PROCEEDINGS

International Seminar on Business and Management
“Improving Business Competitiveness Through Integrated System”

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Bandung, Indonesia

De La Salle Lipa
Philippines
Business competitiveness depends on various different aspects, with quality of human resources, quality of products, quality of the management systems, financial resources, logistics, to name a few. In addition to the multifaceted challenges, a business entity itself usually consists of many different interacting components. Such high complexity makes increasing business competitiveness an elusive goal to achieve.

Integration reduces complexity since it combines different parts into an efficient working system. It removes the unnecessary barriers as well as any duplication and produces a new system that could perform better than the sum of its components. Therefore, an integrated system is one of the preferred ways to increase competitiveness.

In light of the need to address the challenges, Widyaatama University collaboration with De La Salle Lipa Philippine conduct this **INTERNATIONAL SEMINAR ON BUSINESS AND MANAGEMENT 2011** to provide forum of communication and exchange of progress and information among researchers, practitioners, and academicians. Within the global theme of “**Improving Business Competitiveness through Integrated System**”, the seminar encourages the professionals and researchers to meet and share the latest development in the fields of business and management. The interaction professional and academic in this seminar is expected to generate some ideas that could improve businesses competitiveness in the South-East Asian region.

The papers are related to business and management in general. Any disciplines closely related to business and management are welcome, from Social Sciences to Engineering. The seminar invites conceptual, empirical, and literature research presentations. Delegates are invited to present completed research projects or work in progress.

We hope that this collection of papers will assist all parties concerned to take benefit of multiple perspectives provided at the local, regional, and international levels. It is also believed that the papers will provide knowledge and insights that will assist the readers to adapt to changes and to place their institution/organization in the best position to gain competitive advantages.

Finally we would like to express our gratitude to all participants who have contributed to the development of Business and Management knowledge and best practices.

Warm regards

Editors
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   Minister of Transportation, Republic of Indonesia

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5. Br. Joaquin S. Martinez FSC, D. Min
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   Open University Malaysia

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8. Prof. DR. Ir. Abdul Hakim Halim
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9. Prof. Dr. Ir. Kadarisah Suryadi, D.E.A.
   Industrial Engineering, Bandung Institute of Technology
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WELCOME NOTE

Dear colleagues,

The first and foremost mission of any higher education institution is the development of human capital who are well prepared to take part in the future of more and more globalized society and economy. Business and Management have been contributing knowledge and providing the way where any productive system is geared to support progress towards economic welfare. Tangible and intangible inputs, efforts and knowledge are converted into anything else containing higher quality in value and utility.

Within the past 3-4 decades, Asian countries have been growing rapidly, and moving quickly towards globalization and across the region. Universities have been responding to the challenge of the global knowledge economy by internationalizing their curricula, faculties and students as well as extending their global reach through partnership and collaboration.

Despite of apparent disparity in their progress, it has become essential to foster bonding among higher education institutions and related establishments particularly within Asian countries. Although some of us is probably not yet sure on what role or place should be chosen within the escalating pressure of globalization and internationalization, but one thing for sure no one can stay alone. Consequently it is crucial for any higher education institution to collaborate with each other and learn from others' experiences and advanced education system.

This is where the role of any academic seminar and conference is vital in strengthening mutual understanding among universities. With more than 50 speakers, we are strongly believe that the seminar on Business and Management organized by Widyatama University, Indonesia and De La Salle Lipa, Philippine, will provide the opportunity to network with colleagues, make new friends or envisage collaboration.

We sincerely hope that we can continue towards promoting global partnership and development among Asian universities.

On behalf of Widyatama University and De la Salle Lipa, we would like to convey our sincere gratitude for all support and participation as well as for the eagerness to exchange invaluable progress, knowledge and experiences.

We wish you to have a very pleasant stay, enjoy the hospitality and beautiful surroundings of Bandung City.

Best wishes,

Prof. Dr. Hj. Koesbandijah A.K., M.S., Ak.
Chairperson of Widyatama Foundation

Dr. Jr. Marne S. Sutoko, DEA.
Rector of Widyatama University
Building Regional Potential Competitiveness Through the BATIK Small Medium Enterprise (SME)

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ABSTRACT

The role of micro, small and medium enterprises in supporting economic activity of society is a reality in national economic activity is very important and strategic, coaching is important because it promises priority to sustain the national economy and the creation of strong economic fundamentals. It is important to find a role model that involves the role of Independent Business, Government and cooperatives to develop the region’s potential competitiveness based on innovation, information and distribution of batik. To find the role model that is able to approach the research variables used in the method of causal analysis that uses structural equation modeling with LISREL software. The population is the central business district SMEs batik in Central Java, namely, Pekalongan Yogyakarta, and Solo. Each city will be sampled 70 respondents MSMEs batik. Total Number of samples are 210. The results showed that the potential role of local government partnership has directly influence significantly the Independent Business especially in determining the design. The role of local governments are indirectly cooperatives were able to mobilize in order to remain resilient, despite the help of Business Self cooperatives play a role only in the process of distributing the batik course while the cooperative role for information and innovation is not yet significant. The role of local government also determines the competitiveness of SMEs, especially in the field of information batik.

Keywords: SMEs, Batik, Innovation, Information, Distribution, Government, Independent Business, Cooperative.

1. INTRODUCTION

The government claimed to be able to be the initiator, facilitator, mediator, coordinator or regulator in the realization of economic development strategies based SMEs. (Marsuki, 2005; 85).

In connection with the Cooperative especially cooperatives degree to districts should be able to act as the prime movement for development agencies and small business development in the rural area so that the regional development is easier to be realized. The role of cooperatives, among others, provide credit that give added value to the SME sector, production of technical training, improvement of business management & accounting, strategy penetrate & expand markets, and improve the managerial capabilities of SMEs in the field of production and supervision of credit use and capable of being a bridge for expedite the production process from upstream to downstream. (Marsuki, 2005; 88).

It is clearly defined that today’s conditions in the era of economic globalization, strenght is needed to build an independent SME entrepreneurs, the role of government and cooperatives in developing the entrepreneurial ability to innovate, access to information and distribution of products which in turn can enhance the competitiveness of local products so that local businesses will able to improve the standard of living of its people. Thus, employers can no longer change his appreciation to profit oriented but rather on the realization of the interests of society at large (social oriented). It is expected that the balance of social behavior-oriented entrepreneurs, the government is creating a business climate that professional and ethical, and dynamic society.

2. PROBLEM IDENTIFICATION

The management towards Mikro scale economics, small and middle became the priority in attention to support national economics and the fundamental creation strong economics. On the other hand the globalisation of an obligation that could not be evaded still is temporary while the regional businessman still could not face the free-market era (Marsuki, 2005; 280). Inspite of that, the Government was still having a bureaucracy nature that was protective selective. (Marsuki, 2005; 281). It is Important to find a role the model that involved the role of independent efforts, the Government and the co-operative to develop potential competitiveness for the area in being based on the batik business that was acknowledged by UNESCO as one of humankind’s inheritances that was produced by the Indonesian nation. Batik was acknowledged by the world and important for the Indonesian nation to conserve its cultural inheritance and developed it into the supreme value of business which was based on the innovation, information and the distribution.
3. LITERATURE REVIEW

3.1 Innovation

Two approaches in the innovation include incremental innovation and radical innovation. Incremental innovation represents the expansion of line of the product or the increase in the modification of available product. Whereas radical innovation that was related to the development of the line of the product just was based on the idea or new technology or the reduction in the substantial cost that mensttransmasikan "economic of business" and needed exploitation competence. The exploitation activity covered the activity improved or widened the product and the available process, this activity be different from ekplorasi that included something that basically just, including the product, the new process or the combination both of them. Radical innovation was radical, had the inventiveness and had the characteristics of the public.

In accordance with the development of the marketing, the recent industry tends to focus in customer-centric, the company made and carried out three main decisions. Firstly, they evaluated the market, strategically chose the market to be aimed at and penetrated, afterwards pursued him. Secondly, they studied details from the target of the customer's market, planned the strategy and tactics to receive the customer, and pursue him. Thirdly, they considered the long-term profit from each customer, severed the customer who must be maintained, and maintained him. This stage aimed at discussing the process in received, arranged, analysed, and used information that was connected with the customer who could reduce the uncertainty that was connected with each main decision, and consequently supported managerial decision making and the achievement of the better company.

The use of intermediaries in large part due to efficiency benefits in making goods widely available and easy to get the target market. The distribution channels as a part of marketing mix has a variety of corporate functions that can be utilized to deliver its products effectively and efficiently by essential consumers, as stated by Philip Kotler which explains the function of the distribution channel were as follows: Information, Promotion, Contact, Match making, Negotiations, Physical Distribution, Finance, Taking Risks.

If the producers themselves perform these functions, then their costs will rise and the price is certainly higher. At the same time, when most of these functions were transferred to the intermediary, the costs of manufacturers and prices may be cheaper, but the intermediary must set prices higher to cover the cost in carrying-out their duties. In the sorting tasks of distribution channels, these functions must be given to members of distribution channels that can be run efficiently and effectively so as to present the product mix that will meet the target consumer.

4. METHODOLOGY

4.1 Data Collection Techniques

To get the processed data, there are three data collection techniques, namely: a. Interview Interview with batik entrepreneurs in 3 regions in Pekalongan, Central Java, Yogyakarta, Solo;

a. In Pekalongan obtained 70 respondents consisted of center Wiradesa, Setono wholesale markets, wholesale batik Gamer. Medono, Wirokuto Wholesale Market and the beach, a.2. In Solo get 70 respondents including batik Sentra Kauman, Kampung Batik Laweyan, wholesale Center Solo (PQS), and Klewer Market. A.3. In Yogya obtained consists of 70 respondents Beringharjo market, Malyoboro, Puri (Ngasein), Duchy, Bantul.

b. Observations

Observations from August 2010 until September 2010. Observations were carried out based on secondary data approach that is data about Internet information batik UKM, and detect the presence of batik centers, along with history and then visit the site of the famous batik centers in the area of Pekalongan, Solo and Yogyakarta.

c. Questionnaire

Distribution of questionnaires began on 2 September to 5 December 2010 to the respondents with the characteristics of business owners or employees of the longest in the showroom or the shop sales in central Batik.

4.2 Sample

The SMEs samples are randomly chosen (based on probability sampling techniques of research) at in the centers of batik areas, that each region allow 70 samples with a consideration with the same number of comparisons that each requires 3 nights 4 days with 3 actors in the interview to help respondents fill the questionnaire. The total time needed to disseminate the questionnaire is 12 days but every area is different in the lag time associated with the condition of the unit of analysis in distributing questionnaires, for conditions such as flight to Yogya still has not been opened yet associated with the eruption of Mount Merapi research time adjusted to the conditions and the situation is safe.

While Solo, distributing the questionnaire conducted 6 to 9 September 2010, spreading of questionnaire in Pekalongan on 2-5 September 2010 obtained a total of 210 samples so that SMEs in Central Java. Meanwhile, based on SEM samples is needed in sufficient amounts adjusted the number of variables: 27 variables x 5 = 135 samples, so the number 210 is considered quite representative of the population. And some sources claim the use of SEM method is used as a sample of 200 minimum basic research. SEM method, which ranged from a minimum sample of 100-200 respondents enough to be able to represent large models, if the data is larger than many estimates of parameters (Kusnendi, 2008).

4.3 Sampling Technique

Respondents who completed the questionnaire are business owners or officer's longest batik shops that are store brands to provide relevant information on study variables batik UKM. The selected SMEs by accidental in twill centers which are well known in general in Pekalongan, Solo and Yogyakarta.

Minimum number of respondents sampled taken 100 respondents, using statistical tools LISREL for Structural Equation Modelling method using 5 x variable conditions. In this study using a common sample size for structural equation models at least 200 observations, Bentler and Chou (1987, in Kelloway, 1998) showed that the ratio between sample size and parameter estimation of 5: 1 and 10: 1.210 samples adequately represent the population.

4.4 Analysis Method

Analysis Causality method using statistical techniques of Structural Equation Modelling (SEM) with LISREL 8.8 software.

4.5 The Conceptual Model:
Reflectif Indicator Government

€1  →  Image
€2  →  Professional
€3  →  Defensive
€4  →  Productivity

Reflectif Indicator Koperasi

€1  →  Varias produk
€2  →  New product

Reflectif Indicator Innovation

€1  →  Media
€2  →  Database
€3  →  Relationship

Reflectif Indicator Information

€1  →  Transaction
€2  →  Cost
€3  →  Inventory
€4  →  Distribution process
€5  →  Promotion

Reflectif Indicator Distribution

Total Data: 210 respondents

Type of respondents manifest ordinal variable
So the model used is considered Maximum Likelihood
P: 5 exogenous variabilities (x)
Q: 22 endogenous variabilities (y)

the weighting coefficient is 27 weight factor (a1 to a27)

27 weighting coefficient measurement error (δ1 to δ18 and η1 to η19)

12 weighting path of latent coefficients (γ1(ksi1 to eta1), γ2 (ksi1- eta2), γ3(ksi1 - eta3), γ4(ksi1 - eta4), γ5(ksi1 - eta5), β1(eta2-eta1), β2(eta1-eta3), β3(eta1-eta4), β4(eta1-eta5), β5(eta2-eta3), β6(eta2-eta4), β7(eta2-eta5))

Therefore the degrees of freedom (df) owned model can be determined as follows: df = 1 / 2 (p + q) (p + q +1) - t = 378 - 66 = 312 df parameter > 0 or a positive 312 > 0 means that the model specified is over-Identified

4.6 Hypothesis

In accordance with the formulation of vision of the Department of Cooperatives and SMEs that the government expected a way that can be trusted and effective way to mendimamisasi empowerment of cooperatives and SMEs in order to improve productivity, competitiveness and independence.

H1: the role of government to determine the ability of independent company
H2: Personal Business: Government acts to determine the ability of the MFI.
H3: Cooperative role in determining the ability of SMEs to Independent Business
H4: The government plays a role in determining the competitiveness of SMEs based on innovation, information and distribution.

5. RESULT

5.1 SME Respondent Profile in Central Java

RESULTS Profile of Respondents SMEs in Central Java
Batik: 3 locations: butik business, Solo, Pekalongan and Yogyakarta are still in the form of individual business and still a few who use the legal business of PT. Based on the population can be analyzed that the number of residents based on the Connecticut Surakarta July 30, 2010 is 500,642, in Yogyakarta, 388, 088, while Pekalongan 282, 137. This indicates the possibility of obtaining low-cost human resources as well as more enabling than Yogya batik pekalongan so that new plants in the solo is more profitable. All SMEs in Central Java over a certain amount of human resources is less than 20 people. SMEs that have been batik in Solo HR in the top 20 people more than in Yogya, Solo 27% in HR more than 20 people while in Yogya which means 18% lower than the Solo while pekalongan located in the center which represents 27% of human resources in over 20 people, but under 52 people. This shows that employment in Solo more than Yogya, and pekalongan between them. Most human resources in SMEs batik is still below 20 people, this means tends to be less labor intensive and not synergies to build collective power to meet high demand. With a small number of employees is always a constraint in meeting market demand quotes.

Export experience is still a luxury for businessmen of batik in Java, although data from Ministry of Trade said that in 2007, the Central Javanese batik Exports reached 36.46 percent of total exports of Indonesian batik of USD 29.3 million. However, there are still a lot of batik entrepreneurs who have not been able to develop sustainable strategies and export plans, let alone conduct market research and selecting partners in the market. Planning requires the study of export marketing information products, international trade system, through promotional campaigns, website and conventional advertising, online sales, market selection, marketing strategy, and customer profiles. Market research, among others, the selection of countries of export, pricing, target customers, sales channel, and the way of promotion.

While the export challenge has been to shadow businessmen, among others, usually the U.S. Dollar and payments risk, transportation and insurance, as well as negotiating the cost of the container or delivery of goods from factory to port. Especially in the light of human resource education in Central Javanese batik prefer just graduated from high school means the ability to support the export of the export process will still need training, education, negotiation and language skills. Local entrepreneurs in a transaction which is the easiest way and the selection of information sources such as fashion website which can include access www.hktdfairs.com (Hong Kong Fashion), www.rafw.com.au (Sydney Fashion Week), Vogue.com.au (Australian fashion magazine), www.mycatwalk.com (fashion marketing online), www.giftaustralia.com.au.

5.2 Output Lisrel

After DOING the SUITABILITY MODEL, this can be concluded that the model is suited. The following model represents the best model that can be formed from the research. In the model used, containing all significant to the value indicated by the value t is greater than |1.96|, or more practical> 2 shows that parameter values are statistically significant (not equal to zero), so it can be said that all indicators are valid and feasible for use. Standard load factor (factor loadings standard) or 0.70 ≥ ≥ 0.50 or 0:30 could still be considered acceptable.

CR= 485.76/(485.76 + 35.3) = 0.93 ≥ 0.70 reliable
VE= 485.76/27= 17.99 ≥ 0.50 reliable

Thus it can be stated that all indicators are very reliable and valid data so that processing.
Analysis of causal relationship between the cooperative and independent business

Governments affect the independent business (where $t$ is the value of $2.21 > 1.96$); government contribution variance explained 14% of independent businesses, which means that the role of government in providing funding, facilities, information support, partnership, business licenses, business opportunities, support the promotion, and protection of batik business has successfully contributed to the independence of batik entrepreneurs in raw material procurement, marketing, provision of employee, product design, and technology.

**Meaning that Hypothesis 1 is accepted. Government has a significant effect on the independent company.**

Besides the government, cooperatives also significantly affect the independent business (where $t$ is the value of $2.21 > 1.96$), which means that the role of cooperatives in the picture, professional work, resilience, and contribute to the cooperative efforts of Independent productivity.

**Hypothesis 2 is accepted the government’s role significantly affects the cooperative.**

Local governments have significantly influenced Cooperative (where $t$ is the value of $3.32 > 1.96$); contribution of government to explain the variation of 10% of the cooperative, which means that local governments have been able to push the cooperative in terms of the image of cooperatives, cooperative professionalism, resilience, and productivity of cooperatives. However, the role of government to co-operatives are also still feel very little that is 0.10%. Almost feeling dead. This proves that support for cooperatives is still secondary and discriminatory.

**Hypothesis 3 is accepted, Cooperative significantly influence the independent business**

However, the role of both (The role of governments and cooperatives) is very small for SME, which only affected 19% Independent. That means the DP SME-intensive areas should continue to coordinate with the Ministry of SMEs in the role of empowerment of cooperatives that serve as intermediaries for SMEs. Local governments should continue to coordinate with the Association / Chamber of Commerce in support of assistance to SMEs by providing assistance scheme and then evaluate it. Coordination with the central government should continue intensively are: Assistance in the form of funding will need support from the Ministry of SME and Banking. Assistance in the form of facilities need support from the Department of Public Works, Energy and Mineral Resources, SOEs. Help information also needs the support of the Minister for State Enterprises and the Minister of Communications and Minister of Trade to provide SMEs access internet. Help support partnerships need support from the National Investment Board. Business licensing and protection businesses need to get special support. Meanwhile, business opportunities and promotion needs to gain the support of the role of trade ministers in seeking markets and holding exhibitions.

The biggest determinant role of government is in fostering partnerships batik entrepreneurs (p9). Meanwhile, the lowest role on the financial support (p6). Financial support should not be too complicated and in accordance with the ceiling set by the central government's decision about running the Ministry of MSME loans for SMEs and improve the independence of regional autonomy by developing a hybrid organization. Event Organisation in the form of informal CSR Hypermart or other business entities which are expected to maintain the weakness in local government so as to bridge the funding problems of SMEs, cooperatives and local governments.
Analysis of causal relationship between Government - Cooperative - Independent Business - Innovation

Local governments significantly influence innovation (where t is the value of 2.33 > 1.96) on innovation, while cooperative has no effect on innovation. Business has a significant self-government and 40%, meaning government and business Mandiri contributed to encourage the development and creation of new products batik products, but still not maximal. The government explained 20% of the variance of the innovation.

Analysis of causal relationship between Government - Cooperative - Independent Business Information

It shows that the local governments to significantly affect the information (where t is the value of 5.43 > 1.96) on innovation. Cooperative does not affect information while, the Independent Business has significant influence over the information. Self government and business contributes 63% of the information, while local governments own 52% of the difference determines the information. This means government working with business Mandiri has been able to develop information about batik. Local governments are assisted by an Independent Business has been seen trying to grow the information media to bridge information between entrepreneurs and buyers batik.

Analysis of causal relationship between Government - Cooperative - Independent Business - Distribution

It indicates that the Government significantly affect the distribution of batik (where t is the value of 3.55 > 1.96), means that the role of government has contributed to the distribution of batik. The role of cooperatives is also significant. (3.18 t values > 1.96). While business Mandiri also affect the distribution, (4.37 t values > 1.96). This means that the influence of local governments, cooperatives and independent distribution is 63%. While the role of government to determine the distribution of 34% of the variance. Means the local government, cooperatives and businesses have been able to become contributors Mandiri in the distribution of batik.

Hypothesis 4 is accepted the Government significantly affects innovation, information and distribution.

Causal path of Independent Business showed that the effects on innovation, information and distribution. Independent business has a greater role in promoting innovation (12.48). This means the Independent Business has the ability to design their own batik is more focused on the development of batik products and new product creation to always get the competitiveness of batik.

While cooperatives tend to affect the competitiveness of the distribution. In this case means that the cooperative is still alive and face the tough challenge by acting as an independent in supporting efforts to increase the competitiveness of a role in the process of batik.

The biggest deciding factor is to determine your own design business Mandiri (0.71), while the smallest loading factor of the determinant of the provision of business employees Mandiri, (0.44). This means that the business Mandiri has been able to maintain their own businesses through the design. While the availability of human resources, there are still many who are not permanent employees, but the use of outsourcing certain moments and working with locals to make batik. Cooperatives are still standing because of toughness (0.69) for the challenges of today, the cooperative did not die but still have to improve their own cooperatives to display an image, upholding the administrative system and always productive.

Innovation is very much determined by the development of product variations (0.67), while still supporting the creation of new products. This means that the batik business is more developed because of innovations in additional variations of existing products. It is necessary to support the creativity to create new things by the Ministry of Industry. Strength batik information specified by the media of information (0.66), which utilize the information media to publish information held. But the media still has not been much help to create sustainable relationships between employers batik with customers and can not be used as a database of customers for these SMEs. For that we need to require a web design that is able to do CRM to maintain relationships with customers batik entrepreneurs, both in B2C or B2B relationships.

Distribution of critical success batik is the process of distribution (0.70). While the lowest distribution cost factor is (0.54). This shows that the success of the distribution of batik is because many retailers are coming to the showroom or the location of retail outlets and direct transactions. So the process becomes easier because the buyer pendistribusiananypun usually bring their own transportation. However, if the buyer asks batik entrepreneurs who sent the shipping costs will vary so that affect the final price of the product to get to the customer. Export Enforcement also requires that the shipping cost is not small, olehkarenanya need for universities to play an important role in determining export training and product distribution costs.

The role of local governments have more influence on the competitiveness of SMEs in the field of information compared to the distribution and innovation. The Government encourages communities batik into place information and
communication between employers and some Independent Business have a website that is able to bridge information between the customer and batik. The role of local governments in the distribution of bridging the promotion process of batik with a policy of uniform laws governing the use of batik, and help promote the exhibition in the country and abroad. While the role of government in innovation through the community of batik with providing capital equipment such as canting, stove, night, dyes and other equipment. The role of local government (capital funds, facilities, information support, partnership, business licenses, business opportunities, support the promotion, protection of business) for Independent Business (raw material procurement, marketing expertise, the provision of employee, product design, and technology) and cooperatives (cooperatives image, administration, security, and productivity) are still visible but not yet meet expectations. Therefore we need to improve coordination for more intensive activities so as to move the wheels of the Independent and cooperative efforts.

5.3 Proposed Implementation Model

Currently, the role of government is only able to move cooperatives to assist in distributing Independent Business batik course while the cooperative role for information and innovation is not significant. The role of governments, particularly in fostering partnerships capable of moving the company's own Self in product design capabilities to assist innovation in batik variants. The role of government to help determine the competitiveness of batik information. The role of cooperatives is currently only serves as a distributor that facilitates the process of batik to the customer, means the need for coordination between local governments and the central Ministry of SMEs to empower cooperatives to distribute not only works in batik, but also as a center for information and training center of innovation batik. Image of a weak cooperative when supported by an organization that encourages a hybrid organization that created and supported local government partners and central government are expected to co-operative associations (especially the business center of batik cooperatives) can be grafted on local government to involve the role of higher education (especially to create new products and information management aimed at sustainable SMEs. Role of the lowest local government is funding, and therefore need to collaborate with banks and ministries of SMEs to provide credit without collateral and regular evaluation.

The success of the evaluation process requires a third party which is a hybrid organization that helps to support SMEs and establish mutually beneficial hubungan. While the lowest term role of an independent business is the provision of human resources is extremely difficult to get human resources to meet the demand for quota. It should be anticipated with the government's role in encouraging the centers of cities, or between islands so that the production between businessmen to meet market demand quotas.

6. CONCLUSION

The role of government has a significant influence on the Independent and cooperative efforts. While the role of cooperatives has influence on the Independent Business. The role of government and business Mandiri has a significant influence on innovation, information and distribution. While Coop's only instrumental in batik distributions only and does not function the performance of innovation and partnership can help the cooperative to help businessmen in this partnership also influential in determining the development of various batik.

Needs to be improved coordination between the various parties associated with intensive SMEs to develop innovation, information, and distribution of batik. In line with the support of the parties relating to SMEs should also encourage cooperatives to play a role in turning the wheels of SMEs. The parties involved include: The government must continue its coordination with the Association / Chamber of Commerce in support of assistance to SMEs by providing assistance scheme of informal communication between organizations, forming a continuous hybrid organization.

REFERENCES (Most of references listed in original version are irrelevant, deleted)