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## **A Study of Intellectual Property Right on Micro Small and Medium Enterprises: Case Study TanjungBumi Batik**

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*Abstract. The contribution of Batik industry has exceptional influence for the Indonesian economy. The value of batik and batik products in 2017 reached 58, 46 million us dollars. Indonesian batik is exported to Japan, United State of America, and Europe (Cabinet Secretary Republic of Indonesia, 2018). In giving incentive towards creativity and innovation to the batik industry, the government have an important role as a regulator. This research used qualitative and investigation method. Based on the result of the investigation, the mindset in micro small and medium enterprises that Intellectual property right is not something urgent for them. This is contradicted with Ika Janita Dewi (2014) which said intellectual property right has contribution towards economy in output, added value, and employment. For micro small and medium enterprises, their main problems are capital and marketing. The local government as a stakeholder or extension of central government play an active role in solving the problems of intellectual property right especially in batik industry. This will be an incentive for the batik creativity and innovation in the long term)*

**Keywords:** Batik Industry, Intellectual Property Right, TanjungBumi, Government

JEL Codes: M1, M21

### **1. Introduction**

Welcome Indonesian Batik Industry cannot be underestimate. This can be seen from the contribution of batik industry which have exceptional influence for Indonesian economy. Batik industry give a significant contribution towards Malaysia economy (Nor Halina et al, 2018). The value of batik and batik products in 2017 reached 58, 46 million us dollars. Indonesian batik is exported to Japan, United State of America, and Europe (Cabinet Secretary Republic Of Indonesia, 2018). Beside its contribution to the economy, batik is the national cultural heritage which must be preserved its existence. So it can protect the presence and sustain the batik industry.

According to directorate general of small and medium industry of the Ministry of Industry Gaji Wibawaningsih, batik industry in Indonesia have the comparative capacity to strive with competitive international market. Indonesia is able to be the market leader which dominate the world batik market. With a lot of creativity and innovative design that created by batik artisan in Indonesia, it will make an opportunity for Indonesia to be more outstanding. Most of the batik artisan are housewives who make batik design more dynamic. These artisans provide an additional income for the family. Have a role as batik artisans a freelance job but with the large number of interest from the housewives then it needs to be organized so it could be better.

By giving stimulus towards creativity and innovative for batik Industry make the government have an important role as a regulator. IkaJanita Dewi (2014) said copyright has contribution concerning the economy



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in terms of output, additional value, and labor. Copyright issued is very essential in entrepreneurship and creative economy era because it protect someone invention. That invention can be owned, sold and used.

## 2. The Research Method

This research is done by using qualitative and investigation method. The important of confirming the data that gain from some sources enrich this research. The data source which is used in the research consist of primary and secondary data.

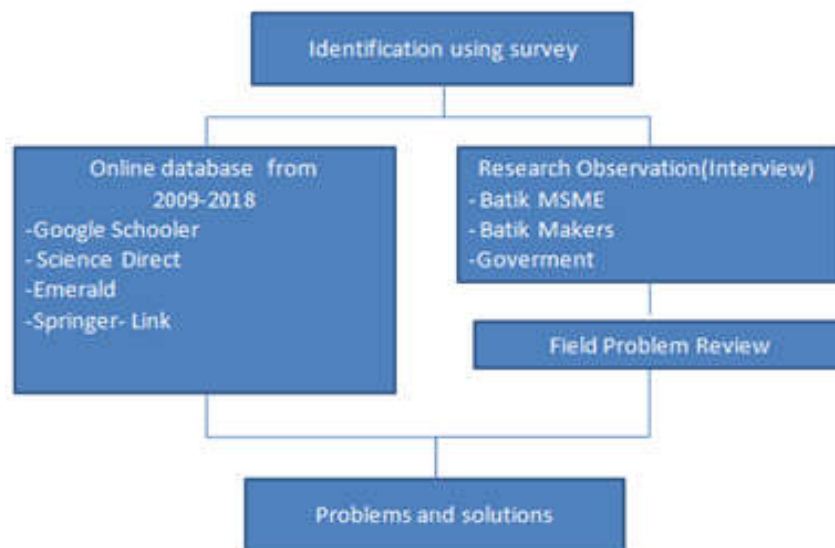


Fig. 1: Research thinking framework – The text in fig 1 is very small. It has to be higher and bold. Please number all the figures and refer them in the text

Looking for reference from secondary data through national journals, books, and news that related to the research. Primary data source is also use in this research by doing observation. Observation object of the research is located in TanjungBumi Madura. The observation is done to TanjungBumi Madura batik entrepreneurs, TanjungBumi Madura handmade batik artisan and of course Bangkalan government also TanjungBumi Bangkalan Madura government.

## 3. Discussion

In the figure 2 clearly seen that worker absorption in batik industry is quite significant. If we notice that the biggest absorption in small and micro batik industry is throughout the year of 2010 – 2017. On the



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development of the number of business units that was very good is able to be seen from small and micro industry. The development of the small industry unit business in 2010 from 176 unit to 216 unit in 2017.

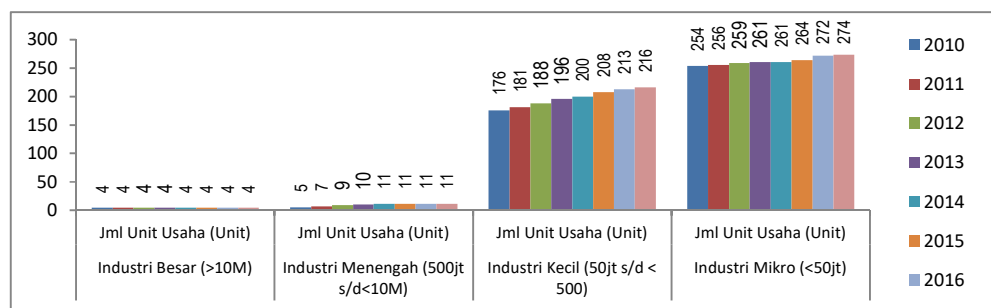


Fig 2: The Development of Batik

Source: Small and Medium industry data of Bangkalan Regency 2016

The increasing of micro business unit can be seen in 2010 from 254 unit become 274 unit in 2017. While the growth of large business tends to be steady from 2010 until 2017 only 4 business unit. For medium business unit, it did not experience a significant development from 5 business unit in 2010 grow Into 11 business unit in 2017. This should be a concern for the government in determining policies for developing batik industry especially for small and micro. With the purpose of giving incentives for small and micro entrepreneurs so that its growth is getting better. An excellent growth certainly would give effect to a good worker absorption. Based on the data which published by Central Bureau of Statistic (2015), the number of small industry worker or household handicraft is the most worker absorption. This is because most of them are manufacturing industry such as handmade batik industry. Batik industries which are located in Telaga Biru, Tanjung Bumi, Paseseh, Tagungguh, Macajah, and Bankeng are featured product.

This data can help policy direction of the government especially for batik industry. They also very potential for overseas marketing. According department of trade, batik are sold in overseas through friends who are going abroad. This means that there is not an official distribution lines which made TanjungBumi batik sold to overseas. If it views from the production capacity of batik industry that increasing every year. Based on data from Central Bureau of Statistic in 2013 produced 1.930 sheets, 2014 produced 6.230 sheet, and 2015 reached 7.443 sheets.

Batik artisans in Tanjungbumi do the following steps to make handmade batik:

- a. Prepare white cloth that dipped in oil herbs and soda, in order to help the wax stick and colour absorbs.
- b. Drawing the design that wanted



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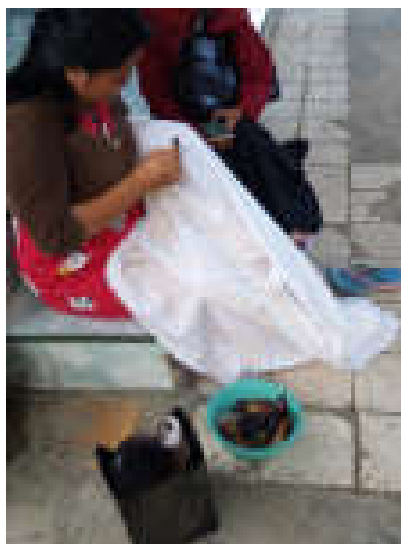


Fig. 3: Activity of making batik design

Source: Researcher Documentation

Most of the batik artisan is a housewife. The design did not determine by the person that order batik. The batik design is based on batik artisan desire. The housewife made the batik design while doing the housework and taking care their children. Based on the observation, every batik artisan receives 15.000 rupiah for each cloth. Usually the batik artisan is able to finish 3 cloth a day. The income from this activity is an additional household income.

c. Every time the cloth is given different colour, the parts that should not be affected by the dye colour will be covered by wax. The more colours that were used like in batik design, the more work proses covering the cloth using wax. Waxing process or colouring is done in different places. Even to get one colour, for example blue, the batik artisans can get in different places to suit with the blue colour that they want.

No	Amount	Address
1.	4	Desa Macajah
2.	21	Telaga Biru
3.	16	Desa Paseseh
4.	49	Desa Tanjung Bumi

Table: The amount of small batik industry that receive coloring

- d. Releasing the wax by poaching the cloth in the boiling water
- e. Drying the batik cloth in order for the design visible



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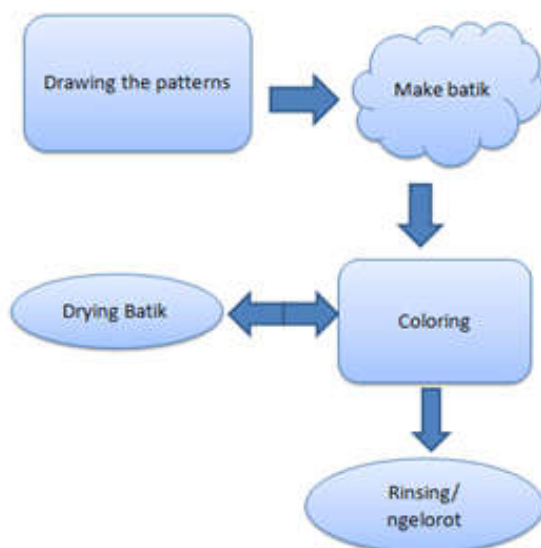


Fig. 4: The process of making batik in TanjungBumi

### 3.1. Economic condition of TanjungBumi people

Based on observation in field, most of the batik artisans are elementary school graduate. Several of them are not so lucky, they are never going to school. Some of the teenagers are high school graduate but they are not interested in making batik. In average the batik artisan is in middle and lower class of economy, while the owner of medium enterprises is in the middle class of economy.

In the interview with Head of TanjungBumidistrict state that the origin of batik is from Telagabiru. At the beginning batik Telagabiru design are boats or ships and birds, because before most of the men worked as a sailor. A long time ago boats did not use machine, only sail boat can get to China. While the wives waited for their husband, they were making batik.

These days, Batik production is not only made in TanjungBumi but its spread to the surrounding area. There are batik artisans from outside TanjungBumi but they take raw material from there.

Subdistrict head of TanjungBumi said that until today there is not any arrangement for intellectual property right. This is happened because economic of the local people still middle and below. These economic conditions make them did not think for the long term. They only need product for sell. After the products were bought and they got rewards in the form of money, they are happy enough.

Based on the interview with the local government, the local people think that the batik design which they make is impossible to imitate. As for example the process of the making gentongan design that is a little complicated. Because of the long process and difficult, most of the TanjungBumi batik artisan think that getongan design is impossible to imitate. The batik artisan only thinks about short term profit. It means that they only think about how the process of making batik finish faster and then marketed so there will be a customer which interested to buy the batik cloth.



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Based on the facts in the field, industry and labor office have been doing and attempt to provide guidance for micro small and medium enterprises. The guidance is not only done by inviting micro small and medium enterprises to get socialization about intellectual property right but also visited them personally. However, this program receives a little interest from the batik industry. This is caused by the mindset in micro small and medium enterprises that think intellectual property right is not something urgent for them. This is contradicted with Ika Janita Dewi (2014) which said intellectual property right has contribution towards economy in output, added value, and employment. For micro small and medium enterprises, their main problems are capital and marketing. This is why the batik artisan mindset is a homework for government. This can be observed from micro small and medium enterprises data which only 6 enterprises that have intellectual property right. They are Griya Batik, Pesona Batik, Bunda Batik, Tresna Art, Peri kecil and Rose Batique

### **3.2. The Government Efforts**

Local people empowerment through batik industry in Bangkalan particularly in TanjungBumi needs the support from government. Because of the limited information and knowledge in TanjungBumi require an active role from the government in making programs that related with batik industry. Such as the result of Soogwan Doh and Byungkyu Kim (2014) research which said government financial assistant is very important for small and micro local enterprises innovation and the need to build a strong social relation in economy network nowadays. Siska Maya (2017) said that strategic role which was done by government has top down characteristic that is mean government active role needs to be done.

In maintaining local culture through batik design, the government has a part like in facilitate or help the process of copyright registration. If we searched, there would be more than a 1000 batik design in TanjungBumi (MrsUci). Now the government is handling brand rights. Bangkalan Industries have tried in helping for brand rights registration. Usually the government offer brand rights to the batik artisan besides helping them to register it. The brand right registration is done by provincial government because they have budget for it. (Bakar, 2012).

Rohaida Nordin dan Siti safina (2012) said that it is important for government to have an active role in protecting copyright to reduce the imitation goods. The government have to be active in supporting the batik artisan by giving copyright to their batik design. Besides for their creativity and innovation incentive it is also for their investment. Certainly, this is for long term investment. Peter K. Yu (2017) said in his research that the government have made an investment if they support the granting of intellectual property right.

The government has made efforts to protect the batik industry as one of the biggest industry in TanjungBumi, Madura. Many of them are make or provide facilities for batik industries in order to get their intellectual property right. Although management material has not been budgeted by local government, but the government still facilitate it. Next the government has mapping or saving batik artisan database. For example, for batik colouring process, the government have the database up till the contact person. The purpose is to make the colouring process easier for entrepreneurs.

The local government pay a lot of attention for the development of batik industry although it is not officially recorded. According to the local government the most likely design is tasikmalayang, sekarjagad. Every batik designs have their own story or philosophy. The philosophy of the batik design only batik artisan who know.



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#### 4. Conclusion

Local government as a stakeholder or the right-hand of central government have an active role in the problem that related to intellectual right especially in batik industry. This will be an incentive for batik creativity and innovation for long term. The need of local database that arranged so that it can be classified fulfil the requirement of world intellectual property organization. This database also functioning as a reference in bilateral agreement if giving the copyright that imitate Indonesian art and culture. Arif Havas (2009) said that Indonesian art and culture is protected by national legal instrument and made as a reference in bilateral agreement that give benefit of cancelling the copyright giving which imitate Indonesian art and culture.

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