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## Preface

These refereed proceedings contain all papers that have been accepted after anonymous review and their subsequent revisions by author(s) for presentation at the 13<sup>th</sup> Annual World Congress of the Academy for Global Business Advancement (AGBA), on November 26 - 28, 2016 and the 2016 AGBA—Indonesia Chapter's Inaugural Conference on August 3 - 4, 2016 that are being hosted by the Faculty of Economics and Business, Universitas Sebelas Maret, Indonesia.

These refereed proceedings have been edited by Dana-Nicoleta Lascu, (University of Richmond, USA), Eric Werker, (Simon Fraser University, Canada), Gary L. Frankwick, (University of Texas at El Paso, USA), Irwan Trinugroho, (Universitas Sebelas Maret, Indonesia), and Zafar U. Ahmed (Academy for Global Business Advancement, USA).

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We place on record our sincere thanks for your participation and support, and look forward to having you with us next year at AGBA's 14<sup>th</sup> Annual World Congress.

Sincerely,

Dana-Nicoleta Lascu  
Eric Werker  
Gary L. Frankwick  
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## IMPROVEMENT MODEL SELF-HELP GROUPS PERFORMANCE IN PERSPECTIVE PRODUCT VALUE AND FIRM VALUE (CASE STUDY OF SHG'S BATIK SURABAYA)

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### Abstract

This research is aim to increase the batik artisan in Self-Help Group (SHG's) Surabaya welfare through empowerment strategy. However, batik Surabaya generally have constraints in terms of the sustainability of the production process, the lack of available human resources, marketing and distribution that has not been created properly. This condition can be helped by empowering the SHG's Batik trough performance model based on the value of the company and the value of the products is the goal of this research in the effort to float SHG's batik Surabaya. This research used observation and in-depth interview method with total sample is 28 Self-Help Groups in Surabaya. The result found that in perspective product value obtained excellence product that is unique motifs and colors have a special series of Surabaya and a solid match between the colors, motifs and attractive packaging and in perspective firm value are selling rate, structure organization, book keeping and accounting.

**Keywords:** *Self-Help Groups, Batik Creative, Product Value, Firm Value*

### Background

Batik is one of the flagship products of every city including in Surabaya, which are mostly managed by SHG's. Batik has been known since the seventeenth century, and in 2009 has received recognition from the United Nations agency that is UNESCO as world heritage. Recognition of batik will add additional value to the development of batik in Indonesia. It is characterized by the increasing use of and demand for batik products. Such conditions make batik artisans gain to make them capable of improving economic conditions. One type of batik which is currently favored by consumers is batik Surabaya. Batik Surabaya believed to have uniqueness and distinctiveness that are not owned by the batik products from other regions in Indonesia.

Based on the preliminary survey of the craft of batik Surabaya generally have constraints in terms of the sustainability of the production process, the lack of available human resources, marketing and distribution that has not been created properly. Empowerment has been done so far has not been effectively implemented. Empowerment is still focused on the excavation of new crafters with counseling and training to make. But after the training is done, the artisans are no longer continues his efforts. This resulted in low productivity. On the other hand, batik Surabaya have limited access to market information, market reach, networking, and access to strategic business location. The craftsmen mostly only sell around Surabaya, and even then not in strategic locations, so that not many people of Surabaya know batik Surabaya well. In terms of capital as well as the problems facing SMEs in general Semarang batik makers are also facing the same problem. This can be demonstrated with the business scale is still relatively small with its own capital is relatively small. The linkage of production and business performance has not been made by craftsmen who will continuously the inefficient production and distributions are less good. Thus the need for assessment studies on the empowerment of SHG's Batik Surabaya so that the aim of promoting the dignity Surabaya batik art and

culture can be realized, so as to align batik Surabaya with other known and welfare for batik artisans Surabaya.

Welfare for batik artisans through empowerment strategy with a performance model based on the value of the company and the value of the products is the goal of this research in the effort to float SHG's batik Surabaya. Without the support of the right strategy, the company will be difficult to survive in the competitive (Knight, 2000). Start from here, the emerging demands of the company to be able to formulate a good strategy. Research on the performance of SMEs and SME programs creativity began to innovation, marketing and resource conjunction with the company's performance is not a new thing. The results of the study Frese et al (2002, p. 276) show that entrepreneurial orientation is key to improve the performance of the company. Companies whose leadership oriented entrepreneurial have clear vision and courage to face the risks so as to create a better performance.

Based on the background above, the problem in this research is to determine the performance model based on the value of the company and the value of the product, especially on SHG'S Batik Surabaya. In this study, the criteria of company value and the value of the product on SHG'S differ slightly with SMEs and even companies. Criteria value of the company at the top of SHG's in sales growth, organizational structure, bookkeeping, regular meetings, member savings and partnerships. Value of products consists of product excellence, ease of getting the product, purchase incentives and product modifications (Bapemas Surabaya, 2015).

## **Theoretical Framework and Design Model**

### ***Firm Value***

The company's goal generally is to maximize the value of the company (firm value). High firm value reflects a positive reflection on the performance of the company so as to attract investors to invest in the company. The company's value can be measured by the value defined by the market share price at the end of the year (Chen et al, 2011). The firm value is the price of a company that is willing to be paid by investors when sold (Husnan, 2005; Wiagustini, 2010). Furthermore Chandra (2003) provides an understanding of the company's value (value of the firm) is the measure of success in the management of a company running a business in the past operations and business prospects in the future to convince shareholders.

Criteria of firm value in SHG's consists of sales growth, organizational structure, bookkeeping, regular meetings, members' savings and partnership. Furthermore researchers described each of these criteria in this paper.

### ***Sales Growth***

Sales have more influence strategically for a company, sales made by the asset or assets and when sales increased then assets should be added (Weston and Brigham, 1998). Sales from a year earlier, the company can optimize its resources. Sales growth has an important role in the management of working capital. By knowing how big the sales growth is, the company can predict how much profit is obtained. Sales growth of SHG's creative batik Surabaya supported by the promotion of access to aid distribution Bapemas Surabaya city in the form of exhibitions in shopping malls, bazaars and in villages in the district.

Average sales growth of each SHG's since its stand quite a significant increase, in this study made the following formulation:

$$(\text{Sales in period } n + 1 - \text{Sales in period } n) / \text{Sales in period } n) \times 100 \%$$

Table 1.  
 Average Sales Growth

Average Sales Growth	Score
Between 51-60%	7
Between 41-50 %	6
Between 31-40 %	5
Between 21-30 %	3
Between 20 %	2
Between 10%	1

### ***Organization Structure***

The organization is a collaboration tool used by some people who have the same vision and mission in order to achieve the same purpose. Understanding the organizational structure is the arrangement components units within the organization. The organizational structure shows the division of labor and show how the functions or activities that vary are integrated (coordination). Beside, the organizational structure also shows specializations jobs, command line and the submission of the report. So in the absence of an organizational structure and appropriate management the organization will be chaotic and will not run properly even these organizations can disband because there is no division in management (Alhamidi, 2013).

According to Tambunan (2009), medium-sized enterprises most of the business owners have been well educated, have access to government programs, and already employs professional managers. While SHG's Batik target should have a chairperson, treasurer and members, and each board have the duty and authority to manage the group in accordance with the vision and mission of SHG's.

### ***Accounting***

One of the main challenges faced by SHG's is associated with the management of funds. Good management of the funds is a key factor that can lead to the success or failure of SHG's. Although many other factors can affect SHG's but at SHG's issues typically arise from failure to manage the funds.

According Kurniawati (2012), a practical and effective method in the management of the fund is to implement accounting SHG's well. Thus, accounting makes SHG's can obtain a wide range of financial information that is important in business. The financial information that can be obtained SHG'S include enterprise performance information, calculating tax information, the position information of the company's funds, the information changes in owners' equity, cash income and expenditure information.

SHG's Batik book keeping was conducted on the sales, purchasing, inventory, cash-in, cash-out, fees and salaries. Accounting reporting is done merely for the sake of

business management. Most of the reports made by the manager of the business are sales reports, purchasing reports, inventory reports.

### ***Routine Meeting and Member Saving***

SHG'S regular meetings is how many meetings do SHG's, the meetings to discuss the activities of SHG'S in connection with products such as batik motif planned to be created, the marketing and sale of batik, bookkeeping of SHG's and development plans for the group. The more often the meeting showed the level of activity and productivity in the Batik group.

Savings member's shows how much savings of their members, including capital and cash held because when the founding group SHG's, most venture capital is the joint capital or capital grants should be accounted for together. The savings member's also indicate the productivity of the group in accordance with the mission and vision of SHG'S.

### ***Partnership***

Kuncoro et al (2003) said that developing partnership program can be reached by Father-Son Adopted system, upstream-downstream linkages (forward linkage), the downstream-upstream (backward linkage), venture capital, or subcontract. The partners who really want to help in developing a business SHG's stained with the seizure of partnerships or build new partnerships but also SHG's not interested in a partnership (Frank.2010; Purnomo, 2013).

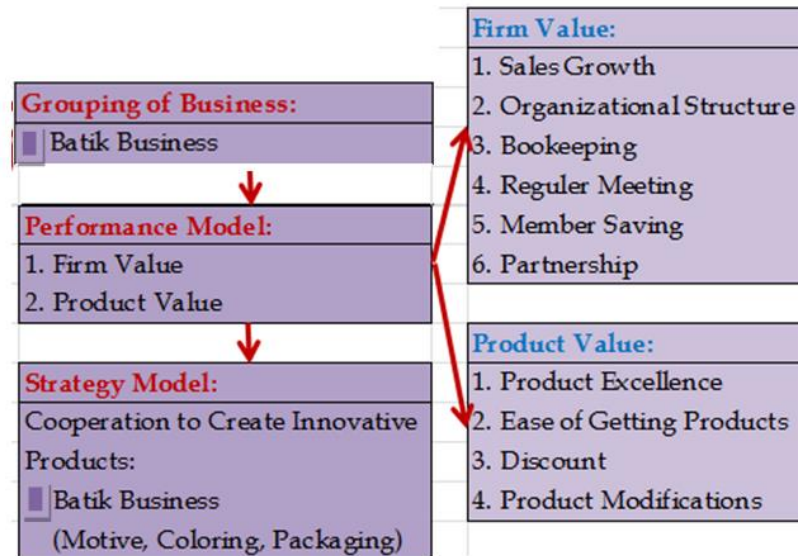
### **Research methods**

This research was conducted in the city of Surabaya. The data collection is done by in-depth interviews and observation. SHG'S is closely linked to the development of the batik industry in the city of Surabaya, batik artisans and entrepreneurs in the city of Surabaya, batik observer communities, officials from relevant agencies such as, Bapemas Surabaya and Surabaya Dekranasda board. Data analysis was conducted using qualitative methods.

### **Operational Method**

#### ***Flowchart Research***

This study was conducted over three years. The first year has been identifying the internal factors that affect the performance of SHG's and have identified external factors that affect performance SHG's. The second-year research effort designed to grouping SHG'S, the determination of the performance model based on standard firm value and the value of the product.



**Picture 1.**  
**Flowchart Research**

**Research sites**

Research was conducted on SHG’s Batik Surabaya are spread across several areas, among others: West Demak, Babadan, Kalimas Baru, Sidotopo, Medokan Utara, Banyu Urip, Kapas Baru, Ploso, Banjar Sugihan, Tenggilis, Krukah, Gunung Sari, Karangrejo, Pagesangan, Benowo, Wisma Tengger, Dukuh Kupang, Kedurus, Kedung Ruken dan Babatan.

**Population and Samples**

The population and sample of this research are total amount 28 SHG’s in Surabaya.

**Table 2.**  
**SHG’s Batik in Surabaya**

No	Self-Help Groups	Product	Address
1	Melati	Ikat celup	Babadan 4-2
2	Tugu	traditional Batik	Demak Timur No.35
3	Serasi	traditional Batik	Babadan masjid 25
4	Bougenvil 2	Ikat celup	Kalimas baru I/60
5	Cantik	Ikat celup	Wonokusumo jaya I/17
6	Safari	Ikat celup	Sidotopo gg 2
7	Anggrek	Ikat celup	Medokan utara 26/3
8	Pandan Duri	Membatik (batik	Kupang Krajan Lor I

No	Self-Help Groups	Product	Address
		tan)	
9	Warna Ayu	Ikat celup	Banyu Urip Kidul V/61
10	Kencana baru	traditional Batik	Kapas Baru II/11
11	Sekar wanita	traditional Batik	JL. Gersikan IV
12	Melati wangi	traditional Batik	Ploso 7/16 A
13	Anggun	Ikat celup	Banjar Sugihan No.20
14	Bougenvile	traditional Batik	Tenggilis Mulya RT
15	Jumput ngagelrejo	Membatik (batik tan)	Krukah Sel 12 B/7
16	Mandiri	Membatik (batik celup)	Gunung III/2 no 171
17	Kasih ibu	Membatik (batik tan)	Karangrejo VI/43
18	Rapi ayu	traditional Batik	Pagesangan RW.01
19	Batik semanggi	traditional Batik	Benowo
20	Batik tulip	traditional Batik	Wisma tengger V no.9
21	Batik teyeng	traditional Batik	Wisma tengger VI no.33
22	Batik elektrik	traditional Batik	Dukuh kupang gg lebar D
23	Kreasi	Ikat celup	Kedurus RW III
24	Sari karya	Batik celup	Kp Malang Tengah I/9
25	Lurink	Ikat celup	Kedung Rukem II/9
26	Charisma	Ikat celup	Kedung Klienter 7/25



No	Self-Help Groups	Product	Address
27	Gemati	traditional Batik	Jl. Babatan Pratama HH No.7
28	Jumputan	Traditional batik	Pagesangan RW.01

### ***Types and Sources of Data***

The data used in this study are primary data. Primary data refers to information obtained first hand by researchers associated with the variable interest for the specific purpose of study (Sekaran, 2006). Primary data collected include: (1) The identity of the respondent and the characteristics of business owners, include: name, address, gender, age, education, household size, number of family members who work, education, family members, spending an average families to groups of food and non food, (2) aspects of business / production, (3) Aspects of distribution / marketing, (4) Aspects of market demand.

### ***Collecting Data method***

Data collection methods used in this research is the method: In-depth Interviews and observation activities SHG's Batik.

1. In-depth interviews is the process of obtaining information for research purposes by way of question and answer face to face between the interviewer with the informant or the person being interviewed, with or without using a guide interview, where the interviewer and the informant involved in the life social relatively long. Keypersons depth interviews were conducted with competent, composed of the chairman of SHG's, namely Bapemas Kasie Community Empowerment, Dekranasda Surabaya.
2. Observation, a research technique in the search for a picture of social life that is difficult to resolve with other methods so that the observations were made to explore the function of exploitation. From the observations we found a clear picture of the problem and possible clues on how to solve them. Thus, it is clear that the purpose of the observation is to obtain a variety of concrete data directly in the field or place of study. This observation is the non-participation observation, instrument used in performing observation of checklists, rating scales, anecdotal records, records periodically, and mechanical devices.
  - a. Check list, a list that contains the names of respondents and the factors that is observed.
  - b. Rating scale is an instrument to record symptoms according to the level.
  - c. Anecdotal record, the notes made by researchers on the remarkable behavior-behavior that is displayed by the respondents.
  - d. Mechanical device, a mechanical device that is used to photograph certain events displayed by the respondents.

### **Result and Discussion**

Surabaya is one cosmopolitan city, where residents come from various regions as a newcomer to the mix of cultures metropolis with indigenous cultures that make Surabaya Surabaya rich in culture. This is also reflected in the motif produced by SHG's batik in Surabaya, most of batik craftsmen from different regions. Batik Surabaya is not like batik from other coastal areas which traces its history can be traced. Batik Surabaya tend to be difficult because once the transit area of trade. Motif rose also about Surabaya. At first glance looks no different batik Surabaya with Madura batik or Batik Jetis Sidoarjo origin

which was the star at the end and beginning of 1900 and is the market big enough batik there and then, but if observed in detail it was look the difference. Batik Surabaya has a concept of strong colors and bold. Besides batik Surabaya also had a motive - the typical motifs such, clover flowers, rooster in Sawunggaling legend, a boat typical of Surabaya, as well as advertisements shark (javanese: sura) and crocodiles (javanese: baya) are also an icon of the city of Surabaya.

**Performance Model for Firm Value on SHG’s Creative Batik Surabaya**

Based on interviews with SHG’s and observations in connection with the selling rate was 90% SHG’S Batik increased 30% to 40% after training and assisted on the creation motif, coloring and packing. The organizational structure of the group run in accordance with the duties and responsibilities, which means that each member is directly involved in the activities to make batik.

Bookkeeping at SHG’s previously recorded has been recorded and accounted for using the method of accounting as simple as noted cash-in, cash-out, supply, sales, purchasing, and other costs. Results of regular group meetings marked by the attendance list of each meeting in the archive by the secretary of the group and almost 75% of members in each group SHG’S has always been active in regular meetings.

Another factor of the value of the company are managed by SHG’S Batik is member savings. SHG’S Batik classified in this study 100% have savings of members, these savings are the result of the sale of batik in a given period and distributed as profits, in addition to the savings members can use the group as additional capital when booking sales more than usual, for example if there is an order the uniform of an institution or family wedding uniform and orders the PKK. Factor latter is a partnership, 70% SHG’S Batik partnership in business development and marketing network, but some are not due to the distribution of profits or bought breaking price does not correspond with those offered SHG’S.

**Table 3**  
**Transaction and Accounting of SHG’s**

N	Book keeping transaction	Respondent				Number of respondent	
		Reported		Unreported		Total	Percentage
		Total	Percentage	Total	Percentage		
1	Cash flow in	28	100%	-	-	28	100%
2	Cash flow out	20	74,07 %	8	25,93%	28	100%
3	Sales	28	100%	-	-	28	100%
4	Buy	28	100%	-	-	28	100%
5	Supply	28	100%	-	-	28	100%
6	Other	22	78,5%	6	21,5%	28	100%

Source: analyzed data

**Performance Model for Product Value of SHG’s Creative Batik in Surabaya**

Based on observations and interviews with SHG’s batik, obtained excellence product that is unique motifs and colors have a special series of Surabaya and a solid match between the colors, motifs and attractive packaging makes the product batik Surabaya interesting local buyer in Surabaya and outside Surabaya, because the motive Surabaya cultural show like a rooster, clover flowers, fish and shark and crocodile. Ease of getting a product that is already marketed through the SHG’s Batik exhibitions in malls and

exhibitions held Dekranasda at national and international level. Likewise with the packaging already placed the identity of batik such as address and phone number.

Another factor in the products value that purchase incentives given to members who can sell and market more outside than the benefits to be obtained from SHG'S members. As a form of work more on marketing and sales of the members who sell outside the SHG's program received the incentive. As for product modifications not 100% because if batik modified it in any mixture of batik and machine. The result was different and of course, the time it takes much longer. Packaging modifications have been started by SHG's with unique packaging and elegant yet the prices remain affordable.

### Conclusion

Batik that produced by SHG's creative reflect cultural values and characteristics of the city of Surabaya. Increase productivity in Surabaya batik craftsmen formed the performance models based on the perspective of product value and firm value. Criteria of the firm value at the top of SHG'S are sales growth, organizational structure, bookkeeping, regular meetings, member savings and partnerships. Value of products consists of product excellence, ease of getting the product, purchase incentives and product modifications.

In the perspective of firm value was found that an increase in sales growth after training. The jam clear divisions of job descriptions also help improve the organizational structure of SHG's. In the process of bookkeeping SHG's mostly been doing the bookkeeping that allows them to calculate the cash inflows, cash, and other expenses. SHG's coordination was created when they often conduct regular meetings between members. In order to manage the finances of each member of SHG's also have savings and cooperate with other groups such as the PKK.

In the perspective of product value obtained product excellence that reflect the cultural characteristics of the city of Surabaya and Surabaya like motifs and bold colors. Besides the implementation of incentive for each member of SHG's to market its products is a positive point in order to increase product sales.

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