

# Artikel 11

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## The Development of the Creative Industries to Create a Competitive Advantage: Studies in Small Business Sector

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**Abstract.** Nowadays, developing creative industries is one of the main priority of Indonesia's economic development plans. The government have been conducting many efforts to push the development of creative industries in Indonesia such as discussion with policy makers in the field of creative economic development and in all regions and giving incentives and easy access to investors who want to invest their money in creative industries. Long term goal of this study is to formulate a theory of the development of basic model of creative industry entrepreneurs capable of creating added value on the creative industrial products that have been produced. The added value is very necessary because it will be able to help raise the value of the resulting product and have the competitiveness to attract consumer interest and win the competition in the market so that this creative industry can continue to grow are sustained. Demonstrating the results of the study in order to develop the necessary creative economic collaboration between the different actors that play a role in the creative industry, community, business world, as well as the government which is a fundamental prerequisite. The third element of the collaboration without the feared economic development creative will not run in accordance with the program that has been prepared by the government because of possible disharmony in the implementation of the development of economic activities creative.

**Keywords:** creative industries, competitive advantages

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### 1. Introduction

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Economic development needs to continue to be developed for the welfare of the community in accordance with the ideals of nation-building, a variety of potential needs to be continuously dug in order to maximize the potential of economic progress. One of the potential that there is a creative industry in the sector of economic activity of creative future is an important alternative in raising contributions in the field of development economics and business to improve the quality of life of the community, the formation of imagery, communication tools, fosters innovation and creativity, and strengthening of the identity of a region in Indonesia. Some aspects of the creative economy become very important at the time was the establishment of autonomous region, where policy based on Law No. 22 of year 1999 could lead to every area of doing business to compete positively with other regions in grabbing attention, influence, market, business and investment destination, tourist, residents, talents, and events. With regards to the development efforts of the nation's economy, President of the Republic of Indonesia issued a presidential instruction number 6 year 2009 about creative economy development 2009-2015 year. This policy is done one of them aims to create employment for the widely masyarakat to alleviate poverty from growing in number. creative

economy development efforts much influenced by the development of creative industries, government policy<sup>3</sup> as well as the creative economy community.

Creative economic activities is the development of economic activities based on the skills and the creativity and flair that is owned by an individual that is a resource for creating the power of individual creativity and creations capable generate a creative product and worth it economically, so that this creative economy businesses are individual that operates on the development of an idea to a product in order to produce a product that has value added. The presence of the creative economy provides new opportunities for the economy of the nation of Indonesia to continue to development. Be a product substitution import and export market demand opportunity is a form of opportunities that can be developed. But economic development is heavily dependent on the ability of creative human resources with all his talents became a major input in the economic turnaround. Besides the creative economy is also inseparable from the progress of the development of art activities and technology. Creative products not only come from the idea of art and culture, but also the idea of intellectual and knowledge as well as skills. Therefore, existing talent and intellectual capital must be developed if desired to capture the creative economic opportunities. The creative economy is currently one of the fields observed and reinforced its presence by the central government as well as the regional economy because creative has the potential to be one of the major industrial sectors which have a high competitiveness. It can be seen from the increasing contribution of the creative industries sector with 16 sub sectors to State revenue.

Small and medium enterprises is the potential of a business that is very encouraged by the government, as more and more entrepreneurship society then kokohnya getting better and the economy of a region because the local resources, local workers, and financing local can be absorbed and optimally beneficial. Although the SME'S has a number of advantages that allow small medium enterprises can develop and survive in a crisis, but some facts also show that not all small businesses could survive in the face of the economic crisis. A lot of small medium enterprises having difficulty restoring lending due to skyrocketing interest rates locally, besides the existence of difficulties in the process of production due to skyrocketing prices of raw materials which come from imports. Many factors affect the accomplishments<sup>11</sup> small companies such as the influence of internal and external factors (Wang and Wong, 2004). Success depends on the ability to manage both of these factors through analysis of environmental factors as well as the establishment and implementation of the strategy of the business.

Currently many sectors of small<sup>2</sup> medium enterprises engaged in the creative industry sector, where the expansion is very prospective. The result<sup>2</sup> of the economic statistics data show that in 2016 the creative period of 2010-2015, the magnitude of creative economy GDP up from 525.96 trillion to 852.24 trillion (increased an average of 10.14% per year). While the three-commodity<sup>2</sup> export destination country the biggest creative economy in the year 2015 was 31.72% United States<sup>2</sup> then 6.74%, Japan and Taiwan 4.99%. For the creative economy sector of the labor 2010-2015 growth of 2.15%, where the number of creative economy workforce in 2015 as much as 15.9 million people. Business activities being performed is mostly focused<sup>5</sup> on efforts by the scale of the business which berkatagori micro, small, and medium enterprises.

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behaviour It also provides a friendly platform for academic and application professionals from crossing fields to communication together.

## 2. Reviewed Literature

Römer (1993), the idea is a very important economic goods, more important than objects that are emphasized in most economic models. In the world with this physical limitation, there is a discovery of great ideas together with the discovery of millions of ideas which makes the economy keep growing. The idea is an instruction that makes us the physical resources of the combines authors limited became more valuable. Romer also argued that a country is poor because the people do not have access to the ideas used in the national industry to produce economic value.

Howkins (2001) discovered the presence of the creative economy surge after realizing the first time in 1996 exports United States copyright works has a value of \$60.18 billion of u.s. sales that far surpasses other sectors such as automotive exports, agriculture, and aircraft. According to Howkins new economy has emerged around the creative industries are controlled by the law of intellectual property such as patents, copyrights, trademark, royalties and design. The creative economy is based on the concept of development of creative assets potentially increase economic growth. (Dos Santos, 2007).

The creative economy is part of a fad of contemporary economic systems. Creative industries are defined as those industries which their origin in individual creativity, skill, and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (UK Department of Culture Media and Sport). So creative economies discuss a very broad spectrum, i.e. all aspects aimed at improving competitiveness by using individual creativity is viewed with the glasses. Creative industries are part of the creative economy and focusing on the industry respectively.

Richard Florida of America, author of "The Rise of the Creative Class" and "Cities and the Creative Class" introduced on creative industries and creative class in society (Creative Class). Florida got the criticism, when there are specific groups. the social surroundings have a class of its own, is this an elite and exclusive impressed? Not too. Thus, according to Florida, he avoided the impression that because symptoms of previous terms such as Knowledge Society who assessed the elitist.

According to Florida "all mankind is creative, whether he is a worker at the factory of glasses or a teenager digang senggol who are making hip-hop music. But it is on its status (class), as there are individuals who are specifically being in creative and got the economy profited directly from these activities. Places and cities that are able to create innovative new products the fastest will be the winner of the competition in this economic era" (Nenny, 2008).

Studies conducted Pusparini & Czafrani (2010) explains that the various problems that accompany the development of globalization be big challenges for a still-developing nations including Indonesia. Developing countries need to mature to compete preparations so as not to lose by the dominance of developed countries in all areas especially the economy. Human resources readiness becomes the major financier facing globalization. Specifically, to address the economic problems, the development of the creative economy a much-needed creative economy i.e. selling Indonesia cultural diversity. While the Satria and Prameswari (2011) States the creative industry has a role in the increase in the value of the worker-owned kratifitas kreatif yang can improve the competitiveness of the individual than other workers.

The study of the national resilience Institute of the Republic of Indonesia (2012) shows the urgency of creative economic development to create jobs by establishing centres of creative industries and increase added value in order to alleviate poverty through various the development of the cultural resources and the potential to have value added. Besides the success of creative economic development can prevent uncontrolled urbanization, improve competitiveness, reduce unemployment, and can reduce social and economic disparities.

The low competitiveness of the economy of Indonesia is caused by many factors both internal and external small businesses. Therefore, the identification of the causative factors of low competitiveness of small businesses for the next find model small business competitiveness improvement are important and urgent in conditions of free market competition. Studies conducted Sholeh (2013) shows that the strategy should be prepared with Indonesia in the face of free markets requires that the Government of Indonesia to walk faster, moreover, lack socialization actions of the free market and its development towards the wider community also became one of the things that is crucial for the government of Indonesia.

### 3. Methods

The design of the study in this research in the form of descriptive research kuantitatif. This research was carried out in the city of Malang, as a city that has been trusted to host Indonesia Creative Cities Conference (ICCC) 2016 which is determined to become the city of Malang as creative and insightful global. This study emphasizes the search process and the disclosure of the significance of the phenomenon which occurred in SME'S creative industries that is in the city of Malang.

This research analysis the performance of creative industry based in Malang: quantity and quality of human resources as the perpetrator in the creative industries; climate conducive to starting and running businesses in the creative industries; appreciation of creative people and creative works produced; acceleration of the growth of information and communication technologies; Financing institutions that have not been in favour of the perpetrator of the creative industries.

With reference to the phenomenon then it can be determined the theme of the creative industries in the city of Malang. More over based on the four dimensions will also be complemented with a wide range of variables that are in the field that can be relied upon the development of the model of development in order to improve the performance of the creative industries in the city of Malang and capable of sustainable development.

The technique of data collection with observation, interviews, and documentation. The variables observed in this study are: (1) the quantity and quality of human resources as the perpetrator in the creative industries; (2) the climate is conducive to starting and running businesses in the creative industries; (3) appreciation of creative people and creative works produced; (4) the acceleration of the growth of information and communication technologies; and (5) the financing institutions have not sided with the perpetrators of the creative industries in the city of Malang. The data collected will be presented and performed testing with descriptive statistical methods with a view to presenting the results of research data that is easily understood and understandable.



#### 4. Results and Discussion

Along with the implemented policy of autonomous region including economic activities many local governments do trobosan in the economy by maximizing the potential of each region. One of them is a Poor town is an area that has potential tourist and city education have the opportunity to benefit from the potential that exists to enhance the regional economy to prosper the people. Having regard to the development of creative business activity languid rolled out in the region of Malang are accompanied by growing enthusiasm of various attempts to be creative as a town of Malang participated and indicates a work effort hard to realize development in the creative economy businesses. SME businesses in the city of Malang also showed a wide range of opportunities to increase competitive advantage for his efforts.

By looking at the data shows that the creative economy is trade in Malang the numbers quite a lot, many fields were made primarily of fashion and crafts that have potential and an attractive market because of Malang is wrong one destination, tourist destinations and is the education that is a potential market for businessman. More over in the city of Malang also have sprung various creative communities such as Hapless Creatif Fusion (MCF), Creative Home organized by one business entity National perbankkan so could engender creative employment as response to the enthusiasm. Here is the data that addresses SMEs in Malang.

Table 1: The perpetrators of the creative industries in the city of Malang

No	Region	Fashion	Handicraft	Others	Total
1	Blimbing	32	10	15	57
2	Kedung Kandang	37	4	19	60
3	Klojen	29	12	12	53
4	Lowokwaru	23	11	28	62
5	Sukun	30	6	20	56
The total number of		151	43	94	288

Source: Department of cooperatives and small and micro enterprises of Malang, 2017

Qualitative, creative economic development happens needs to be well planned so that programs that have been prepared are not because of the intertwined between Governments, businessmen, as well as the creative community. This needs to be done so that maximum effort can be achieved through the mechanism of coordination either through an agency for creative economic development involving the third actor. See the development of the creative activity of languid rolled out in various parts of the city of Malang are accompanied by growing enthusiasm the perpetrators attempt to render the Malang as a creative show that deserves to Malang develop creative economy in this region because of its great potential.

A good creative economic development c<sup>1</sup> also demonstrate opportunities for open employment. Creative industries in Malang is an industry that is derived from the utilization of creativity, skill and talent of the individual to create prosperity and employment through the creation and utilization of the resource creation and creativity of the individual ". The creative economy is also able to take part in the activity of the economy community of Malang. Even have also sprung up various creative community in response to the economic activities of creative.

13 develop creative economy in the city of Malang required collaboration between the different actors that play a role in the creative industry, namely Creative communities (intellectuals), the corporate world and the Government which is a fundamental prerequisite. The third element of the collaboration without the feared economic development creative does not run in accordance with a plan or program that has been prepared, this can be achieved through mechanisms of coordination either through an agency that initiated by the local authorities for the development of the creative economy that involves these three actors. Qualitative, creative economic development rate 4 Malang there are five major components that need to be the principal concern in the framework of the development of creative industries in the city of Malang, namely: (1) the quality and quantity of human resources as a the perpetrator in the creative industries in need of improvement and development. A lot of educational institutions in the city of Malang need much involved in dealing with this issue so that it can menghasilkan training and education for creative people. So could bring up the manifold artists, designers, architects, artists, musicians, stage producer/director stays local, national, even international, as well as the development of new types of creative professions. so the model could be developed in the industry kretatif the triple helix scheme is as follows:

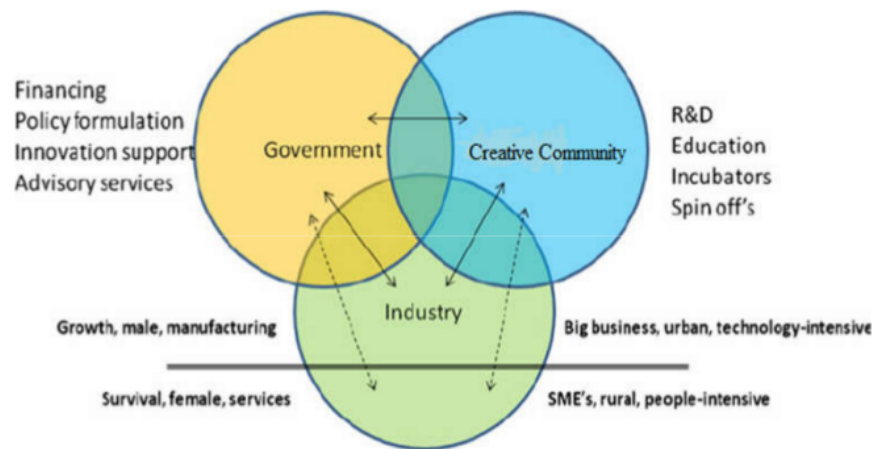


Fig. 1: Entrepreneurial venturing Product and Service Development

The creative economy is an economic development based on the skills, creativity and talent of the individual to create the power of individual creativity and creations of value economically, so that it focuses on the development of the idea in producing value added. Creativity-based individual capability enables each person to be able to create jobs; (2) the climate is conducive to starting and running business in the creative industries, which include system administration, policies and regulations as well as the infrastructure is expected to be made conducive to the development of creative industries. This right includes protection of the work based on intellectual property the perpetrators so that creative people can continue to work to produce creative products; (3) still lack of appreciation of the creative people and creative works produced especially for growing impetus to work for creative people in the city of Malang in the form of either financial

support or nonfinancial. It is apparent from its optimal world support perbankan yet, indeed there is already a perbankan institution engaged but not yet all involved; (4) has not economy existence of synergy between the creative with the corporate world and still limited public access to information and market in the development of creative industries; and (5) are still weak support conventional financing institutions and still difficult access for the creative entrepreneur to get alternative funding sources, such as venture capital funds or Corporate Social Responsibility.

The five main components of the above need to be anticipated, as a first priority, to ensure the targets to be achieved could be met in order to run a mission "to empower Human Resource Indonesia As the main national development Capital", so the creative economy Indonesia Vision 2025 "Nation Indonesia with quality of life and the creative bercitra in the eyes of the world" will be achieved. Industries that are derived from the utilization of creativity, individual skills and talents to creating prosperity and employment through the creation or the utilization of resources and the creation of individual creativity, the development of creative business sectors in the economy which is industry-based creativity, including advertising, architecture, art, crafts, design, fashion, film and video photography, interactive games, music, performing arts, publishing and printing, computer and software services, television and radio, research and development.

Based on the data and the facts above, in developing the creative economy in the city of Malang identifiable into some major problem, namely: first, the presence of the bureaucratic licensing, infrastructure, regulatory limitations and protection of works as well as the minimum accessibility. Second, the lack of a response from the Government against creative results that are able to grow a stimulus to create. Third, a weak culture of the entrepreneur who became creative good human resources generated by the institution's formal and non-formal education. Fourth, the lack of a sense of pride and a sense of belonging towards the results of creative products, due to the limited dissemination, production quality that has not been adequate, the existence of discriminatory attitudes that the quality of the local products is lower than on the product itself, the costs production is high, and the selling price is considered expensive. Fifth, not protection from the Government against the results of creative economic development in the form of legal certainty, the availability of financial support and adequate infrastructure. Sixth, the lack of coordination and cooperation between ministries/agencies in the planning and implementation of economic development as a creative perspective to national economic development. Seventh, low quality of service, accountability and oversight to the development of the creative economy. Eighth, the number of piracy of copyrighted works to the detriment of the copyrighted works where the maker is not getting money or profit from the sale of his work. In addition, weak enforcement of the law against piracy of copyrighted works is also the Government does not get the revenue from the sales tax a work copyrighted so that the resulting lack of acceptance of the tax certainly will hamper economic growth.

Upon the results of the research conducted was in fact poor city government has done a variety of initiatives to encourage growth efforts of creative industries in the region of Malang. Some of these efforts made reference to the existing regulation, inter alia by with reference to regulatory legislation such as the laws that govern the protection of intellectual works, namely Act No. 5 of the year 1984 about the industry, namely in chapter VI, article 17 States that the design of industrial products gained the protection of the law. Act No. 31 of the year 2000 about the design Industry in the protection of intellectual property rights. In operational policy, at the level of the centre which is coordinated by the coordinating minister for people's



welfare, involving various ministries, among others: the ministry of industry, commerce, culture and tourism as well as the ministry of SME'S & cooperative.

The format consists of 3 kinds of activities the main activities, namely, conventions, exhibitions and arts and cultural performances. Where this convention has produced a unifier of creative economic development blue print, later after the Ministry of industry and trade ministry has also formed an institutional duty execution sector such as the establishment of the national design council/national design center with a decision of the Minister of industry and trade Number 20/MPP/Kep/I/2001. The national design centre, since year 2001 up to the year 2006, has chosen the best product design 532 Indonesia. 6 2006 the ministry of commerce initiated the launch of Indonesia program design power that included the ministry of trade of the Republic of Indonesia, the Ministry of industry of the Republic of Indonesia, the Ministry of cooperatives and SMEs as well as the chamber of commerce Indonesian. In addition, in the granting of facilities at the same time give appreciation of the creative economy-based culture of the nation, the government initiated the necessary existence of Malang weekend creative product-based culture. Based on the idea of the weekend also organised a cultural product.

Furthermore as the direction of creative economic development in the city of Malang is need for efforts that can do some things as follows: (a) make the effort an increasing number of creative human resources quality continuously and spread; (b) increased number and improved quality of formal education and training institutions and informal supports the creation of creative people in the development of the creative economy; (c) an increase in the tribute to the creative people by the government; (d) an increase in the number of industrial locomotives as creative entrepreneurs in the field of creative economy; and (e) the creation of a database and network of creative people both inside and outside the country.

Although in the creative economy development has been established there are fourteen sectors of business that is industry-driven creativity should be also developed other businesses such as a culinary tour. Culinary is a part of life that is closely related to the daily consumption of food and cuisine is a style of life which can not be separated from daily life especially the expat community in the city of Malang, where culinary can developing the economy of Malang suppose food specifically who can create jobs and alleviate poverty through culinary activities. Therefore, it needs to be inserted into the culinary sector new business development in the framework of creative economic development.

## 5. Conclusion and Recommendation

According to the results of the study, then some conclusions can be drawn as follows: urgency of creative economic development for job creation by establishing centres of creative industries and increase added value in order to generate competitive advantage through the development of cultural resources and the potential to have value added. In the development of the creative economy still faced some problems, among others, still weak coordination and integration between the Ministry and related agencies, changes in mindset and the vision of the heads of the region in developing the resource potential, accessibility, protection, education and training. Success in the development of the creative economy will be able to prevent the occurrence of uncontrolled urbanization, improve competitiveness, reduce unemployment, reducing social and economic disparities. The development of the creative economy is notice and still needs support of government policy by providing incentives for creative industries, revitalizing the workforce

training program, educational curriculum development that integrates with the construction of employment as well as the establishment of entrepreneurial development centers.

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