products
  - C.1.2 New Product Creation Creativity According to Market Tastes
  - C.1.3 Standards Applied

- Issue 2: Quality Aspect
  - C.2.1 Product Quality Aspects
  - C.2.2 Quality Aspects of Product Motive

- Issue 3: Aspects of Market Opportunities in terms of Product Quality

Total Value Consideration Results (A + B + C) = 100

82
• Issue 3: Aspects of Market Opportunities in terms of Product Quality

After that, the assessment criteria for the selection of OVOP Indonesia for the batik category were then made by listing the Internal Factors Evaluation (IFE) to find out the strengths that can be exploited and the weaknesses that must be overcome in the development, then list the External Factors Evaluation (EFE) matrix to see if any opportunities and threats exist and determine the effectiveness of using the current strategy as follows:

**Tabel 7. Internal Factors Evaluation (IFE) Matrices**

| No. | Internal Factors |
|-----|------------------|
|     | **STRONG**       |
| 1.  | Motive Making Process |
| 2.  | The presence of the company in the center |
| 3.  | The existence of companies in the group |
| 4.  | Product History |
| 5.  | Local culture |
| 6.  | Characteristics of Local Wisdom and Usefulness of the Product |
| 7.  | Product Quality Aspects |
| 8.  | Quality Aspects of Product Motive |
|     | **WEAKNESS**     |
| 1.  | Model Development / Product Design in the last 1 year |
| 2.  | Product Innovation and Creativity |
| 3.  | Bookkeeping |
| 4.  | Standards applied |

**Tabel 8. External Factors Evaluation (EFE) Matrices**

| No. | External Factors |
|-----|------------------|
|     | **OPPORTUNITIES** |
| 1.  | Production Capacity (last 3 years) |
| 2.  | Value Added Production (last 3 years) |
| 3.  | Packaging |
| 4.  | Company Participation in Society |
| 5.  | Destination Market |
| 6.  | Increase in Sales Turnover (compared to last year) |
| 7.  | New Product Creation Creativity According to Market Tastes |
|     | **THREATS**       |
| 1.  | Main Source of Raw Materials |
| 2.  | Environmental Control |
| 3.  | Use of Fabric Dyes |
| 4.  | Customer |
| 5.  | Marketing Improvement Efforts |
| 6.  | Aspects of Market Opportunities in terms of Product Quality |
5. Conclusion

Based on the identification and calculation, it can be seen that the degree of OVOP readiness is optimal at 81%. Meanwhile, the results of the evaluation of the OVOP product selection criteria are 82, which means that the quality of the products owned by SMI Batik Tulis in Sidoarjo District is good and has been included in the 4 star classification (****) even though the marketing area is only in the country. Therefore, the value still needs to be increased on several indicators, namely: (A). Aspects of Production, Product Development and Community Development, (B). Marketing Aspects and Product History, (C). Aspects of Product Type, Quality, and Market Opportunities. Of the 25 OVOP product assessment indicators for this batik category, when mapped into the IFE matrix, 8 indicators are seen as strengths and 4 indicators of weaknesses, while the EFE matrix shows 7 indicators of opportunity and 6 indicators of threats.

The suggestion from the researchers is that in order to move up the rankings to 5 stars (*****), and be able to enter the export market, the focus of improvement is on several indicators that score below the provisions required by the Director General of SMI for the batik category, namely on weaknesses and the threats faced by the Small and Medium Industry Batik Tulis in Sidoarjo District today.

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