

ABSTRACT

Leather industry, leather goods and footwear is the 3rd largest business unit in the city of Bandung. With the development of business actors then the competition between business actors will be more stringent which will impact on business failure. One strategy that can be taken by business actors is by developing products that will minimize business failure.

This study aims to determine what factors are inhibiting product development and to know the significant factors on the constraints of micro and small business product development on leather industry, leather goods and footwear in Bandung.

Data collection techniques in this study using questionnaires given to 80 respondents in Bandung. This research uses descriptive analysis method to know the general description of the data obtained and factor analysis to look for factors inhibiting product development with Pricipal Component Analisis (PCA) model to find many number of factors formed.

The results of this study indicate that there are four factors that hamper the development of micro and small business products in the leather industry, leather goods and footwear, namely capital shortages, customer needs, cost of development, and technology driven. Capital Shortages becomes a significant factor in product development bottleneck because it has eigenvalues of 3,410.

Based on the results of research capital shortages factor is a significant factor on the constraints of product development therefore recommended for business actors to find investors, bank loans or by spinning income.

Keywords: Barriers, Product Development, Analysis Factor, PCA