

ABSTRACT

Globalization will integrate all of world's economic power into a borderless world system. International linkage in the field of production, trade, financial and other field intensively go on in the increasing. Anticipating it need development policy to support Small and Medium Enterprise (SME's) being a real strength who capable to increase the regional economic growth and employment reservation.

Batik is the pride of Central Java as it holds great potential to boost economic growth. The Batik industry in Central Java is considered a strong SME's. One of the central of batik production in Central Java is Pekalongan where batik is produced by SME's. Famous Pekalongan batik with BMW slogan, i.e dare, flame and durable representing different Pekalongan batik individuality with batik products in other area.

This research is aimed to analyze the influence of factors used in the production. This research located in central of batik in Pekalongan town. Populations of SME's are 600 and the sample size is 60 entrepreneurs, or 10 % of the total populations and this research used regression analyses.

The estimated results shows the factors which are influencing the batik production positively and significantly are labour, candle of batik (malam), chemical drugs and land area. Meanwhile, the other factor, namely fabric, has no significant influence.

Keyword : small industry, production.