



## POLITICAL ECONOMY OF INDONESIAN SMES OF EXPORT-ORIENTED

### APPAREL: A GLOBAL VALUE CHAIN ANALYSIS

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#### ABSTRACT

This research attempts to comprehend the various upgrading strategies performed by Indonesian apparel small and medium-sized enterprises (SMEs) to enter the global e-commerce market. Analysis of global value chain (GVC) shows that there are political hurdles that have been hampering Indonesian textile industries and domestic online platform companies to further contribute to upgrading processes by SMEs. With these existing policies, Indonesian apparel SMEs are struggling to get sophisticated domestic inputs (fabrics) as Indonesian textile industry is not able to meet the fabric requirements set by them. They also encounter some adversities when expanding sales destinations to other countries, as the Indonesian government does not encourage operating online platform companies to uphold the cross-border e-commerce selling mechanism. However, this study finds that Indonesian apparel SMEs are eventually finding their way into the global e-commerce market. One of the key successes can be attributed to their involvement in direct backward participation GVC which allows them to use imported inputs, thus quickly increased their product competitiveness in the global market. On the export side, the SMEs also put an essential endeavor to be visible in the global e-commerce market by forming a website to facilitate their participation in business-to-consumer (B2C) cross-border e-commerce.

**Keywords:** SMEs, apparel, Indonesia, upgrading, GVC, political economy, digital export



## EKONOMI POLITIK UKM MANUFAKTUR PAKAIAN JADI INDONESIA BERORIENTASI EKSPOR DIGITAL: ANALISIS GLOBAL VALUE CHAIN

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### ABSTRAK

Penelitian ini fokus untuk mengurai strategi upgrading yang digunakan UKM pakaian jadi Indonesia untuk masuk ke pasar e-commerce global dengan kerangka analisis global value chain (GVC). Pemetaan GVC menunjukkan bahwa sektor yang seharusnya dapat mendukung UKM pakaian jadi dalam mencapai target upgrading, seperti industri tekstil nasional dan berbagai perusahaan marketplace, menghadapi hambatan dikarenakan ada proses ekonomi-politik yang mempersulit kedua sektor tersebut untuk berkontribusi lebih jauh. Dengan kondisi demikian, UKM pakaian jadi kesulitan mendapatkan bahan baku domestik karena pelaku industri tekstil nasional tidak mampu memenuhi spesifikasi yang diminta. Selain itu, UKM pakaian jadi juga menemui hambatan ketika berupaya memperluas destinasi penjualan mereka ke luar negeri yang disebabkan oleh minimnya usaha pemerintah Indonesia mendorong pemilik marketplace untuk membuka mekanisme perdagangan elektronik yang berorientasi ekspor. Meski begitu, analisis GVC menunjukkan bahwa UKM pakaian jadi Indonesia tetap berhasil memasuki pasar e-commerce global dengan beberapa strategi upgrading. Keberhasilan ini dilatarbelakangi oleh upaya UKM untuk terlibat dalam GVC secara *direct backward participation* sehingga memungkinkan UKM mendapatkan meningkatkan daya saing produknya di pasar global melalui penggunaan *imported inputs*. Tidak hanya itu, UKM pakaian jadi juga mengembangkan website penjualan yang mampu mendukung transaksi *business to consumer* (B2C) perdagangan elektronik lintas batas.

**Kata kunci:** UKM, pakaian jadi, Indonesia, upgrading, GVC, ekonomi politik, ekspor digital