

Conference Paper

Creative Economic Development Strategy in Malang City

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Abstract

Creative economy is a growing concept based on creative assets that potentially generate economic growth and progress. It contributes significantly to the economic growth of Malang City. The main purpose of this research was to develop the strategy of creative economy development in Malang City. The other purpose also updated the sub-sector creative economic data, identifying the challenging problems in development of creative economy. This research method used descriptive qualitative approach with SWOT analysis. The populations of this research were MSMEs (UMKM) that was engaged in creative economy. The results represented that from 1100 MSMEs in Malang City, 620 were engaged in the creative economy. Other research results indicated that the challenging problems in development of creative economy between sub-sectors somewhat varied. In general, among others, business model of creative industry has not yet been optimal, lack of appreciation to local creativity, limited marketing distribution, the susceptible creative industry institutions, and limited capital development. Given these shortcomings, this research has succeeded in formulating general development and each sector strategies.

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Received: 29 August 2018

Accepted: 18 September 2018

Published: 11 November 2018

Publishing services provided by
Knowledge E

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Selection and Peer-review under the responsibility of the ICOI-2018 Conference Committee.

Keywords: creative economy, creative industry, UMKM, SWOT analysis, Malang City

1. Introduction

Development of creative economy as reinforcement of the real sector economy becomes an indicator of the achievement of regional development [4]. The creative economy is assumed that it is able to accelerate the economical movement in mutually supportive areas with small and medium industries [12]. Nationally, the role of creative economy is able to contribute exports to various countries by 43.6% (Bisnis Indonesia, 2011).

Pressure point in the creative economy is idea, talent and creativity as vital elements [2]. The Ministry of Trade of the Republic of Indonesia (2008) formulated the creative economy as an effort to sustainable economic development through creativity along

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with a competitive economic climate and reserves of renewable resources. Meanwhile, UNDP (2008) formulated that creative economy is integrative part of innovative knowledge, creative and cultural use of technology.

In the context of creative economic development in some cities in Indonesia, creative industry are more likely to develop in big cities or 'well-known' cities such as Malang is recognized as the Educational, Tourism and Industrial City. One strategy of creative economic development can be performed by utilizing city landmarks or social activities such as festivals as venues to introduce typical regional products (Susan, 2004).

The Government of Indonesia through Presidential Instruction No. 6 of 2009 on Creative Economy Development has instructed the relevant government to create and implement policies supporting the development of creative economy. In the Presidential Instruction No. 6/2009, the government has also specified the types of economic activities included in the creative economy, namely: (1) advertising; (2) architecture; (3) art and antiques markets; (4) crafts; (5) design; (6) fashion (mode); (7) film, video, and photography; (8) interactive games; (9) music; (10) performing arts; (11) publishing and printing; (12) computer and software services; (13) radio and television; (14) research and development; and (15) culinary (according to Renstra Ministry of Tourism and Creative Economy (2012–2014), therefore in 2015 Presidential Regulation No. 72 of 2015 was promulgated in supporting creative economy.

Associated with the development of creative economy there have been several studies conducted in other cities. Nasir and Yuslinaini (2017) examined the Creative Industry Mapping of Handicraft Subsector in Aceh Besar. In the study, it was concluded that in enhancing the competitiveness of creative industries, the Government of Aceh Besar District has undertaken several programs such as enterprises assistance through entrepreneurial management training and revolving funding. Furthermore, Sumartik (2016) examined the creative economy to improve the branding of MSMEs in Sidoarjo. In the study, it was concluded that the role of government is greatly significant, in addition to reinforce the supporting institutions of MSMEs as well as increasing capacity building. Research conducted by Setiadi et al. (2012) on the development of creative economy in Bandung city indicated that the performance of creative industry workers have not yet well identified.

The main objective of this research was to develop creative economic development strategy in Malang City. Another objective was to update creative economic data and identify various problems in each sub-sector of creative economy.

2. Literature Review

Creative economy first appeared in 2001 in John Howkins's book 'The Creative Economy: How People Make Money from Ideas', a book on creativity and the economy. Howkins addressed that economy and creativity is not a new issue, which makes it new is when connecting the two to increase more values. According to Creative Economy Report 2010 released by United Nations Conference on Trade and Development (UNCTAD), creative economy is a growing concept based on creative assets that potentially generate economic growth and progress.

UNCTAD also addressed that this creative economy has functions in: (1) promoting income generation, creating employment and export earnings while promoting cultural diversity, (2) covering economic, cultural and social aspects interacting with technology, intellectual property and tourism destinations, 3) a set of economies knowledge-based with dimensions of development and inter-sectoral linkages at the macro and micro levels for the whole economy; (4) for use in the development of innovations and multidisciplinary economic policies, and (5) the goal of creative economy is creative industry. In general, today there has been an economic shift in the world, from the beginning of agricultural economy era to this date toward the development of creative economy.

In Indonesia, the creative economy is a new economic era that intensifies information and creativity by relying on idea and stock of knowledge of human resources as main factor of production in economic activity. Wroblewski (2014) stated that creative industry defined as industry derived from the utilization of creativity, skills and individual talents creates welfare and employment by generating and empowering the individual creativity and innovation.

Based on Presidential Instruction No. 6 of 2009 on Creative Economy Development, there are 5 (five) focus and priority activities in creative economy, such as; (1) development of creative economy based on art and culture, (2) development of creative economy based on media, design and science and technology, (3) development of creative economic resources, (4) institutional reinforcement and marketing development of creative economy. Meanwhile, related to the development of creative economy, it requires a key foundation and 5 (five) main pillars to be reinforced, namely; (1) human resources; such as individuals or creative human resources, (2) industry as a set of companies engaged in creative industry, (3) technology as a media to actualize individual creativity in the real works, (4) resources as input other than individual creativity and knowledge required in the creative process, for example, natural resources,

lands and raw materials, (5) institutions such as social order, public place and space (norms, values, policies and laws) that regulate interaction between people, as well as institutions related to creative economy, and (6) financial intermediary institutions.

Data from the Central Bureau of Statistics shows that the performance of the creative economy is assessed increase from year to year. Gross domestic product (GDP) contribution in 2016 reached 7.44% or Rp 922.58 trillion. These data suggest that the potential for creative economic growth is still enormous. While the facts show that there are still many obstacles in the development of creative economy in Indonesia, among others, there are no optimal strategy in the development of marketing, technology, network, etc. Therefore research related to the development of the economic is necessary.

3. Methods

Populations in this research were MSMEs (UMKM) which actively engaged in the Creative Economy in Malang Raya. There are 15 Sub sectors of creative economy such as: (1) advertising; (2) architecture; (3) art and antiques markets; (4) crafts; (5) design; (6) fashion (mode); (7) film, video, and photography; (8) interactive games; (9) music; (10) performing arts; (11) publishing and printing; (12) computer and software services; (13) radio and television; (14) research and development and (15) culinary. Furthermore, data collection techniques, among others were literature study on creative industries, observation, and interviews.

Analytical techniques used SWOT analysis with Internal and External Factors. Internal factors described all the conditions and factors in society in Malang City, in the form of potency/strength and weakness which includes various aspects of human resource potential, infrastructure and facilities, and socio-economic conditions of the community. The external condition was to describe all the conditions and factors outside the government and society in Malang, such as opportunities and threats covering various aspects of natural resources, human resources, infrastructure and development policies which directly and indirectly affect the creative economic development of Malang. Each of them will be analyzed based on components of each factor to be further assessed to recognize position of the research object in the SWOT quadrant. SWOT analysis was used with the aim of identifying basic strategy of problem-solving to apply qualitatively.

4. Results

Malang city has abundant creative economic potential to develop. The potential of creative economy will in turn be strongly correlated with economic development and growth as well as improving the welfare of the people in the area of Malang City. From the number of 1100 MSMEs in Malang that the researcher has conducted a survey, there were 620 NSMEs engaged in Creative economy and spread into 15 sub-sectors as presented in Table 1.

TABLE 1: Number of MSMEs engaged in creative economy sector.

No.	Subsector	Total
1	Crafts	40
2	Art and Antiques Market	17
3	Fashion	17
4	Performing Arts	27
5	Radio and Television	35
6	Design	18
7	Publishing and Printing	36
8	Architecture	20
9	Interactive Games	20
10	Film, Video, and Photography	20
11	Music	20
12	Computer Services and Software	6
13	Advertising	20
14	Research and development	11
15	Culinary	313
		620

By using SWOT analysis based on external and internal factors, it can be indicated that the ranking result of economic sub-sector development in Malang City is presented in Table 2.

5. Discussion

The city, known as the sustainable City of Education, Tourism and Industry with its tagline of 'Beautiful Malang' is very 'welcomed' with the issue of creative economy. In fact, the city has declared itself as Creative City with two major events in 2016. First, the Second Indonesia Creative Cities Conference (ICCC) was held on April 1–5, 2016 attended by various countries. Second, Mbois Festival was held on November 3, 2016 and ended on December 10, 2016. Major events for creative economy activists were

TABLE 2: SWOT analysis result of creative economy development.

Based on External Factors	Based on Internal Factors
1. Crafts (1,34)	1. Crafts (2,24)
2. Art and Antiques Market (1,17)	2. Art and Antiques Market (1,12)
3. Fashion (1,11)	3. Performing Arts (1,03)
4. Performing Arts (1,11)	4. Architecture (0,97)
5. Radio and Television (0,9)	5. Design (0,93)
6. Design (0,88)	6. Publishing and Printing (0,93)
7. Publishing and Printing (0,88)	7. Fashion (0,88)
8. Architecture (0,87)	8. Advertising (0,85)
9. Interactive Games (0,87)	9. Radio and Television (0,83)
10. Film, Video, and Photography (0,79)	10. Computer Services and Software (0,77)
11. Music (0,79)	11. Culinary (0,74)
12. Computer Services and Software (0,75)	12. Music (0,52)
13. Advertising (0,73)	13. Research and development (0,37)
14. Research and development (0,51)	14. Film, Video, and Photography (0,15)
15. Culinary (-0,39)	15. Interactive Games (0,07)

TABLE 3: Priority of creative economy sub-sector in Malang City.

1. Crafts	3.58
2. Art and Antiques Market	2.29
3. Architecture	1.84
4. Design	1.81
5. Publishing and Printing	1.81
6. Radio and Television	1.73
7. Advertising	1.58
8. Computer Services and Software	1.52
9. Music	1.31
10. Performing Arts	1.03
11. Interactive Games	0.94
12. Film, Video, and Photography	0.94
13. Research and development	0.88
14. Fashion	0.88
15. Culinary	0.35

Source: Processed Data Survey, 2018.

centered in three different places, that is, Malang Digital Lounge, MX Mall, and Graha Cakrawala.

Based on the results of SWOT analysis presented in Table 2, it indicates that there are weaknesses and strengths, as well as the different opportunities and challenges of each creative economic sub-sector. In general, most of creative industries in Malang City are included in the first quadrant, that is, growing (growth), a small parts are

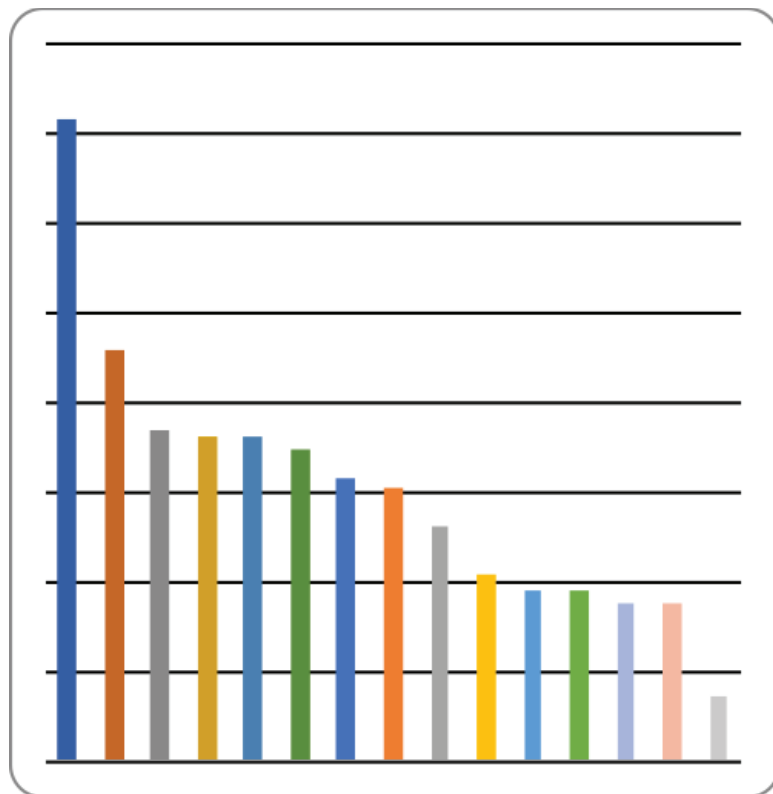


Figure 1: Priority of creative economy sub-sector in Malang City.

included in quadrant II (stable), and there is 1 sub-sector included in quadrant IV, which requires product diversification (culinary industry). The top three included in quadrant I or growing are crafts, art markets, and performing arts. While those remain in stable conditions are such as design, fashion, and advertising. Meanwhile, the culinary industry goes through satiation that it requires diversification.

The results of this study indicate that three disadvantaged sectors in development of creative economy, which are crafts, art markets, and performing arts in accordance with government policies in supporting development of thematic villages in each region. Some Thematic Villages created from the ideas of the community have become tourist destination and provided benefits to the community. Some of the existing Thematic Villages in Malang are: Kampung Glintung Go Green (3G), Kampung Warna-warni Jodipan (KWJ), Kampung 3D, Kampung Budaya Polowijen, and Kampung Biru Arema. These villages became tourist destination that provides multiplayer effects on creative economic development, crafts as souvenirs, performing arts, and culinary presented in the tourist areas.

Various problems occurring in the development of creative economy in Malang city are not much different from other cities in Indonesia. Obstacles taking place between subsectors are varied. In general, these barriers can be identified as follows:

1. Lack of optimal model of creative industry business development,
2. Short of appreciation from the public and the government for the effort of creative and innovative work,
3. Deficient in optimal network for marketing of creative industries products and services,
4. Minimum mastery of technology,
5. No clear regulation on governance and electronic transactions in each sub-sector of creative industries
6. Short of capital in business development,

Various occurring obstacles can be solved by each sector strategies, but in general, strategies required in the development of creative economy include:

1. Creative economy players are obliged to arrange the creative industry business model by incorporating distinctiveness arts to the creative industries, and the government requires road map of creative economic development.
2. Increase appreciation from both public and government for creative and innovative works that can be boasted for and developed.
3. Expand the network for marketing of creative industry products and services,
4. Improve the mastery of technology related to the process of distributing (marketing) creative products.
5. Develop clear regulations on governance and electronic transactions in each sub-sector of creative industries
6. Build cooperation between government and capital lending institutions (banks) to create ease capital for creative industry players.

6. Conclusion

Based on the aforementioned discussion, the following can be concluded:

1. The number of MSMEs in Malang City of 1100 engaged in the creative economy amounted to 620 and distributed in 15 sub-sectors.

2. The problems that creative economy deals with are different among the sub-sectors, but in general, the problems are: lack of optimal model of creative industry business development, lack of appreciation from the public and the government, the network is not optimal for marketing of products and services of creative industries, lack of mastery in technology, the absence of clear regulation on creative industry subsector, and short of capital in business development.
3. In addressing these problems, different strategies are required for each sub-sector. But in general, the following strategies are needed: It is necessary to develop creative industry business model, increase the respect of both the public and government, expand the network for marketing of products and services of creative industries, improve technology mastery, develop regulations that support regulation on governance and electronics transactions in each sub-sector of creative industry, and build cooperation between government and capital lending institution (bank) to create ease capital for creative industry players.

6.1. Theoretical and practical implication

Theoretically, this research provides information about the development and contribution of creative economy in Malang City and identifies various problems and obstacles in the development of creative economy. Practical implications, this information can be used to develop a model of creative economic development that can be best practice in Indonesia.

Acknowledgment

The research team of the Accounting Department, Faculty of Economics University of Widyagama Malang and Faculty of Economics University of Darussalam Gontor Ponorogo would like to thank the Directorate of Research and Community Service of the Research, Technology and Higher Education Minister of Indonesia who granted the funding of Featured Basic Research of Higher Education with a title 'Creative Economy Based on Local Wisdom as Efforts to Increase Global Competitiveness' with a contract number of 004/Kontrak/PTS.030.7/PN/2018, dated March 5, 2018.

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