

## CHAPTER I

### INTRODUCTION

#### 1.1 Background

In the earliest time, clothes were just designed to cover our body. Nowadays, clothes become an identity for people to show who they are. This condition also applies to all fabric products including batik. Batik is one of many cultural heritages from Indonesian ancestor. It is a technique to make pattern by using wax and dye applied to cloth. Actually, wax-resist dyeing of fabric already existed in ancient era from many areas such as Egypt, China, India, Japan, Nigeria, and Senegal. But this technique is highly developed in Indonesia especially in Java Island, compared to other area. Moreover, only in Indonesia, people do batik technique by using *canting*. That is one of the reasons why Indonesian batik has more detailed pattern and many variations of pattern than other areas.

Nowadays, batik became more popular. People wear batik as formal dress, unique fashion, uniform, and to preserving inheritance from Indonesian people ancestor. Even more, Indonesian government supports the promotion of batik through exhibition, campaign in several embassies, government officials whose wear batik in international conferences, confirming batik as world cultural heritage through UNESCO, and apply batik pattern in public building design. Not only from the government, but there is also some non-government businesses which support batik popularity, which are an Indonesian airline company whose applied batik as their company's name and livery, hotels which adopt batik design, and many more. Because of that, the popularity of batik will be increasing in our society, regional, and even in the world. Surely, it gives positive effect for batik itself. When batik becomes more popular, the demand will be increasing and become opportunity. Hence, there will be many batik manufacturers which want to exploit that opportunity. On

the other side, this condition becomes a challenge for every company, because the increasing number of competitors will make the competition become tighter. Hence, they need to anticipate it by using suitable method.

This research was conducted in Sogan Batik Rejodani. It is a batik manufacturer which focuses to produce handmade batik. This company is classified as a Small and Medium-sized Enterprise (SME). Their product consists of two kinds of batik, which are batik tulis and batik cap. Currently, this company has not used advanced business strategy selection method yet. It would make the strategy decision process become less accurate.

Based on that reason, this research recommends the batik manufacturer to perform advanced business strategy selection method in order to survive and compete with other batik manufacturer. The first thing which can be conducted before making strategy is collecting required information about the company. Researcher decided to collect internal and external factor of the company. It is important because it could help the company to aware and understand on the factors which support and obstruct the company in order to survive and compete. If the company aware and understand about their own internal and external factor, it would be easier to strengthen the advantage and eliminate the disadvantage. Other than that, it could help to formulate the strategy, and the result would be more accurate towards the current condition of company.

Some researchers conducted research about the relation between business strategy and performance. Planning business strategy is required by many companies to be able to survive in this era. A research conducted by Skokan et al (2013) stated that strategic planning is definitely reasonable activity of any company, since enterprises who did prepare detailed strategic document proved in 80 % of observed performance parameters better results than enterprises without written business plan.

Other research about strategy planning has been conducted. The research was explained about the impact of strategic planning on organization performance and survival. The researchers conducted their research in First Bank of Nigeria, Plc (FBN). The result

shows that at 95% confidence, strategic planning enhances better organizational performance and survival. Hence, it can be concluded that there is a link between strategic planning and organization's survival. (Akinyele & Fasogbon, 2007)

Hence, based on those previous researches above, this research tries to select the suitable strategy for this company. This research will perform SWOT analysis. This method is chosen by researcher because it covers both internal and external factor. Other than that, it is simple yet effective to conduct this method. Even, advanced training is not required to conduct this method. After that, the result of SWOT analysis will be ranked by performing Fuzzy TOPSIS in order to recognize which strategy that has higher priority.

TOPSIS is performed in this research in order to rank the selected strategy which obtained from the SWOT analysis result. SWOT analysis itself has its own weakness which is only a tool for identifying only without considering the weight and rating. Moreover, the result of SWOT still too wide and the priority of the strategy is unknown. Because of that, researcher combines SWOT with Fuzzy TOPSIS. This method is simple yet effective. There is no need advanced training or special software to do this method. Hence, this method is applicable for many applications and many workers.

In this research, TOPSIS method will be combined with fuzzy. TOPSIS is widely used to treat real world decision making problems. Despite its popularity and simplicity in concept, this technique is often criticized because of its inability to deal adequately with uncertainty and imprecision inherent in the process of mapping the perceptions of decision-maker (Karimi et al, 2012). Based on the reason, the calculation of fuzzy is used due to its capability of the method that can interpret imprecise data, uncertainty data, and ambiguous data.

According to all explanations above, it can be concluded that this research purpose is to select the suitable strategy for the company. This research performs SWOT and Fuzzy TOPSIS to analyze and formulate the suitable strategy. Batik Sogan Rejodani which located in Sleman, Yogyakarta was chosen as the location to conduct this research.

## **1.2 Problem Formulation**

Based on the description in the background above, the problem that come up in the research would be formulated and generates a research question as follows:

1. What are the SWOT factors of the company?
2. What is the suitable strategy for the company based on the SWOT and Fuzzy TOPSIS method?

## **1.3 Objectives of Research**

Based on the problem formulation above, the objectives of research can be arranged as follows:

1. Identifying the SWOT factor of the company.
2. Selection of business strategy using SWOT and Fuzzy TOPSIS

## **1.4 Scope of Problem**

The scope of a problem is a restriction or limitation of problems to make a border in the research to keep the research inside the scope. There are some limitations as follows:

1. This research performs SWOT and Fuzzy TOPSIS method to analyze the problem.
2. The research was conducted in a batik manufacturer.

## **1.5 Benefits of Research**

Based on the purpose of the research, this research is developed to give the contribution as below:

1. To analyze the internal and external factor of this company
2. To formulate the best strategy for this company in order to compete with other.
3. To practice skill which learned from university.
4. To be a contributor in the development of knowledge.

## **1.6 Systematical Writing**

This study was written based on the rules of scientific writing in accordance with the systematics as follows:

### **1. CHAPTER I INTRODUCTION**

This chapter consists of background problem, formulation of the problem, research question, problem limitation of research, the objectives or purpose research, the benefits of research and systematic writing.

### **2. CHAPTER II LITERATURE REVIEW**

This chapter elaborates on the theories of reference books and journals as well as the results of previous research related to the research problem which is used as reference for problem solving.

### **3. CHAPTER III RESEARCH METHODOLOGY**

Consists of description of the framework or concept, and the methodology in conducting the research.

### **4. CHAPTER IV COLLECTION AND PROCESSING DATA**

Contains the data obtained during the research and how to analyze the data. Data processing result is displayed in the form of tables. What is meant by processing the data also includes analysis of the results obtained. This section also includes the reference for the discussion of the results to be written in Chapter V.

### **5. CHAPTER V DISCUSSION**

This chapter contains discussion of the results on data processing that has been carried out in research, compatibility with the objectives of research so as to produce a recommendation.

## **6. CHAPTER VI CONCLUSION AND RECOMMENDATION**

This chapter consists of the research conclusion that completed with the recommendation for the future research.