

# Determinant Factor of the Creative Industry and the Economic Competitiveness of West Java Indonesia

Moh. Benny Alexandri<sup>1</sup>, Meita Pragiwani<sup>2</sup>

<sup>1</sup>Universitas Padjadjaran

<sup>2</sup>Sekolah Tinggi Ilmu Ekonomi Indonesia

**Abstract:** *United States is the second largest export destination after Japan for Indonesia. The highest Indonesia export to U.S. are textiles and textile products that reach 43% of the total textile export. West Java production as national exports has also increased. The Condition of Indonesia exports affected by the economic crisis that occurred in the United States. This condition indicates that if West Java government does not anticipate the condition of the economy, the industry of West Java will continue to decline. Technique to anticipation of the decline in the economic competitiveness of West Java is 1. Protecting the product that is not absorbed by U.S. market by selling with a low price, 2. Protecting the decrease of productivity due the decrease of export potential, 3. Arrange the government policy, 4. Utilizing the domestic market 5. Mapping opportunities in Southeast Asia. Alternative solutions that can be done by West Java government are looking for alternative industry leading for West Java. The creative industries are one of the alternatives for this condition. The Industry absorption is to 3.7 million workers that is equivalent to 4.7% absorption of new labor. In Indonesia. The value of creative industries is reaching 3.13% of Indonesia GDP and 7.82% of West Java GDP. Some of the creative industries in West Java that showing a significant increase are fashion, crafts, advertising, interactive entertainment and architecture. This study tried to find out, the factors influence of human resources, information access, intellectual property rights, and availability of infrastructure and marketing which is a determinant factor in the creative industries to increase economic competitiveness of West Java. Results from this study can be use as input, either for the West Java government, as well as for the Indonesia government on the potential and competitiveness of creative industries in West Java. So it can be a superior product that is using as alternative products that able to compete after the United States crisis.*

**Keywords:** Creative Industry, Economic Competitiveness

## 1. Background

Creative Industry is a collection of industry sectors that rely on creativity as the main capital in providing products or services. Industrial designs can be viewed as a core component of a creative industry. It can occur in some other industry sectors such as multimedia, advertising, garment and fashion, food, footwear and others.

The study of economic contribution of creative Industry in Indonesia states that: First, Indonesia's creative industries added value was amounted to Rp 86.917 trillion in 2006. Secondly, Indonesia's creative industries accounted for around 4.71% to Indonesia's GDP in 2006. It was on the electricity sector, gas, and clean water. Third, Indonesia's creative industry growth rate to 7.28% per year in 2006 (economic growth in Indonesia was 5.14% per year). Fourth, employment in 2006 for creative industry was 4.48 million people with a percentage of total labor force were 4.71%. Fifth, labor productivity of creative industry was Rp 19.38 million per person in 2006. Finally, four of the top creative industries sector is advertising, fashion design, crafts, and architecture. The development of creative industries, especially in West Java, provide employment for 2% or about 344,244 people and contribute to local revenue by 11 percent.

Creative industries are publishing industry, printing, recorded media production, radio and television provide employment for 43,775 people and can contribute to local revenue by 12 percent. This potential into major capital and development of creative industries which can contribute in improving human development index (HDI) of West Java.

Creative industries are prospective in West Java. In the period 2001-2005, creative industries such as advertising, architecture, art, design and craft is to produce value-added average Rp. 18,85 billion with a growth to 13.5 percent per year. In general, the value added value of creative industries in West Java has increased and Bandung has a greatest change in developing the creative industry.

Bandung is a city that serves as a pilot project of creative cities in East Asia. It is originated from an international meeting city which held in Yokohama, Japan in July 2007. At the meeting, Bandung received an award as selected pilot projects for creative city in East Asia. Bandung needs to improve itself and explore all potential to become a creative city. A development plan is needed.

Creative industry in Bandung has grown since 10 years ago. Bandung has of 2.5 million populations. Today, there are 4661 outlets Bandung industry and creative community that have formal legality. There are three aspects that could bring the city that based on the strength of the creative economy. They are cultural aspects, place aspect, and economics aspect.

In every area of the city, there are 15 sub-sectors of creative industry. They are Advertising Industry, Architecture, Art and Antiques Market, Crafts, Design, Fashion, Video, Film and Photography, Interactive Gaming, Music, Performing Arts, Publishing and Printing, Television and Radio; Research and Development; and Culinary.

The growth and contribution of the creative sector in Bandung City showed a significant increase and give a contribution of this sector to GDP is very significant. It contribution is compared with the amount of the sector to national GDP and West Java.

## 2. Problem Formulation

This study tried to find out, what factors that influencing human resources, information access, intellectual property rights, availability of infrastructure and marketing to increase economic competitiveness of Bandung City and competitiveness of City West Java in general.

### 2.1 Objectives

The general objective of the implementation of this review was to provide recommendations that can be used as input for the Planning Development Centre of Creative Industry in Bandung.

The special objective of this review are:

- To develop the concept of climate mechanisms of competition and creative community networks at Bandung;
- To prepare the relevant sectors in supporting the development of Bandung City as a Creative City.

## 3. Methodology

This research methodology area survey method and the study of literature, which is one form of Descriptive Method. Survey method in this study is conducted to obtain the facts from social institutions, economics, or politics of a group or a region.

Study approach is applied through an integrated comprehensive approach using a continuous analysis of one another which in turn will formulate strategic steps and policy that related to efforts to develop a creative city.

Study approach that will be used basically related to competition and develop a mechanism to build community networks.

## 4. Literature Review

According to John Howkins, author of *The Creative Economy*, explained that the definition: Creative City is a region that is able to develop creativity, knowledge, innovation and economic growth.

Definition of the creative economy is an idea that is processed into outputs of products or services that are loaded with creative content of economic value. The main pillar of the establishment creative economy are the creative industries and creative communities, creative industries was popularized by the UK Creative Industries team that set up by Tony Blair in July 2007, They defines that Creative industries are as activities that originate from creativity, skills and talents of individuals who are likely to increase

prosperity and employment through the creation and commercialization of intellectual property.

The city is the center of settlement activity which has a population of administrative limits set out in statutory regulations and the settlements that have shown the character and characteristics of urban life. The development of creative cities is urban development based on creativity. Model of creative urban development planning must be comprehensive. The development of creative cities as a system, which consists of various crucial aspects of cultural and economic place. This means that in planning the development of a creative city is not just be done with due regard to any one and three aspects, but all three has supported and developed in an integrated manner. In line with this, Greg Baeker was emphasizing that the model of creative vision of the city must be based on the integration between aspects of culture (culture) and place (place) and economics (economy).

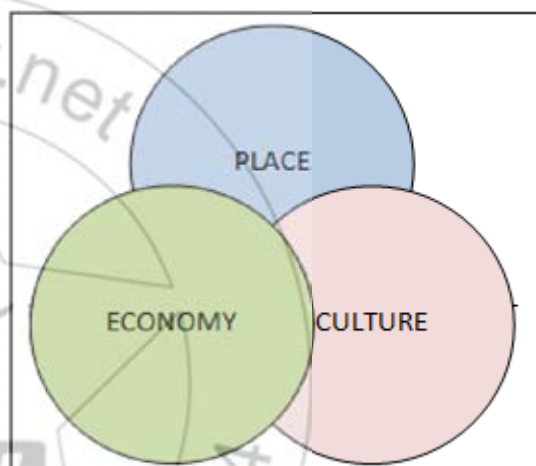


Figure 1: Creative City

The integration between economic and cultural aspects will produce creative and cultural industries. On the other hand the integration of culture and place will result a typical urban environment. Creative city formation and the core of creativity is supported by the growing of creative and cultural industries, so that the industry will generate creative economy. In other words, it will cover the creative economy within the creative industries. Creative city and a joint formed or integrity of the creative economy, culture and place. The aspect of culture, place, and the economy has a crucial role in formulating the development planning model of the creative city of Bandung.

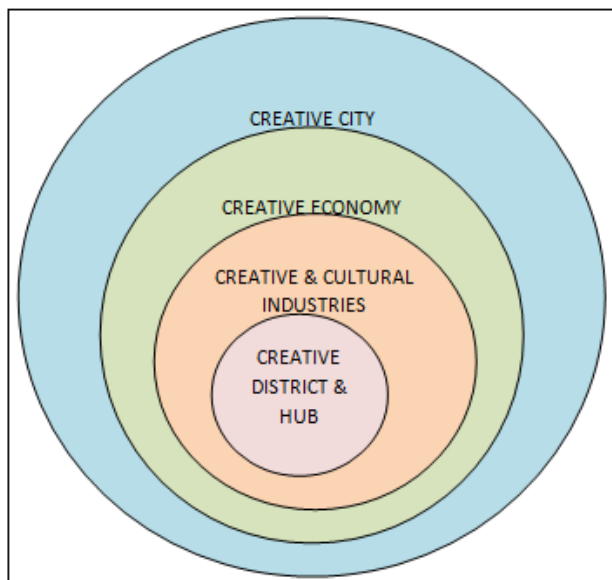


Figure 2: Creativity Scale

The scale of creativity will include creative districts and hubs, creative and culture industries, creative economy and creative city. In this study, creative industries can be defined as industrial origin and use of creativity, skills and talents of individuals to create prosperity and jobs to produce and exploit the creativity and individual creativity. Creative economy and creative industries are a whole, i.e. all industries covered in the creative industry group. Creative industries and creative economy is part and focus on each industry that while there are 14 sectors are mapped according to the Commerce Department, but for Bandung City, the creative industries sector is added with the culinary sector. Thus, for the city of Bandung, there are 15 creative industry sectors that have the potential to be developed as one of the city's economic strength as a creative city.

Creative industries have two types relationships with the end customers. The first type is a creative industry that provide creative product that can be directly consume by end customers, such as performing arts, games, visual art, music, movies, and crafts. The second type is a creative industry that supports other industry sectors through creative activities in the process of creating value added of products and services.

Some relevant examples are the advertising sector (manufacturing and industrial product marketing services), design (consumer products), architecture (construction), publishing (education, business, and the print media industry), research and development (product and manufacturing technology), tools software (education and business), television (broadcast media industry), and radio (broadcast media industry).

A Study approach is applied through an integrated comprehensive approach using a continuous analysis of one another which in turn will formulate strategic steps and policy that related to efforts to develop a creative city.

Study approach that will be used basically related to the climate of competition and develop a mechanism to build community networks. In order to meet the needs and

objectives of this activity, it will be analysis, studies and design model consist of:

- Environmental Profile Analysis and Business Competition Creative Communities
- Value Chain Analysis
- Creative Industry Analysis Contribution to GDP

Creative Industrial built the artifact that origin at the ideas that lies between art, business and technology. Capital is essentially a multi dimensional individual creativity in the form of artistic creativity, entrepreneurship and technological innovation to generate new economic value. Creative industries not only produce goods and services but also has a value expression:

- Aesthetic value that reflects the value of beauty.
- Spiritual secular or religious values-which reflect the ideology, the perspective or way of life.
- Social values reflect the character of society, lifestyle and identity.
- Historical value reflects the uniqueness of the product of the past and the situation at the time the product is made and the alignment with the present.
- Symbolic value of each product to save the meaning/symbolic meaning that will be appreciated by the consumer.
- Authenticity value reflection of the uniqueness sand originality.

Another major pillar in developing the creative economy is the creative community. The results of the literature and results of studies of creative industries in Indonesia can be defined that:

Creative Communities is a group/individual that can make the creation of goods or services that are unique and original. By looking at these definitions can be drawn an understanding that the creative community in making a copyright work is not always profit-oriented, it is able to fulfill his personal satisfaction and idealistic. The integration between economic and cultural aspects of producing creative and cultural industries. While economic integration and competitiveness of the producing areas. On the other hand the integration of culture and place result in typical urban environment. Creative city formation and the core of creativity is supported by the growing development of creative and cultural industries, so that the industry will generate creative economy.

## 5. Facts and Analysis

According to the study of Indonesia's creative industries, 2007, which was initiated by the Ministry of Trade of Indonesia, Indonesia's creative industry group includes 14 sectors, namely: 1) Advertising 2) Interactive Games 3) Architecture 4) Music 5) Art and Antiques Market 6) Performing Arts 7) Craft 8) Publishing and Printing 9) Design 10) Computer Services and Software 11) Fashion/Corporate clothing 12) Television and Radio 13) Video, Film and Photography 14) Research and Development



It is specific in Bandung, which can be categorized as other creative business sector is the culinary sector, because at this moment in the city of Bandung has the potential to become one of the shopping destinations in great demand from within and outside the city, especially after the opening-of Cipularang TOLL .

In quantitative terms the creative potential of the 15 sectors contained in Bandung based on secondary data is 3750 units as listed in the table below.

No	No. Creative Sector	Number of Business Units
1	Advertising	35
2	Market Art and Antiques	49
3	Crafts	362
4	Design	17
5	Fashion	532
6	Film, Video and Photography	297
7	Interactive Entertainment Software	13
8	Music	156
9	Performing Arts	355
10	Architect	79
11	Computer Services and Software	251
12	Television & Radio	38
13	Publishing & Printing	731
14	Research and Development	306
15	Culinary	529
Number of Total		3750

## 6. Strategy Formulation

Based on the formulation of strategy selection on the SWOT matrix and assessment of priorities, the main strategy for the planning of capacity building and networking mechanism of competition climate of this creative community when sorted by priority scale is as follows:

- 1) Building Clusters according RTRW Creative Industries;
- 2) Mapping of space, economic and cultural potential of creative;
- 3) Formulate policy and regulatory development of the creative economy;
- 4) Develop action plan community development/creative industry both short, medium and long term
- 5) Develop Products.
- 6) Branding Bandung City as a Creative City
- 7) Developing HR Competencies,
- 8) Develop communication networks and information community and creative industries,
- 9) Changing the mindset of creative entrepreneurs.
- 10) The business partnership;

## 7. Conclusion

Based on the targets that the results of capacity development activities, climate of the mechanisms of competition and creative community networks in the city of Bandung, is as follows:

- 1) Analysis of competition climate community / creative industry in Bandung, which was analyzed by using environmental analysis approach and turbulence profiles with the following results:

- a) The results of analysis of strategic posture can be explained that the climate / environment of creative advertising competition, art and antiques market, software and entertainment interactive as well as television and radio tend to be conducive and allows for growth.
  - b) While the climate for creative business competition design, architecture, fashion, crafts, music and photography tend to be high turbulent, so it takes a special strategies to be adopted by the community / creative businesses.
  - c) Creative business computer services and software, performing arts, culinary, publishing and printing as well as R & D, is included in the saturated market environment, for it is for the community / creative businesses need to anticipate these innovations.
- 2) Analysis of community capacity building/creative industry in Bandung, which was analyzed by using a value chain approach(value chain) with the following results: Based on the identification and compilation of data can be mapped in the previous chapter that the supply chain community/creative industry in Bandung, which is divided into 4 (four) groups are as follows:
- a) Creative industrial group (A); Advertising, Film Video and Photography, Television and Radio, Computers and Software Services, Software and Interactive Entertainment, Publishing and Printing
  - b) Creative industrial group (B); Art and Antiques Market, Crafts, Music, Art Show, Design, Fashion.
  - c) Creative industrial group (C); Architecture, R & D.
  - d) Creative industry group (D); Cuisine.

From the results of mapping the value chain can be described that creative efforts can generate high multiplier effects for the development of economic sectors and strengthening internally Other significant related to the needs of the activities that formed / developed.

Activities that can be built as a system of integrated and sustainable, because the chain / network is formed, both internally, as well as with suppliers, partners with business and government intertwined and related to each other, so as to form a unified whole.

Activities that create value can be done through strategic approach through the strategy of cost leadership and differentiation/ differentiation. In line with the context of creative economic development strategies carried out through a strategy of value creation distinction/ differentiation. Implementation of a successful differentiation strategy allows a creative effort to obtain high profits despite the presence of great power rivalry. Some of the benefits that can be achieved by implementing this strategy are:

- 1) Creative economy sector contribution to GDP in Bandung with the following results: Growth in creative economy has significantly able to contribute positively to GDP in Bandung in 2007 14.46% based on constant prices and 10.58% based on current prices.
- 2) Analysis of community network development/creative industries area analyzed using creative space mapping approach, mapping

the creative economy and cultural mapping, with results as follows: a. Inmapping the creative space.

- 3) Mapping the creative economy is intended for: Open opportunities that arise in the areas of strategic development in accordance with the directives and policy space utilization;
- 4) Develop a regional economic development evenly, so as to encourage economic growth respective territory;
- 5) Allows local governments to direct resources more effectively and efficiently, so as to realize economic achievements based on the scale of the region;
- 6) Provide equitable employment, thereby reducing the social impact caused;
- 7) Facilitate increased levels of competence;
- 8) Establishment of business partnerships based cluster, thus awakening a healthy competitive and equitable.

Mapping the creative culture in Bandung, according to the results of identification and the results of FGD with the creative community and leaders/artists/cultural and a, the study of spatial planning and the history of Bandung, which allows the production of cultural mapping is divided into:

- a) Area of Traditional Culture and Arts (Art & Culture Traditional Area);
- b) Regions Culture and Modern Art (Modern Art & Culture Area);
- c) Area Mixed(Mix Art & Culture Area)

Targets can be achieved with the development of creative industry in the city of Bandung, is expected to:

- a) The creation of a climate that encourages creativity through:
- b) The Information Center for Creative Industries (regular surveys) to support research and development of creative industries;
- c) Protection of the creative works (copyright)
- d) Ease of licensing creative industries
- e) The package of financial policy

The package of investment (investment information services of international quality)Development of creative value chain creation capabilities through:

- a) The integration of creative activities, business and technology
- b) The relevance of the educational institution with a creative business;
- c) international quality investment services;

Increased opportunities or demand for creative products through:

- a) Creative Industry Expo;
- b) Area or Creative Market;
- c) Bandung Creative Ambassadors in foreign countries;

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