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The Strategy Development of the Region in Support Borobudur Tourism Cluster Competitiveness Regions in Indonesia

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Abstract:

The study aims to examine the region's tourism cluster of Borobudur and formulate strategies development. In order to improve the competitiveness of this region. The analysis is the SWOT analysis, R/C ratio, and the Analytical Hierarchy Process (AHP). The data is using primary data from the respondents that the sample consists of academics, businessmen, Government, and community leaders. These results showed that: 1). the majority of SMEs cluster supporting its business profitable tourism of Borobudur. 2). power factor in favor of the tourist attraction is strategically located in the tourist area of the world Temple namely Borobudur, but less weak-side supported the production of the good local souvenirs. Tourism development opportunities and challenges is Asean free market, and over the function of land nature tourism. (3) the tourism cluster development strategy Priorities are (a) supporting production develops tourism, (b) improve marketing, (c) improve the supporting infrastructure, (d) strengthening the institutional, and (e) improving the managerial quality.

Keywords: Borobudur; tourism cluster; competitiveness; SWOT analysis; Analytical Hierarchy Process.

JEL Classification: O29; R11; Z32.

Introduction

In the regional autonomy era currently each area as the lowest unit of administration, trying to do the right strategy to improve the well-being of its community. A logical consequence of regional development in the globalization era and the current autonomy is faced throughout the region in the national territory with the increasingly sharp competition level directly in the marketing of goods and services, both at the domestic and international markets.

The regions competitiveness has significance both of domestic and international markets seized. An area that is able to compete with other regions in producing and marketing the goods and services referred to have high competitiveness. Study of Charles and Zegarra, (2014) in Peru show that areas that have high competitiveness are areas that have the highest level of economic development. With a high level of economic development then the poverty levels in the area are also low.

Currently the clusters concept as a new policy approach in the region development has been increasingly widely used in various countries, either developed countries or developing countries, mainly linked to the readiness of the area increase the power competitiveness in the face of regionalization and globalization. The system cluster is defined as a group of small companies, medium-sized, up to large, located in a specific area to stimulate

innovative activity by promoting area. In the cluster of their mutual use of facilities in the area, exchanging experiences, learning, leverages the network and information technology services (Fundeau and Badele 2014). With the implementation of the cluster, the company can get the resources, information, and innovate on demand that can be used to compete and create a competitive advantage in the global market (Obadic and Lela 2014).

In Indonesia there are many different types of business cluster, one of the leading tourism cluster is in Magelang Regency, Central Java. In Tourism cluster of Magelang particular in Borobudur temple founded in 2005 which was initiated by the perpetrators of small and medium enterprises (SMEs) with tourist areas is facilitated by the local Government District of Magelang. At first the tourism cluster is in Borobudur area produce souvenirs and services to support tourist attraction in Borobudur Temple. However, over time continue to be developed for tourism packages that are not directly related to tourism of Borobudur Temple, namely tourism and tourist village agropolitan. If grouped, this type of tourism in this region consists of 3 kinds, namely, agro-tourism, cultural tourism and nature tourism. A variety of interesting things can be learned from the villagers, from the art of the region, local traditions, and the cottage industry that is run by the community.

One of unique fact about Candirejo Tourist Attraction Borobudur Region, the tourists not need worry about having to sleep where. Lodging (home stay) were mostly houses for rent. So, in addition to stay, tourists can also tussle with the House's owner. For the gift shop, the tourist can buy handicrafts made by villagers-based local residents such as palm and bamboo leaves. Candirejo village offers several package tours such as: Excursion around the village, Village agricultural systems, River Activities, environmental education (nature), the local community life, traditional art, and Incise where travelers will discover the life of the original habitat of birds that live in this area. According to Cunha and Joao (2005) concept cluster tour taken with the specific characteristics of the tourism activity. The resulting product is associated with the local area and follow what is done by a combination of several companies that are incorporated in this tourism area.

Problems occurred in the tourism clusters of Borobudur is still weak competitiveness cluster of tourism due to the less effective role of supporting the perpetrators nor the tour manager cluster. In addition, various local government programme of less synergize develop tourism cluster of Borobudur. This study aims to examine tourism cluster of Borobudur, and formulate the development strategy of the tourist-based cluster.

1. Literature Review

1.1. Regional Competitiveness

Regional competitiveness includes broader aspect than productivity or efficiency at the micro level. Regions competitiveness is placing knowledge, innovation, and entrepreneurship in the forefront of the conceptualization of economic differentiation (Huggins *et al.* 2014). This allows prefer defines competitiveness as the ability of an economy than the ability of the private sector or company. Economy (*economic agents*) not only companies, but also Government, households and others. It's all integrated in one of economic system synergistic.

Those keywords from the concept of competitiveness is the competition. This is where the role of openness against the competition with competitors become relevant. The word competitiveness be losing its meaning in a closed economy. In this level dearth, regional competitiveness is the ability of economy areas/territories in achieving a high level of growth in prosperity and sustainable by staying open on the domestic and international competition. According to Cunha and Joao (2005) competitiveness cluster system is divided into four (4) namely: the meta level, macro level, meso level and micro level.

1.2. Cluster

The concept of clusters as a new policy approach in the region development has been increasingly widely used in various States (Abdullah 2002). Such as in Croatia, cluster systems are being developed to expand its territory (Obadic and Tijanic 2014).

Cluster in the global system is defined as a company's network that are concentrated geographically, which is not only devoted to suppliers, service providers, service-related companies in the industry, associations and agencies in specific areas competing, but also working together (Porter 1998). The concept of a Porter in a *Diamond Model* explains that the concentration of the region will enhance the capabilities of competing regions. Based on the model, a consistent relationship between buyers, suppliers and other institutions is very important in terms of the cluster performance. The cluster will cause the lucrative competition and this advantage will last for the balance of the institutions, regions, and countries in the long term. Ritchie, and Crouch (2000) have built a competitiveness model, make the change from the traditional approach that is based on the appeal of the destination into the approach to the competitiveness of the destination. In the tourism cluster model to regional development, according to Porter's diamond concept determined by supporting and related industries, production factors, conditions

demand, business strategy, structure and rivalry, as well as a combination of factors determinant (Fundeau, and Badele 2015).

The success of a cluster according to Rosenfeld (1997), can be seen from some of the determinants strength of the cluster, namely: (1) specialities, (2) research and development capacity, (3) knowledge and skills, (4) human resources development, (5) network cooperation and social capital, (6) proximity to suppliers, (7) capital availability, (8) the soul of entrepreneurship, as well as (9) leadership and shared vision. Research on Turkey shows that there are some things that make the system cluster of the milk producers in Turkey reaching for success. These factors are based on geographical proximity and facilities with a well-integrated company (Söylemezoğlu and Doruk 2014). Study results of Hatch (2000) about SMEs in Europe shows that rapid growth occurs due to a strong cooperation between business associations, technology support, and the desire to learn from the experience of cooperation in SMEs cluster networks that have been support success.

Different with Demean Niszczoła (2015) about the tourism cluster, in eastern Poland, non-government agencies that provide a very large impact on cluster development. The cluster development gives rise to the opportunity to create new tourist products. The cluster of tourism in this area is not supported on public financing and structure of notigung position occurred in top-down. The research that is done by Fundeanu and Badele (2015) shows that when there is a good relationship between components of tourism products and destinations of tourists is effective, then the tourism cluster will run productively.

Allahar's research (2015) found that the tourism cluster development strategy must be begun by identification and classification elements required for the operations of the cluster based on international best practices before the cluster mapping implemented. Baum's research (2012) shows that the management of human resources effectively in the tourism sector it is important to note. Training, hiring employees properly, to employee development, can support the quality of human resources. Research's Niszczoła (2015) found that, the tourism cluster development is influenced by many factors that can characterize the area attractions. As the appeal of objects and tourist infrastructure, traffic, as well as the related sectors and support. However, the most important factor is the cooperation of local governments, supporting institutions, and research institutes, as well as small and medium enterprises (SMEs) in this area.

2. Methodology

In line with the objectives of the study, this research using primary data collected through interviews with respondents (tourist and businessmen Cluster Manager) using a structured questionnaire. Besides that, also using *indept interview*, as well as a *Focus Group Discussion (FGD)* and *stakeholders* (academics, Government, and community leaders) who are competent over this tourist area condition in Borobudur.

The site selection research with *multiple stage* sampling method, so that the elected in Borobudur District as a center of tourism cluster of Magelang Regency, Central Java Indonesia. Determination of the respondent's sample was done in a *proportional purposive sampling* from among academics, businessmen, local governments, and community leaders (Academy, Business, Government, and Community/ABGC). The number of respondents in this research sample as many as 56 people, made up of 4 people Academy, 40 of people Business, 6 people of Government and 6 people of Community.

This research uses combination approach namely method mix quantitative and qualitative approaches (Creswell 2007) to address the research objectives and identify phenomena that occur at the tourism cluster. Methods of analysis used are:

- analysis of *Strength, Weakness, Opportunity and Threat (SWOT)*;
- analysis the profitability of the venture with R/C ratio;
- the Analytical Hierarchy Process (AHP).

3. Case Studies

3.1. SWOT Analysis of Tourism Cluster

Cluster concept as one of the region's economic development approach has been widely used by the Government of Indonesia in drawing up economic policies and programs. In the era of Suharto regime has developed a cluster of SMEs in many areas, such as development of Small Industrial area known as (PIK), the determination of the Small Industrial Environment known as (LIK), partnership program, as well as the granting of credit. Development of small industrial centers in different regions also supported the establishment of the Technical Services Unit known as (UPT) as its main potential and needs in the field of technology. Around 1990 the 80s most countries in Europe are interested in creating an industrial cluster, district and local production system to be part of regional development policies and their industry (Obadic and Lela 2014).

Cluster as a SMEs development approach as proven to be increasingly accepted in the development of which involves the grouping pattern, either industrial or infrastructure, so that the nature of the cluster will be increasingly used. The research of Schmitz and Spencer (2006) in the United Kingdom suggests that the cluster system has helped SMEs in generating a significant advantage, since it can interact with other local players involved in the different industrial areas (such as agriculture, manufacturing, tourism and hospitality, retail, etc.). Therefore, the cluster approach will certainly become part of the model development in each region. The problem is the optimal agglomeration should generate synergies for sustainable progress for efficiency and competitiveness of the region. Research Fundeanu (2015) regarding a planned tourism development and integrated in the region of Oltenia shows that need innovative approaches and rigorous assessment of the tourism potential. Promotion strategies and financing to encourage SMEs to join in the tourism cluster is important, as one way to support the sustainability of tourism. How different local players can compete in ensuring the promotion and improvement of tourism is an important means to find a viable solution to boost tourism potential (Fundeanu 2015).

Based on the empirical conditions in the internal area of Borobudur tourism cluster, the strengthening owned in the development of the cluster area are:

- strategic areas are on a world tour to Borobudur Temple location;
- situation safe and conducive tourism comfortable and local wisdom;
- the strong of local culture;
- geographical conditions either as a recreational area.

Weaknesses that need to be addressed to support the cluster development, among others. Borobudur tour are:

- awareness of local community producing handicrafts typical local is low;
- lack of capital to develop assets;
- government policies overlap;
- development of HUMAN RESOURCES quality field tour is less, especially for the youth.

The challenge faced by Borobudur Tourism cluster is:

- human resources quality. Development being hampered due to constrained by the regeneration of human resources. The younger generation prefer to work in other sectors rather than being the successor to their parents for working in this business in the tourism field;
- a flood of products from outside the region are sold by the perpetrators of the SMEs around Borobudur area;
- expensive raw materials is the reason why the perpetrators of the SMEs prefer selling the production from outside the region rather than producing their own.

In addition, the related asset ownership Government policies in Borobudur area resulted in investors from outside many of which have assets in this area, so the effect on land over the function and result in the circumstances of the not original again.

According to Gruescu *et al.* (2008) the relationship between tourism and human capital are complex, mutual conditioning, each of the two elements at once has the role of cause and effect. Thus, the stimuli towards growth tourism is an important media to launch the new labor. Study results Benur (2015) mention that by selling the original product of this tourism areas can better attract tourists come to visit the destination. Product diversification is also very important for competitiveness.

Opportunities for the tourism cluster development is still wide-open views of the factor: innovations tourist destinations, the number of tourists visiting Borobudur Temple in particular holidays, advances in technology and information as a means of tourism promotion, and the globalization era that integrates the relationships between countries. The research of Zhang (2012) regarding the strategy in the development of urban tourism in Suzhou stated, building a system of environmental analysis and scientific standards to properly handle the relationship between the environment and the economy. The environment is the granting of nature and culture given by our ancestors. Tourism should not only focus on economic benefits but also take environmental and social benefits. While to fulfill changing needs of the community, the development of tourism should not threaten the capacity to comply the demands of their holiday trip.

Based on the explanation of the internal and external conditions, as well as existing problems, generally the essence of SWOT analysis in Borobudur tourism cluster area is as follows (see Table 1):

Table 1. SWOT Analysis of Borobudur Tourism Cluster Area in Magelang

Strength	Weakness
a. Strategic Location lies in the world tour namely Borobudur Temple b. The strong wisdom of local culture c. Mutual and cooperative d. Some products already certified e. The ideal geographical condition of tourism f. The area of tourist areas is safe and comfortable	a. Government policies is overlap b. Awareness locals produce local souvenirs is low c. The lack of Human Resource developemnt d. Limitations of capital e. The lack of supporting infrastructure
Opportunity	Threat
a. The number of tourists a lot of particular holidays b. Innovations tourist destinations c. Era of free market among countries d. The advancement of technology and information	a. The quality of Human Resource field tours b. Natural disaster Frequency c. Large number of products from outside that entrance Foreign investors changing over the function of land nature tours

Source: Primary Data 2016 (Managed)

3.2. Profitability Analysis of Tourism Cluster Supporting Business

Tour supporting efforts in Borobudur tourism cluster area tour is quite complex because it involves some type of SMEs related. The analysis aims to measure the ability of effort in getting a return, so that it can be used as a benchmark or the description of the business terms of the advantage obtained as compared with the costs and investments. The following profitability analysis is presented one line of supporting business of Borobudur tourism cluster, namely pottery business. Analysis of the return cost ratio is as follows:

3.2.1. Cost

Processing inputs into outputs in the pottery business cost, either fixed costs (fixed cost) and variable costs (variable cost). The cost disbursed by pottery employers in Borobudur District for a month assuming age fixed cost is five years (60 months) are listed in Table 2.

Table 2. The List Details of the Total Cost

No	Cost Classification	Total Cost (IDR)	Monthly Cost (IDR)
1	Fixed Cost*	89.530.000	1.492.167
2	Variable Cost	-	11.050.000
Total Cost in a Month			12.542.167

Note*: the assumption of a fixed age is 5 years or 60 months

3.2.2. Acceptance

Acceptance in the pottery business is the value received from the proceeds of product sales to multiply by the unit price. The value of money received entrepreneurs retrieved from the results of the multiplication between the numbers of products sold over in a month with the unit price of the product. Table 3 is the result of the acceptance that is received by the pottery craftsmens namely about IDR. 19.4 million in a month.

Table 3. The List Detail of Acceptance

No	Product Names	Quantities	Prices (IDR)	Acceptance Total (IDR)
1	The Huge Pottery	300 units	20.000	6.000.000
2	The Middle Pottery	400 units	11.000	11.000.000
3	The Small Pottery	1200 units	6000	2.400.000
Acceptance Total				19.400.000

3.2.3. Profit or Benefit

Profit in the pottery business is the value accepted by employers, and is the acceptance of the difference between the total with the rest of the cost. Income received in the pottery business reached IDR. 6,857,833 in a month

$$\pi = \text{Rp } 19.400.000 - \text{Rp } 12.542.167 = \text{Rp } 6.857.833 \quad (1)$$

3.2.4. Feasibility Analysis of Pottery Business

Feasibility analysis of pottery business is using the method of Return/Cost (R/C) analysis. This method is done by comparing the total acceptance by the total cost. If the value of R/C is greater than 1 then this business deserves to be executed. In calculation of the R/C ratio in the pottery business is using assumptions of land area used is about 100 m² with the ownership status and buy the assumption of fixed costs was 5 years or 60 months.

$$\frac{R}{C} \text{ ratio} = \frac{\text{Rp } 19.400.000}{\text{Rp } 12.542.167} = 1,55 \quad (2)$$

The value of R / C ratio resulting from the pattern of pottery business in Borobudur District is 1.55. This shows that the production cost is amount IDR. 12,542,167 will generate 1.55 times revenue in one month, in other words every IDR. 1 production cost incurred will generate revenue of IDR. 1.55 in a month. Based on the calculation of R / C ratio, it can be said that the business of pottery craftsmen in the tourism area of Borobudur Magelang is feasible to run because it has a R / C ratio of more than 1.

Faizal (2007) study about analysis of enterprise development in women's shoes craft industry in SMEs of Raffi Shoes, Bogor Regency also survive and profitable even though small. Based on the analysis of the feasibility research business is calculated using Net B/C retrieved the value Net B/C of 1.56. These values indicate that each rupiah cost (cost) incurred during the age of the project will give the value of the benefit (benefit) of IDR. 1.56 at interest rate of 12% in a year. The same stuff but produced by different manufacturers sometimes becomes an indirect threat. (Altuntas *et al.* 2014).

3.3. The Strategy Development of Tourism Cluster Basically on Cluster

3.3.1. Main Development Strategy of Tourism Cluster

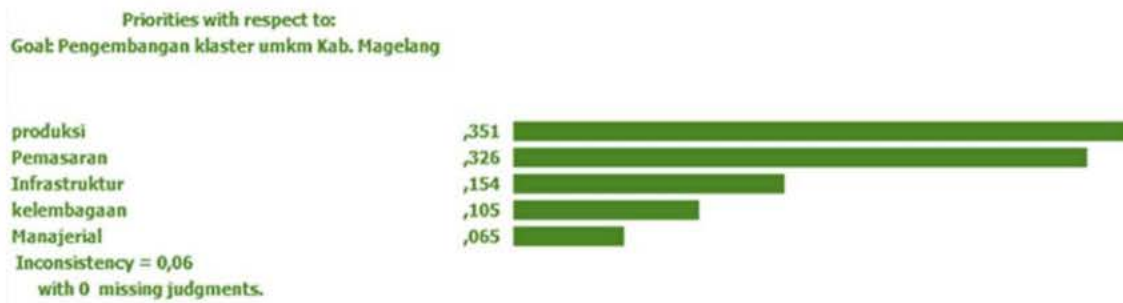
There is some program of local government for developing cluster area in Borobudur, but less effective because it is not basically on the conditions of society and there isn't synergize with the perpetrators of the Borobudur tourism cluster area. Based on the results of indepth interview and FGD with the entrepreneur (Business) and stakeholders (Academy, Government, and Community/AGC) to the development Borobudur tourism cluster area there are five important aspects of cluster development, namely: production aspects, marketing aspect, managerial aspects, infrastructure aspects, institutional aspects. The development strategy of the tourism area based on five main aspects. Each of the main aspects of the detailed follow-up activities in some detail as shown in Table 4.

Table 4. The Development Strategy Aspect of Borobudur Tourism Cluster

Main Aspects	Main Component Aspects
1. The production of good and service tourism	Maintaining the availability of raw materials
	Utilizing appropriate technology
	Product standardization
	Monetary capital
2. The promotion of tourist attraction and its supporting	Creating promotion and exhibition activities
	Relating cooperation with the third party
	Utilizing information technology (<i>e-commerce</i>)
3. The managerial of cluster implementer	Business management improvement
	Doing a comparative managerial study
	Implementing managerial practice
4. Tourism infrastructure proponent	Fulfill facility and infrastructure
	Perform maintenance and infrastructure
	Increased utilization of information technology
5. Institution	Government role into cluster development
	Revise cluster development system
	Training and establishing a cluster development

Cluster development strategy for tourism cluster in Borobudur area formulated based on the results of in-depth interviews as well as FGD with business entrepreneur and stakeholders were analyzed using AHP (Analytical Hierarchy Process) with a software Expert Choice version 11.0. Analysis of the first stage is the main aspect with development strategies (five aspects) in order to tourism cluster development in Borobudur Region. The main aspect of the analysis results can be seen in Figure 1 below:

Figure 1. The Main Aspects Analysis. Within SMALL MEDIUM ENTERPRISES Cluster Development of Tourism In Borobudur, Magelang, According To Key Person



Source: Primary Data 2016 (managed)

Based on Figure 1 above, it can be seen that the order of priority development aspects of Borobudur cluster area according to respondents in a row, namely:

- production aspect with the number amounted to 35.1%;
- marketing aspects with figures of 32.6 %;
- infrastructure aspect with figures of 15.4%;
- institutional aspects with a number of 10.5%;
- managerial aspects with a number of 6.5%.

Research results from Obadic and Tijanic (2014) indicates that the cluster bring positive impact to the economy due to the planning, management, production, and human resource management, and marketing. Results of Jaafar study (2014) in Lenggong Valley of Malaysia regarding the production of SMEs in tourism area shows that the main weakness lies in the lack of availability of raw materials, lack of means of support, lack of knowledge, information, and the opportunity. Based on the priority aspects of the production of local souvenirs goods and local marketing is vital to tourism cluster development. The results of this study in accordance with previous studies conducted by Hanim and Utasih (2012) of embroidery in Tasikmalaya Regency, the main weakness lies in the availability of raw materials and marketing is the number one priority where both very important in SMEs development. Research conducted by Jaafar (2014) in Malaysia regarding the SMEs production in tourism area, found that the main weakness lies in the lack of raw availability materials and the lack of supporting means.

When viewed as a whole, the results of analysis in order to tourism cluster development in Borobudur Region Magelang both of according to the respondents or all stakeholders as well as businessmen have a similar view of the main aspects related should be improved, that is a production aspect. According to Mr. Supoyo as cluster managers and Chairman of SMEs pottery at the same time, reveals that the most important aspect is in the business of the production process, because the production process is the initial step in the business which produces a product item. In addition, Supoyo also revealed that the number of products that come from outside the region is cheaper that cause the businessmen to prefer to buy from the outside for resale rather than having to produce their own. For it takes training to its work force, in order to improve their performance, so they can also improve the quality and quantity of the products (Elnaga and Imran 2013). Those reasons that cause aspects of production should be a priority. While the priority aspects of the latter is the managerial aspects. According to the respondents, the managerial aspects of the last priority because as time passes the managerial aspects of business, can be learnt or mastered by itself (learning by doing). Altuntas *et al.* study (2014) showed that the work planned and organized is the concept of the various facets of which are operational expenditures (such as productivity and quality) and financial expenses.

3.3.2. A Whole Strategy of Borobudur Tourism Cluster Development

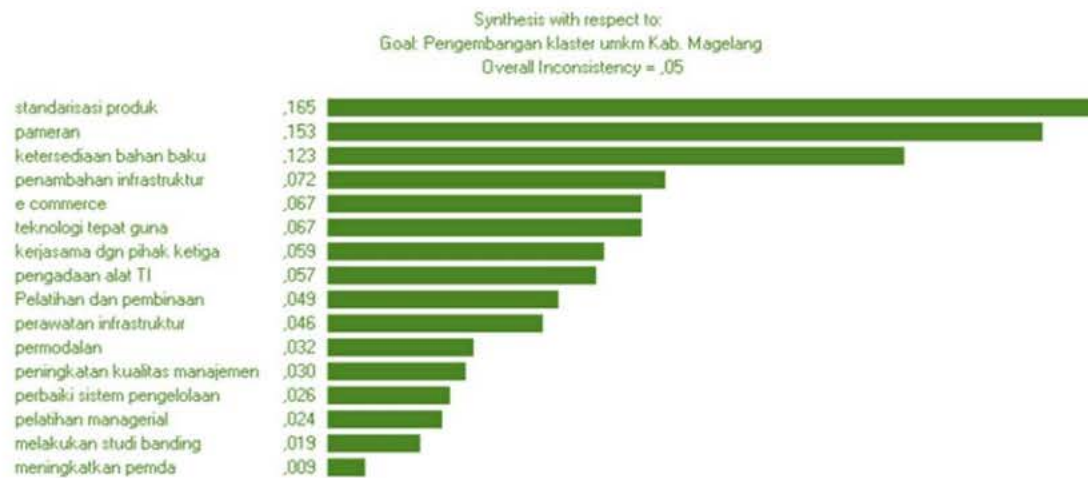
The next step in analyzing the tourism cluster development in Borobudur area that is doing an analysis of the policy strategy thoroughly based on the entirety of the main aspects component. Analysis of development strategy carried out through FGD and in-deep interview to stakeholders and the perpetrators of the attempt. The analysis results of the strategy priority of development cluster area of Borobudur can be seen in Figure 2.

Based on Figure 2 above, it can be seen that the ratio consistency results of the whole policy priorities *i.e.* ratio of 0.05. That means that the results of this analysis are consistent and acceptable. Five great order of priority strategies in developing Borobudur tourism area according to the respondent in a sequence is:

- standardization products with figures amounting to 16.5%;
- exhibition with figures amounting to 15.3%;
- the availability of raw materials with numbers amounted to 12.3%;

- the addition infrastructure of 7.2%;
- utilizing information technology (E-commerce) 6.7%

Figure 2. Policy Priority Analysis into Tourism Cluster Development of Borobudur, Magelang according to Key-Person



Source: Primary Data 2016 (Managed)

In globalization era, standardization of products indispensable. When product standardization is done, it will provide certainty to our customers about the quality of the purchased goods or services. Research results from Sustar (2007), found that the presence of the products standardization can increase sales and profit margins. The priority of the next strategy is to do an exhibition, with a do exhibit a wide range of craft products will be more known to the wider community. Then next strategy priority is the availability of raw materials, as in a business which produce products, raw material availability is a factor supporting the production, so that the need to maintain the availability of raw materials in order that the manufacturing process do not stop. Further development of the strategy's priorities is the addition of infrastructure supporting tourism and utilizing information technology (E-commerce). A brand can gain meaning in many ways: type of customer, employee or CEO, product attributes, details of the packaging, product category, brand names, symbols, messages and style of advertising, price, distribution, etc. (Altuntas *et al.* 2014). Brand image or image of the product is one of the marketing strategy. According to the research of Zhang (2014), the image of the product might be significantly attracted consumers to purchase products and also by the presence of the product image to grow consumer confidence over a product. While the findings of Narwal and Sachdeva (2013) stated that technology has a major effect on consumer behaviour. Technology is also changing the way we do a business. Basic business operations such as decision making, customer service, marketing strategy, human resource management is being reformed with the use of technology.

The results of the study of Petrevska and Koceski (2013) showed that by exploiting technology website as a tool to promote regional tourism is very influential towards the number of tourists visiting. It is because of tourists anywhere being able to easily search for and find recommendations of tourist attractions area. In addition, according to Benur (2015), intensification and diversification of tourism products can also be very important to be able to improve the competitiveness and sustainable destination development.

3.3.3. The Plan Follow the Development Area Trough Tourism Cluster

Based on the priorities of the development strategy of Borobudur tourism cluster, the plan is follow-up development seen in table 5. Follow-up plans and objectives must be understanding and implemented as well as possible by the relevant parties in the development of Borobudur tourism cluster.

Table 5. Follow up Plan of Borobudur Tourism Cluster

No	Follow Up	Targets	Relating Implementers
1.	Production Capacity Training	Increasing added value of SMEs product	Cluster Group, Department of Industry and Trade, Tourism Institution, Colleges
2.	Increasing Human Resource Capacity	Increasing Human Resource capacity by IT mastering	Cluster group, Department of Industry and Trade, Tourism Institution, Colleges
3.	Increasing Management Quality	Increasing business professionalism	Cluster group, Department of Industry and Trade, Business Association, academician

No	Follow Up	Targets	Relating Implementers
4.	Creating Conducive Business Condition	Fluency and enterprise development as well as the interests of investors	Cluster, Local Government, Central Governemnet, Community Leaders
5.	Innovation Development of Tourism Service	Increasing tourism service diversity which is offered	Cluster, Local Governemnet, Colleges, and Business Association

3.3.4. Production Capabilities

Production capabilities especially souvenirs are the main perpetrators of the tourism SMEs field. According to Siswanto as academics explain that today many businessmen in the Borobudur Region is just selling a product but does not manufacture its own products. This situation is due to the low level of awareness and ability of businessmen in the production process. Then Siswanto explains if this circumstance when continued will result in decrease in the perceived economic impact of community around Borobudur tourist areas. Siswanto suggest the need for a comprehensive training is done to the perpetrators of the attempt the lowliest Borobudur with target activities improved value-added SMEs products through improved production capabilities. Elnaga and Imran (2013) stated the importance of investing in training and development effective to employees, in order to improve the performance of the employees themselves.

Business Training conducted under the coordination of Department of Industry and Trade and SMEs, Tourism Institution, cluster Superintendent, and College. Training is a management tool that is implemented to develop skills and knowledge as a means of improving individual and finally for organizational performance (Cooke 2000).

3.3.5. Increasing Human Resource Capacity

Tourist area of Borobudur Temple is an area of international scale tourism as one of the global attraction for tourist visiting to Indonesia. This situation offers great economic potential while simultaneously demands a management primed area manager of Borobudur Temple and the perpetrators were SMEs around. There are some basic capabilities which should be ruled by businessmen to gain economic benefits from Borobudur tourism area such as foreign language skills and the ability to access the development of information technology, as well as the ability producing standard tourists. According to Babalola *et al.* (2011), upgrading the human resources quality in the field of tourism can be done by means of vocational training offered in the tourism services, and by providing foreign language training.

Siti Baroroh as a civil servant in Borobudur Regency explaining that communication ability and production of businessmen in serving the tourists are still low. In addition, Baroroh states that it needed HUMAN RESOURCE capacity of the perpetrator's business in communicating, such as language training and utilization of information technology, infrastructure and product standardization in serving tourists especially on the type of village tour packages is being developed.

3.3.6. Increasing Management Quality

Target quality improvement of human resources management is good at the managerial or technical level. Managerial capabilities such as the ability of financial management and marketing are already good enough. While managerial capabilities such as business managerial ability technical production needs to be improved. This is due to the efficient production capabilities is a requirement for business continuity in the future. This activity involves Department of Industry and Trade and SMEs, business associations and college tertiary areas of SMEs development.

In accordance with research Carneiro (2000) knowledge management was an important thing to continue to be improved. With a good knowledge of managed, can increase efficiency, innovation, and competitiveness. Research results Kuanui (2006) in Vietnam proves that with training in production management, upgrade human resources, will positively impact on improving the performance of SMEs. According to Hawkins and Calnan (2007) collaboration with investors can support cluster growth in tourism. Investors can provide technical assistance and support facilities that can enhance the comparative advantages of this regional tourism.

3.3.7. Innovation development of tourism services

According to Sukirno as Chief Tourism cluster, consider the tourism industry is an industry that is dynamic. Perpetrators of tourism must be able to evolve and innovate in order to accommodate the demand of tourists. If the offender is not capable of developing tourism business and innovation will be abandoned by tourists. The process of development and innovation of tourism as the tourism village and Agropolitan has been started by a tourism cluster

in Magelang. In the United Kingdom there is the innovation of tourism with the tourism theme of carrying the Healthy Lifestyle Tourism Cluster. Innovation was becoming attraction for tourists, and generate benefits to the economy of the local more real (Schmitz and Spencer 2006).

In addition, Sukirno adding currently it still many obstacles in the efforts of the development and innovation of tourism such as the condition of the physical infrastructure and non-physical is still bad. Physical infrastructure is such as road conditions, cleanliness and other physical infrastructure. While the non-physical infrastructure for such communication ability trade is still low.

Conclusion

Based on the results of research and analysis of the condition of Borobudur tourism cluster, can be summed up as follows:

1. Conditions of SWOT Borobudur tourism cluster in Magelang is as follows:
 - a. Strength (Strength): ideally located in strategic tourist area of the world Borobudur Temple, supported a strong local culture, the soul of a high mutual, as well as the condition of a safe location and comfortable.
 - b. Weakness (Weakness): the consciousness of local residents to produce souvenirs of low HUMAN RESOURCE development, less, and capital constraints, and lack of supporting infrastructure.
 - c. Opportunity (Opportunity): a large number of tourists visit this particular holiday, innovation of new tourist destinations, the era of free market between ASEAN countries, advances in technology and information
 - d. Threat (Threat): natural disasters, a flood of products from outside, instead the changeover function of the natural land by foreign investors.
2. Based on the analysis of the feasibility of business, SMEs in the cluster area of is decent run because it has a value of R/C ratio greater than 1. The profits earned by the businessmen (the difference between the total acceptance by the entire costs incurred) is also quite high.
3. The priority of tourism cluster development strategy based on the main aspects are: a) developing the production of goods and services supporting; b) marketing; c) developing infrastructure; d) improving institutional; and e) improving the managerial quality.
4. The main area of development strategies of Borobudur tourism area are: a) the standardization of products; b) held an event or exhibition promotion; c) maintain the availability of raw materials; d) complete facilities and infrastructure; and e) utilizing information technology (*e-commerce*).
5. The plans follow a tourism cluster development namely: a) training production capabilities; b) capacity building of HUMAN RESOURCES; c) improved quality management; d) the creation of a conducive business condition; e) innovation development of tourist services.

The development of the tourism sector involves many parties, the most important factor is the cooperation of local governments, supporting institutions, and research institutions, as well as small and medium enterprises in this area.

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