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## Improving the Performance of Batik Craft MSMEs in Jambi City Through a Comparative Advantage Strategy Using the House Model Approach

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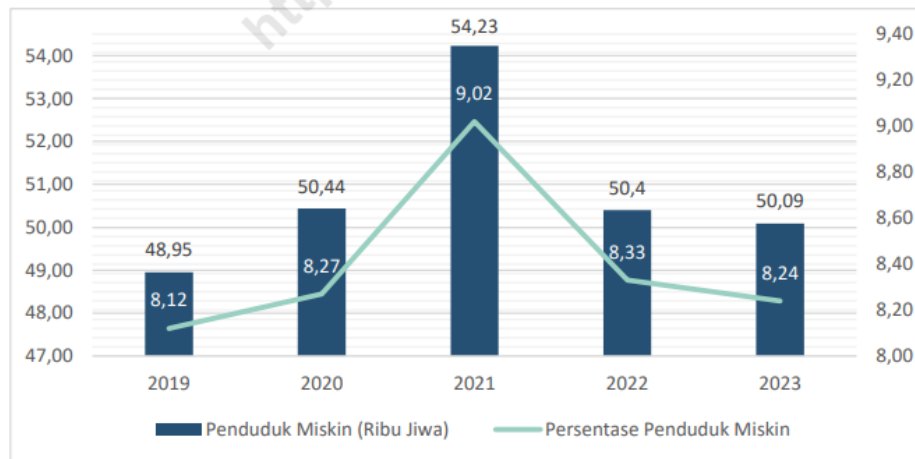
**Abstract:** As a country that has various types of creative industries such as the batik craft industry. Batik should be able to become one of the business fields that can support the economy (Nengsih et al., 2021). This is also what makes the government serious in managing batik crafts so that they can be used as superior products. The Jambi Batik industry is currently shrinking, one of the reasons is that most of the Jambi patterned batik circulating in the market is supplied from Java. This causes the price of Javanese Jambi batik to be more popular with the public because the price is cheaper. One of the strategies that can be applied to improve the performance of MSMEs is through the Comparative Advantage approach (Porter, 1985). This strategy emphasizes the use of competitive advantages possessed by MSMEs in order to compete effectively in the market (Suryana A, Kartika R, 2022). To support the implementation of the Comparative Advantage strategy, this study adopts The House Model approach, which is a business development model based on competitive advantage. The House Model consists of several main elements, such as a strong business foundation, innovation strategy, resource management, and the role of stakeholders in supporting business growth (Nengsih et al, 2021 and Schmitz, 2007). The results of this study show that Jambi batik crafts can develop and compete with crafts in other batik centers by utilizing local and innovative materials to improve the quality and added value of Jambi batik, so that the results of these batik products have their own characteristics. Furthermore, from the Marketing side, it must also be based on local identity by not forgetting the use of digitalization to open up access to the global market.

**Keywords:** The House Model, Comparative Advantage, Strategy, Performance, MSMEs.

### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have an important role in the Indonesian economy. MSMEs not only contribute to the Gross Domestic Product (GDP) but also create jobs and improve community welfare (Tambunan, 2019). According to data from the Ministry of MSMEs as of December 2024, there are 65.5 million micro and small business units or equivalent to 99.9% of the total existing businesses. The number of large businesses is around 5,550 business units or 0.01%. MSMEs contribute around 61% to national GDP, with a

value of Rp9,300 trillion. The same is true in Jambi City. In the midst of increasingly competitive economic development, MSMEs in Jambi City still face various challenges, such as limited access to capital, low competitiveness, and a lack of innovation in marketing and production strategies (Kusnadi, 2020 and Mulia et al., 2024). Jambi City as the capital of Jambi province is the center of government, trade and the main service in Jambi Province. As the center of economic activity, the population of Jambi city experienced a fairly high growth, which is an average of 2 percent.



**Figure 1. Development of the Number and Percentage of Poor Population in Jambi City**

One of the strategies that can be applied to improve the performance of MSMEs is through *the Comparative Advantage* approach (Porter, 1985). This strategy emphasizes the use of competitive advantages possessed by MSMEs in order to compete effectively in the market (Suryana A, Kartika R, 2022).

**Table 1. Data on the Number of MSMEs in Jambi City**

Tahun	Mikro	Kecil	Menengah	Total
2014	11.673	1.720	330	<b>13.723</b>
2015	8.542	4.144	330	<b>13.016</b>
2016	8.542	4.144	-	<b>12.686</b>
2017	8.542	4.144	-	<b>12.686</b>
2018	7.257	3.506	-	<b>10.763</b>
2019	7.257	3.506	380	<b>11.143</b>
2020	7.257	3.506	-	<b>10.763</b>
2021	44.307	3.506	-	<b>47.813</b>
2022	46.912	3.835	-	<b>50.747</b>
2023	46.912	3.835	-	<b>50.747</b>

Indonesia has various types of creative industries, including the batik craft industry. Batik should be able to become one of the business fields that can support the economy (Nengsih et al., 2021). This is also what makes the government serious about managing batik crafts so that they can be used as superior products. The Jambi Batik industry is currently shrinking, one of the reasons is that most of the Jambi patterned batik circulating in the market is supplied from Java. This causes the price of Javanese Jambi batik to be more popular with the public because the price is cheaper. In the batik craft center in the Seberang area of Jambi City, for example, only about 30 percent of the 168 batik crafts that specialize in producing batik typical of the

Jambi region are still operating in producing Jambi batik, the rest have gone out of business. This is a phenomenon that shows that the Jambi batik industry is experiencing a decrease in productivity and market share. A decrease in productivity will cause a decrease in market share due to the inability to meet market demand, a decrease in the welfare of artisans and that means that the competitiveness of batik crafts is still low (Tambunan, 2011).

To support the implementation of *the Comparative Advantage* strategy, this study adopts *The House Model* approach, which is a business development model based on competitive advantage. *The House Model* consists of several main elements, such as a strong business foundation, innovation strategy, resource management, and the role of stakeholders in supporting business growth (Nengsih et al, 2021 and Schmitz, 2007). Thus, this study aims to analyze how the application of *the Comparative Advantage* strategy with *The House Model* approach can improve the performance of MSMEs in Jambi City.

Problem Solving Approach to overcome the problems faced by Batik Craft MSMEs in Jambi City, this study uses the following approach:

1. Performance Analysis: Identify the current condition of Batik Craft MSMEs through surveys and interviews with business actors to find out the inhibiting factors and opportunities available.
2. Comparative Advantage Approach: Analyze the comparative advantages possessed by Jambi City Batik Craft MSMEs by comparing aspects of production, marketing, and innovation against competitors in the same industry.
3. Implementation of *The House Model*: Using this model to design a strategy to strengthen Batik Craft MSMEs by paying attention to basic aspects of business, innovation, resource management, and stakeholder involvement.
4. Evaluation and Recommendations: Provide policy recommendations and strategies based on the results of the analysis so that Batik Craft MSMEs can improve their competitiveness and business performance in a sustainable manner.

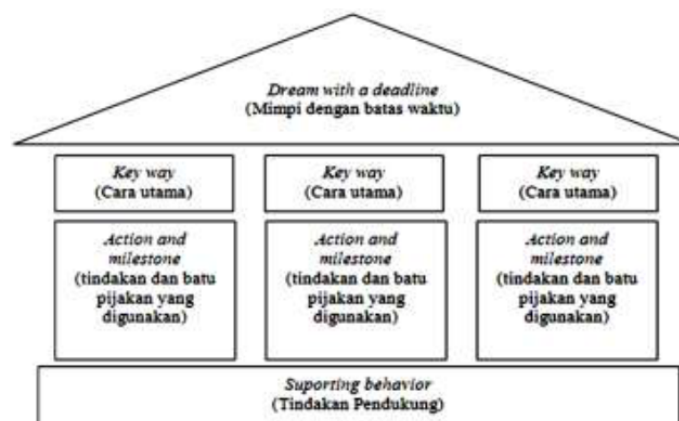


Figure 2. The House Model

Several researchers have conducted research to explore the *Comparative Advantage* Approach to improve their business ventures. Among them are Grace and Mariana, where the results of the study show that the variables of Batik Craft MSME problems consist of dependent variables, namely marketing performance, *specialized marketing capabilities* variables, and independent variables, namely *comparative advantage*, the three variables can affect the improvement of MSME performance (Ziliwu, 2021). Meanwhile, *Comparative Advantage* also has a significant effect on Tourism Attraction in Kasongan Tourism Village (Dewi et al., 2023). In other research, it is also said that to be able to maintain the existence of MSMEs, a strategy is needed, one of which is by using comparative *advantage*, namely by creating distinctive and unique products and providing good service (Syukriah and Hamdani, 2013). Meanwhile,

reliance on certain comparative advantages without diversification can make farmers vulnerable to fluctuations in prices and market demand, which in turn can negatively impact their well-being (Yusdja, 2004).

## METHOD

This research was carried out through three stages, the first stage identified the problems faced by Batik Craft MSMEs using a *fishbone chart* diagram. The results are input in designing a model to improve the performance of MSMEs with *the house model*. The final stage is to provide some managerial implications through *force field analysis*.

### 1. Analysis Diagram Fishbone Chart

*Fishbone analysis* or often called *cause effect* diagram is a method used to help solve existing problems by conducting a cause and effect analysis of a situation in a diagram that looks like a fish bone (Ghaithi, et al, 2017). *Fishbone analysis* can identify the causes that may arise from a specific problem and then separate the root causes, also allowing to identify solutions that can help solve the problem (it can be more than one problem) (Widyahening, 2018).

### 2. The House Model

*The house model* is a method used in describing a dream in an organization or company into an action. *The house model* consists of a roof, pillars (pillars) and a base (foundation) (Wahyuningrum et al., 2016). The main thing that an organization needs most is an inspiring vision of the future of the organization, which is a dream with a deadline. Dreams with this time limit require pillars that can encourage their existence and achievement.

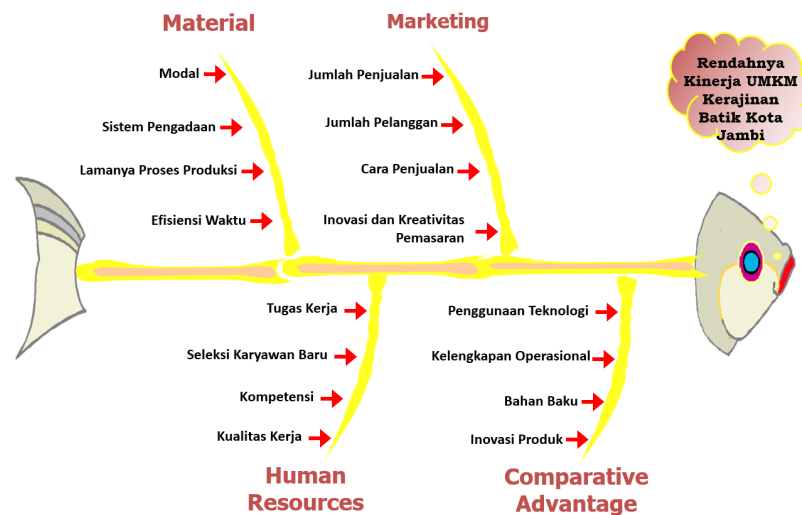
### 3. Force Field Analysis (FFA)

*Force field analysis* is widely used to inform decision-making. This method is used to obtain a complete and comprehensive picture of the various driving and inhibiting forces that exist in the main issues of a policy (Cordell and Thompson, 2019). *Force Field Analysis* is useful for studying situations that require change. It is based on the idea that there are two forces that face each other in an effort to change.

## RESULTS AND DISCUSSION

### 1. Problems of Batik Craft MSMEs in Jambi City

In this study, the problems faced by Jambi City Batik Craft MSMEs can be explained on the *fishbone chart*. The problem faced by MSMEs is the low performance of Jambi City Batik Craft MSMEs. This problem can be mapped in a *fishbone chart*. The following is an overview of the problems that are being faced by Jambi City Batik Craft MSMEs.



**Figure 3. Fishbone Chart**

Based on the image above, it can be seen that the main cause group is Competitive Advantage. One of the factors that affect competitive advantage is product innovation. Innovation is an idea, practice, or object that is considered new by individuals or users (Gerald Hilss, 2008). The company innovates products by designing various product designs and providing added value to a product. Innovation needs to be improved to achieve increased sales rates and consumer linkage to buy products. In terms of innovation in terms of batik motifs, there are 34 types of batik motifs in Jambi. There are quite a variety of Jambi batik motifs and each batik motif has a different meaning, for example, the *duren broken* batik motif means carrying out work based on maturity of faith and piety and equipped with mastery of science and technology to provide results that will bring a good name / fragrance to the person concerned and his family. The *motive of the ship* has a great meaning of always being vigilant in navigating life. The *motif of decorated kua* has a meaning by introspecting oneself to know one's weaknesses and potential. The *peacock motif* signifies the service of sacrifice and affection of the mother and respect for the elderly. The *motif of the mangosteen feature* signifies the importance of personality, behavior and good appearance. In addition, motif innovation is needed to answer the demand from young people, which in society batik clothes are identical to be worn by adults. By adding combinations with other types of fabrics and motifs, this will make an innovation that can attract young people's buying interest to use batik.

In addition, the addition of production facilities, increasing marketing activities such as holding exhibitions, cooperation with government agencies, clean water needs, improving telecommunication systems, improving smooth transportation are things that make a positive contribution to increasing the competitiveness of Jambi batik in this case to support the production process and production results with the best quality. The addition of facilities and infrastructure of training institutions supports the competitiveness of Jambi batik.

Then human resources, human resources referred to in this study are all parties involved from owners, managers and employees. The cause of HR management variables is due to the lack of managerial competence from the owner in managing. According to Dahlan et al., (2017) the indicator of HR management is that work tasks are a series of details of activities that must be carried out by employees. Work quality is a collection of work results that have quality standards and are in accordance with the dreams. Human Resources who have competence are needed in the production of Jambi batik, almost 90% of activities are carried out using human skills and labor. Therefore, the competence and expertise of craftsmen are urgently needed in the production process. In addition, the cooperation and loyalty of artisans must exist because the batik making process requires time, patience and precision. In order to increase competitiveness, human resources, especially batik makers, must be regenerated to increase the

availability of human resources and the workforce in the future, because currently only 16% of batik artisans are less than 30 years old. In addition, the systematic and planned increase in workforce training to improve the human resources of batik artisans and owners in Jambi must be programmed to improve the quality of SMD of Jambi batik artisans and so that the availability of human resources is guaranteed.

The marketing performance on this variable shows how Batik Craft MSMEs maintain the stability of product results so that there is no decrease in the number of old customers and the difficulty of getting new customers and the volume of product sales decreases from the previous year. The addition and improvement of infrastructure related to the smooth production and marketing of Jambi batik is the spearhead of strength in the competitiveness of Jambi batik. Currently, the improvement of Jambi batik marketing facilities and facilities has been built a showroom of the Jambi Regional National Craft Council, Art Shop Kembang Seri Wisma Perwakilan Jambi-Jakarta, Kembang Seri Jambi Showroom, Rumah Kehandinan Rakyat Selaras Pinang Masak Mudung Laut Seberang Jambi and Jambi Berkah Batik Gallery. With this showroom, batik products can be easily marketed to the public. In addition, Jambi batik is also marketed in several modern markets and special boutiques spread across modern shopping centers in Jambi. With the smooth distribution of marketing to other regions in Indonesia and abroad, it can also increase market share. However, this must run consistently and build excellent cooperation between the government, the private sector, universities and others.

Materials are all the materials needed and are crucial in the MSME business. So that this material has a primary cause, namely the problem of the lack of capital owned by MSME managers, for example the location of raw materials that is far enough to reach is the cause of difficulties in obtaining raw materials, and the absence of a bookkeeping system in the provision of product stock and product processing process guidelines. Improving infrastructure and science and technology will also help in increasing the competitiveness of Jambi batik. Adapting and making changes and developments in the aspect of science and technology are very important for the performance of a competitive business (Rahayu & Putri, 2010). It is realized that the development of science and technology in the world is developing very quickly and this development must be known in its direction. With this combination of science and technology and mature human abilities and with a little "sense of art", the creative industry in this world began to be created little by little. The innovation of batik-batik motifs can be drawn in modeling using computerized programs. In addition to having to adapt to science and technology, the quality of products from this batik craft must still accommodate local knowledge, namely by continuing to use environmentally friendly dyeing and improving fabric quality while maintaining typical Jambi motif designs.

Based on the description above, it can be concluded that a business in the organization will have different performance in the processing of its respective businesses, meaning that the manager of Batik Craft MSMEs can also do different processing from other MSMEs. This can be seen from the four variables of problems faced by Batik Craft MSMEs where the majority of Batik Craft MSME owners are still experiencing problems in terms of human resources, both human resources in developing their skills, and the competencies they have.

## 2. Model to Improve the Performance of Batik MSMEs in Jambi City

Using *The House Model* we can measure quality management or business strategy to describe a performance improvement framework like a house. In *The House Model* method, it consists of 3 main parts, namely the **foundation**, **supporting walls**, and **roof**. Each part represents an important element that must be strengthened in order for business performance to improve.

### 1. Foundation: Basic Capacity of MSMEs

The foundation of the house is the main supporting force. For Jambi Batik MSMEs, the foundation includes:

- a. Product Quality: improvement of fabric quality, natural dyeing, and competitive Jambi motifs.
- b. Human Resources (HR): training of craftsmen in design, eco-friendly coloring, as well as the use of simple technology.
- c. Capital and Access to Financing: access to microcredit or sharia financing.

### 2. Pillars: Performance Improvement Strategies

#### a. Material

As a basic material for production, when it comes to materials in the development of Jambi Batik crafts, there are two main things that need to be considered, namely the main materials of batik (fabric, dyes, night/candle) and supporting material innovation. In terms of fabrics, the development of this material side must continue to use environmentally friendly materials and must dare to collaborate with modern fabrics.

#### b. Marketing

The key from Marketing's side is *differentiation, branding, and digitalization*. Because batik has become a national cultural product, in order for Jambi Batik MSMEs to stand out, a strategy that focuses more on storytelling, market innovation, and *positioning* is needed. As an identity, Jambi batik motifs must highlight their distinctive motifs such as broken durian motifs, sanggat ships, angso duo, and others. In addition, *modern fashion brands* must be built (for example, shoes or bags made of Jambi batik), so that young people can be more interested in using batik products.

#### c. Human Resources

In terms of human resources, artisans must involve young people so that they are interested in becoming successors through training since school (batik extracurricular). However, this must be collaborated with the government, in order to include this batik curriculum as a mandatory curriculum at the school level. In addition, inclusivity must be carried out to empower women and local communities around the batik center.

#### d. Comparative Advantages

In order to compete in the national arena, Jambi Batik Crafts must have a good and modern strategic steps. One of the things that can be applied is to diversify products that not only produce batik clothes, but also produce interior items, souvenirs and accessories that are patterned and made of batik. In addition, it is necessary to cooperate with the government, tourism service companies and must regularly participate in *events*.

### 3. Roof: Purpose and Expected Performance

After the Foundation and Walls as a strong enough support, it is hoped that the Roof which is the basic goal can be achieved. In this case, it becomes a Competitive and Sustainable Batik Craft MSMEs

The House Model is more fully explained through figure 5.



**Figure 4. The House Model**

### 3. Managerial Implications

The role of MSMEs in supporting the development of the economic sector still cannot be said to provide optimal results. The vision and mission of a Batik Craft MSME organization as described through the house model has internal and external obstacle factors. However, the relationship between the factors owned by Batik Craft MSMEs can be used as a motivation to want to increase MSME businesses that are more developed in a sustainable manner. These factors can be seen in the following table:

No.	Motivating Factors	Inhibiting Factors
1.	Supporting access and infrastructure of marketing venues so that Easy to reach	Still using traditional production methods
2.	Increasing product innovation with product uniqueness and focus making the product on its branding	Limitations in use Production Process Technology
3.	The existence of capital assistance provided by capital-related agencies	There is no standard that describes how production data is in operation
4.	Improving the quality of human resources	No sanctions and awards by business owners
5.	Good communication with suppliers and consumers	Absence of regular training
6.	Short managerial hierarchy	Incomplete operational facilities

The problems faced by MSMEs from an internal point of view as described through the *fishbone chart* can be solved using the commitment and consistency of the Batik Craft MSME business managers in managing and planning the strategies made as well as the participation of all parties who change and develop together with MSMEs. The design in improving the performance of Batik Craft MSMEs can be seen through *the house model*, it can be applied in the improvement effort, it needs to involve external parties from MSMEs as well because Batik Craft MSMEs themselves are still experiencing a lack of experience and capital that is not supportive. The coaching and development can be carried out from large-scale businesses in

the form of fostered partner programs. Large Enterprises (companies) can provide assistance in the form of fostering media for the promotion of MSME products to increase market access, marketing competitiveness, and assistance for capital, while the government is expected to facilitate MSMEs and provide convenience in the bureaucracy.

## CONCLUSION

This research aims to increase the number of sales, the number of customers, and the ability to increase the profits of Batik Craft MSMEs. In achieving these goals, implementing standards in the production process can increase efficiency and effectiveness of the implementation of tasks and responsibilities of individuals and organizations as a whole. Employees will be responsible for the burden given, independent and confident in making decisions during work. By creating a standard measure of performance for employees, both to evaluate current performance and for future improvements. Efforts that must be taken in order to improve the performance of batik crafts are to create creative, skilled, and adaptive digital human resources that are the foundation of Jambi batik performance. In addition, by utilizing local and innovative materials, it improves the quality and added value of Jambi batik, so that the results of these batik products have their own characteristics. Furthermore, from the Marketing side, it must also be based on local identity by not forgetting the use of digitalization to open up access to the global market. Thus, the uniqueness of Jambi Batik becomes the basic capital to compete with other batik crafts, but it must be managed with a strategy to excel in the competitive market.

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