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Basic education and training priority on strategy of empowerment of micro and small industry of leather craft in Magetan regency

L Susilowati¹, C Fajri A², K Ashar³, S Susilo⁴

¹STKIP PGRI Jombang, ^{2,3,4}Faculty Economics & Business Brawijaya University

lina.stkipjib@gmail.com

Abstract: This study aims to determine the empowerment strategy of micro and small industries of leather craft in Magetan. By using the same data from 10 selected respondents from Department of Industry and Commerce (*DISPERINDAG*) Magetan Regency, the owner of micro and small industry of leather craft, and leather craft community. The analysis technique used Analytical Hierarchy Process (AHP). The AHP results show that there are four alternative fields that are the respondents, the first are human resources, the second are innovations, the third are productions and the last are marketing. Based on the results of AHP analysis, the alternative program in the whole program of empowerment of micro and small industries of leather craft in Magetan Regency are: 1) Basic education and training with Leather Hall and College, 2) Skill improvement, 3) introduction of new products, 4) training and creativity of production, 5) opening market opportunities through exhibitions and social media, 6) reduce sales tax for micro and small industries, 7) entrepreneurship training, 8) new production technology, 9) development of existing products, 10) provide galleries for the marketing of micro and small industries, 12) facilitate the procurement of raw materials.

1. INTRODUCTION

Strong micro and small industries are needed especially in poor and developing countries. This is according to Dally (2000) for two reasons, namely: (a) micro and small industries proved to be a huge labor absorber, and (b) micro and small industries can accelerate the process of income distribution and minimize the income gap between community groups. However, it still contains weaknesses such as market access and intervention, capital, and technology and weak management [1]. The profile of processing industry in Magetan regency until 2016 is still dominated by micro and small industries. Based on Figure 1.1, it shows that the number of micro and small industries and labor absorbed has increased continuously from 2010 to 2016. By 2015 the number of industries micro and small formal in Magetan Regency as much as 808 units, in 2016 the number of formal micro and small industries increased by 56 units to become 864 units. Similarly, the number of workers absorbed in micro and small industries continues to increase as evidenced by the number 5.567 people in 2015 increased 117 people in 2016 to 5,684 people

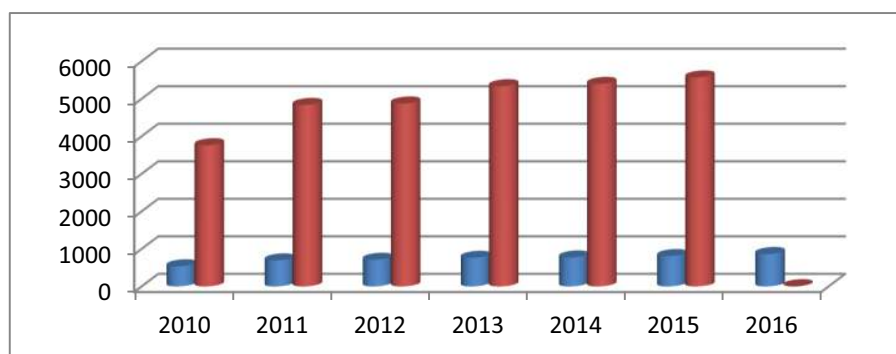


Figure 1. Graph of Micro and Small Industry in Magetan District Year 2010-2016

Source: Indonesian Central Bureau of Statistics. (2017)

One type of micro and small industry which is a superior product and has linkages upstream process downstream, in accordance with regional strategic plan of Magetan district is a micro and small processing of



leather, which consists of two processes, namely micro and small tannery industries as upstream industries and micro industries and small leather craft as its downstream industry. Based on table 1, the productivity of micro and small industries of leather handicrafts in Magetan District has decreased except in 2016, but the increase is not yet as big as in 2013 so it needs to be further improved.

Table 1. Productivity of Micro and Small Industry Leather Craft In Magetan Regency
Period Year 2013-2016

| Year | Production Place | Unit Production | Productivity | Productivity Per-Unit Production |
|------|------------------|-----------------|----------------|----------------------------------|
| 2013 | 172 | 465 | 69.750.000.000 | 150.000.000 |
| 2014 | 178 | 819 | 72.183.139.500 | 88.135.701,465 |
| 2015 | 220 | 876 | 75.708.567.000 | 86.425.304,794 |
| 2016 | 220 | 876 | 78 888 326 800 | 90.055.167,580 |

Source: Indonesian Central Bureau of Statistics. (2017)

Increasing productivity through empowerment of micro and small industries is expected to improve the welfare of the community. Community empowerment is an effort made by the government in human resource management from the previously not have the power to change the situation for the better so that with the empowerment expected the community become more independent. [2] in his research entitled "The Relationship Between Empowerment and Human Resources Productivity In Organization" explains that there is a relationship between empowerment and dimension and productivity of human resources within an organization.

According to [3] empowerment can be interpreted as something that makes people feel appreciated by involving them in decisions, and participating in the planning process and continuously providing training and support. Through empowering a businessman closer to the customer, improve service delivery, increase productivity to win the competition in the market[4].

Problems that occur in the micro and small industries of leather crafts in Magetan Regency is the role of innovation that is still less optimized, the courage to adopt and apply innovation is still lacking, this is due to the low quality of labor due to the level of education and awareness to learn less. Lack of expertise in managing micro and small industries due to low education so that the mindset is still limited and difficult to follow the progress of technology, causing the micro and small industries less developed leather craft. However, the micro and small handicraft industries in Magetan also have the advantage that their products are mostly handmade and based on ordering (not massal products). Therefore this study aims to determine the empowerment strategy of micro and small industries of leather craft in Magetan regency.

2. Method

This analytical method uses a quantitative approach with AHP analysis techniques. Analytical Hierarchy Process (AHP) is an analytical technique in decision making through system approach. This analytical technique helps provide predictions in making decisions based on several alternatives. According to [5] approach AHP uses weight 1 - 9. The following table presented weighting:

Table 2. Appeal Scale

| Level of Interest | Definition | Explanation |
|-------------------|--|--|
| 1 | Both elements are equally important | Two elements have an equally great influence on the goal |
| 3 | One element is slightly more important than the other elements | Experience and judgment are slightly more important than other elements |
| 5 | One element is more important than other elements | Experience and judgment are more important than other elements |
| 7 | One element is clearly more important than the other elements | Experience and assessment are clearly more important than other elements |
| 9 | One absolute element is more important than another element | Absolute experience and judgment are more important than other elements |
| 2,4,6,8 | Values between two adjacent considerations | This value is given when there is a compromise box between two options |
| Reverse | If activity I gets one number compared to activity j, then j has the opposite value when compared with I | |

Source: Saaty, 1994

Formulation of Objectives, Alternatives and Criteria for decision making on the determination of micro and small scale industry empowerment strategy in Magetan Regency based on interview result with keyperson that is 2 people from Department of Industry and Commerce(DISPERINDAG) Magetan Regency (Head of Development Division of micro and small industry and Head of Trade Department), 5 owner micro and small industries Leather Handicraft In Magetan, 3 heads of leather craft industry community in Magetan.

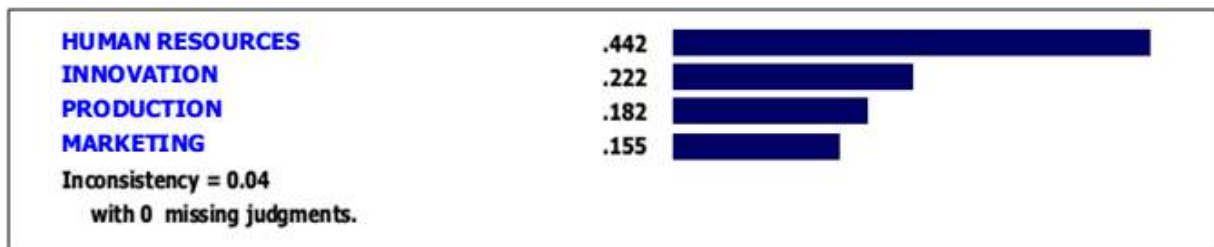
Figure 2.Strategy for Empowerment of Micro and Small Industry of Leather Craft in Magetan



3. RESULT AND DISCUSSION

Analytical hierarchy Process (AHP) analysis results obtained from respondents' opinion indicate that there are 4 fields, namely Human Resources (HR) is the most important field and become the main priority in empowering micro and small industries of leather handicrafts in Magetan Regency is indicated by the weight of value 0.442. The second field of priority is the field of innovation shown by the weight of the value of 0.222; the field of production has a weight value of 0.182 and the last field that needs to be considered in the empowerment of micro and small industries of leather craft in Magetan Regency in this research is the marketing field that is equal to 0.155. The value of the inconsistency ratio is 0.04 <0.1 (maximum limit) which means that the results of the analysis in this study are acceptable. The following graphic illustrates 4 areas of priority in the empowerment of micro and small industry leather craft in Magetan:

Figure 3.The weight value of each field of Micro and Small leather craft empowerment program In Magetan



Source: AHP analysis processed by researchers

The empowerment strategy for Micro and small industries of leather craft in Magetan based on AHP analysis of Human Resources (HR) field is the chosen field as the most important priority. This indicates that the management of human resources need better handling. The important implications related to the empowerment of micro and small industries of leather crafts in Magetan is because the leather craft in Magetan is a micro and small industry that has the characteristics of hand made so that in addition to the basic skills that must be owned by the workforce is also required to increase technical skills in making shoe design, sandals, jackets and others. Skills in the leather craft can be obtained through formal education through school bench such as vocational schools to universities, as well as internships or street vendors. In addition, skills can also be obtained through training or extension program. Most of the workforce engaged in micro and small leather craft industries in Magetan District have low education that is junior high school and senior high school. The implications is that to improve the productivity of human resources required cooperation with Leather Hall in terms of this is the Technical Implementation Center for Leather-Craft Industry (BPTIK-LIK) Magetan and Leather Hall Yogyakarta in improving the quality of human resources of leather craft through several trainings and I apprenticeship. Cooperation with Higher Education is by Art School of Yogyakarta, Malang and Surabaya need to be improved

especially in innovation. According to Head of Development Division of Micro and Small Industry Department of Industry and Trade of Magetan Regency that the procedure of training is as follows: leather entrepreneurs at least 10 people submit training proposal example is Upper training) to Department of Industry and Commerce (*DISPERINDAG*) then continue to local government, if approved then just held the training. This is done so that the training is held in accordance with what is needed by micro and small leather craft so that more useful. In addition to technical training also held entrepreneurship training in order to get an entrepreneur's independence.

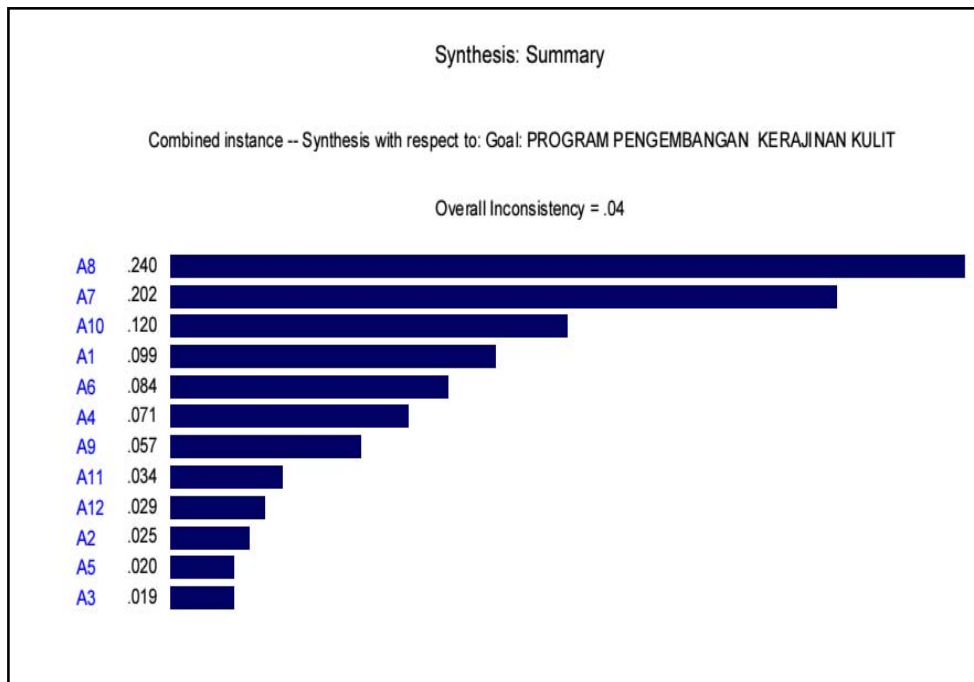
The strategy of empowering the micro and small industries of leather craft in Magetan based on AHP analysis which become the second priority is the field of innovation. To follow the era of trade globalization which is accompanied by the digitization of a businessman / owner of micro and small industries of leather craft must know what kind of products are in demand in the market so the introduction of new products of the skin needs to be a serious concern as an effort to diversify products that have been lacking. Most of the innovations made by micro and small industries of Leather Craft in Magetan is an innovation in the form of developing existing products that is product design (shoe design, slippers, etc.). For the technology, only some micro and small industry of Leather Craft get assistance in the form of sewing machines. As for new high-tech machines given to the Technical Implementation Center of Leather-Craft Industry of Small Industry Environment (BPTIK-LIK) Magetan as the coach. So in the future to increase the productivity of the government should pay attention to the technology of leather crafts and socialization of the use of technology.

The empowerment strategy of micro and small leather industry in Magetan is the third priority based on AHP analysis is the production field. The potential of leather craft which become the superior product of Magetan Regency is supported by the abundant amount of leather raw material. Leather raw material is only 10.% managed by local industry in Magetan while the remaining 90% has not been absorbed and finally sold outside Magetan. Leather craft industry requires substantial capital. Because in addition to the price of leather raw materials themselves are expensive despite the abundant amount also requires other equipment that is not cheap. In the framework of development of leather business, for the capital of some aid funds with soft interest rolled out by the local government. However, micro and small industry of Leather Craft entrepreneurs often prefer to borrow from financial institutions whose procedures are easier. Financial institutions come to micro and small industries of Leather Craft and offer funds and in a short time the funds have been liquid. So in the future the government needs to provide convenience in soft loan assistance procedures. In the midst of increasingly fierce industrial competition not only fellow small industry in Magetan but also with leather craft industry outside Magetan like Sidoarjo, Mojokerto and others, micro and small industry of Leather Craft in Magetan must have good management and creativity of production. This implies that management training and production creativity are essential in order to meet the ever-changing and constant changing market needs. A micro and small industry that has good management will survive even compete with other companies.

The next strategy in empowering micro and small leather handicraft industries in Magetan based on AHP analysis is the marketing field. To face the global competition of micro and small industries, skin crafts need to pay attention to the marketing field. This implies that micro and small leather handicraft industries should be encouraged to do marketing through exhibitions and social media. Marketing through social media is currently much in demand by micro and small industry of Leather Craft owners because in addition to easy and cheap cost also has a wide range. While the exhibitions of local, national, especially international, would require a considerable cost. Department of Industry and Trade, Department of Communications and Information Magetan Regency has been trying to introduce the product of leather craft Magetan in the arena of national and international exhibitions. However, when micro and small industry of Leather Craft have to set up their own stand at some local exhibition event some micro and small industry of Leather Craft in Magetan reluctantly follow suit with costly reason. For that the government should facilitate.

Overall alternative options from all fields can be seen in figure 4. below:

Figure 4. The value of alternative weight from A1 to A12 the whole field of Micro and Small industry of Leather Craft empowerment program in Magetan



Source: AHP analysis processed by researchers

Information:

- A1: management training and production creativity
- A2: providing credit with soft interest and easy procedures
- A3: facilitate the procurement of raw materials
- A4: reduce sales tax for micro and small industries
- A5: provides galleries for marketing of micro and small industries
- A6: opening market opportunities through exhibitions and social media
- A7: technical skills improvement
- A8: basic education and training in cooperation with Leather Hall and College
- A9: entrepreneurship training
- A10: introduction of new products
- A11: new production technology
- A12: development of existing products

Based on the results of AHP analysis, the alternative choice in the whole field of micro and small scale industry empowerment program in Magetan Regency has inconsistency ratio of 0,04 < 0,1 (maximum limit) so that the result of analysis can be accepted. The following alternative alternatives of respondents based on the results of the analysis of the alternative with the weight of the largest value to the smallest: 1) basic education and training in cooperation with Leather Hall and College is shown by the weight of value 0.240, 2) technical skills improvement is shown by the weight of value 0.202, 3) introduction a new product with a weight value of 0.120, 4) management training and creativity of production with a weight value of 0.099.5) The next weight value is 0.084 indicated by the alternative open market opportunities through exhibition and social media, 6) The next alternative value weight is 0.071 indicated by the alternative lowering sales tax for micro and small industries 7) entrepreneurship training shown by weight of value 0,057,8) new production technology shown with weight value 0,034,9) Next alternative value weight is 0,029 that is development of existing product, 10) next alternative is giving credit with soft interest and easily procedures with weight value of 0.025, 11) provides galleries for marketing of micro and small industries which are indicated by the weight of values 0,020,12) and the last alternative to be a priority in empowering micro and small industries of leather craft in Magetan is to make it easier raw material procurement is indicated by weight of value 0,019.

Basic education and training is the first priority on strategy of empowering the micro and small industries of leather craft in Magetan. As [6] that highly education workers earn more than less educated workers. We have

seen that education increases earnings either because education increases productivity or because education serves as a signal of worker's innate ability.

4. CONCLUSION

The results of AHP analysis show that there are four alternative fields that become respondents, Human Resources is the main priority, second innovation, third production and final marketing. Based on the results of AHP analysis, the priority of alternative criteria in the whole field of empowerment program of micro and small industries of leather craft in Magetan Regency are: 1) basic education and training in cooperation with Leather Hall and College 2) technical skills improvement 3) introduction of new products, 4) training on production management and creativity, 5) opening up market opportunities through exhibitions and social media, 6) reducing sales taxes for micro and small industries 7) entrepreneurship training 8) new production technology, 9) development of existing products 10) providing credit with soft interest and easy procedures, 11) providing galleries for marketing of micro and small industries that, 12) facilitate the procurement of raw materials. So the implication of the study is the local government should cooperation with Technical Implementation Center for Leather-Craft Industry (BPTIK-LIK) Magetan and Higher Education is by Art School of Yogyakarta, Malang and Surabaya gives basic education and training. Basic education by means of an internship about leather craft in Higher Education is by Art School of Yogyakarta, Malang and Surabaya and enter incorporate into the vocational high school curriculum as local contain. Training is carried out in collaboration with Technical Implementation Center for Leather-Craft Industry (BPTIK-LIK) Magetan with material that suits the needs of leather craft industri.

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