

# The Mapping of Local Creative Industry in Increasing the Economic Growth of Jember Distric Indonesia

<sup>1</sup>Sri Wahyu Lelly Hana Setyanti, <sup>2</sup>Lilik Farida, <sup>3</sup>Sudarsih

<sup>1</sup>Lecture Fakultas Ekonomi dan Bisnis, Universitas Jember, Indonesia  
lelyhana.feb@unej.ac.id

**Abstract:** *The mapping of small medium enterprises (SMEs) in Jember Regency is very critical due to its role as the driver of creative industry development which based on creativity, innovation, and knowledge. The mapping results indicate that some SMEs are having the potential to be developed as creative industry such as industry of bamboo plaiting, batik, embroidery, and kitchenware (aluminum crafts). Those industries have the largest SMEs with the great development opportunity. By using triple helix concept, which is the synergy between academics, business, and government, the empowering program of the SMEs will gain a better direction in supporting the development of creative industry in Jember.*

**Key Words :** *small medium enterprises, creative industry*

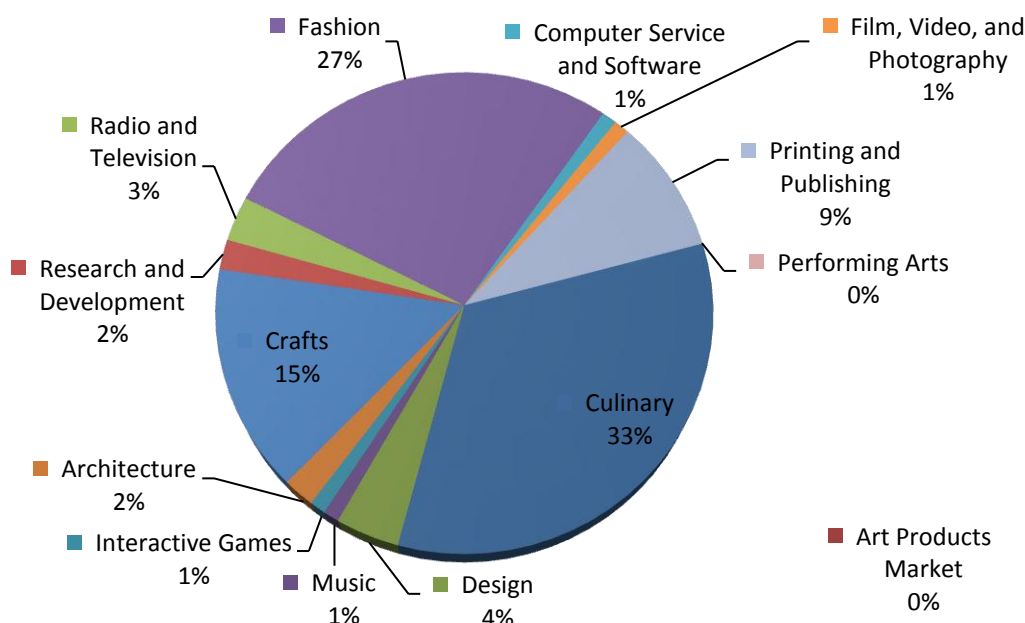
## 1. INTRODUCTION:

The Ministry of Trade of the Republic of Indonesia classifies creative industries into 14 sectors consisting of (1) advertising, (2) architecture, (3) market of art and antiques, (4) crafts, (5) design, (6) fashion, (7) video, film and photography, (8) interactive games, (9) music, (10) performing arts, (11) publishing and printing, (12) computer services and software (13) television and radio, and (14) research and development (Indonesian Ministry of Trade, 2014). From the 14 industrial sectors, the average GDP contribution of Indonesia's creative industry in 2011-2014 was 6.3 percent of the total national GDP with the amount of 104.6 trillion rupiahs. The export value of the creative industry was 81.4 trillion rupiahs and contributed 9.13 percent of the total value of national exports that employing 5.4 million workers.

Jember Regency has 411,000 units of small and medium enterprises (SMEs). It can be identified that Jember is one of the regencies having many SMEs with various types of business. The existence of SMEs in stimulating the development of creative industries is very critical especially if we consider the management of potential economy that also has significant role and strategic value for the region in increasing local revenue, employment level, and international brand image of Jember. Various international events are held every year in Jember and making Jember as one of the tourism destinations in East Java Province. Some international events held in Jember such as Jember Fashion Carnaval and Jember International Open Marching Band provide a significant positive impact for the development of creative economy in Jember. Good management of Jember's creative economy potency will encourage regional economic growth and improve social welfare.

## 2. THE ROLE OF CREATIVE INDUSTRY IN INDONESIAN ECONOMIC GROWTH:

Gross Domestic Product (GDP) contribution from the creative industry in Indonesia in the period of 2012-2016 was 6.3 percent of the total national GDP with the amount of 104.6 trillion rupiahs. The export value of the creative industry reached 81.4 trillion rupiahs and accounted for 9.13 percent of the total value of national exports that employing 5.4 million workers. Data from the Ministry of Tourism and Creative Economy (2018) pointed out that the current GDP of the creative industry was ranked 7 out of 10 from the existing primary business sectors. Currently, there are three leading sectors in creative industry i.e. culinary, fashion, and crafts, with the largest GDP contribution. These sectors are expected to be increased and supporting the national economy.



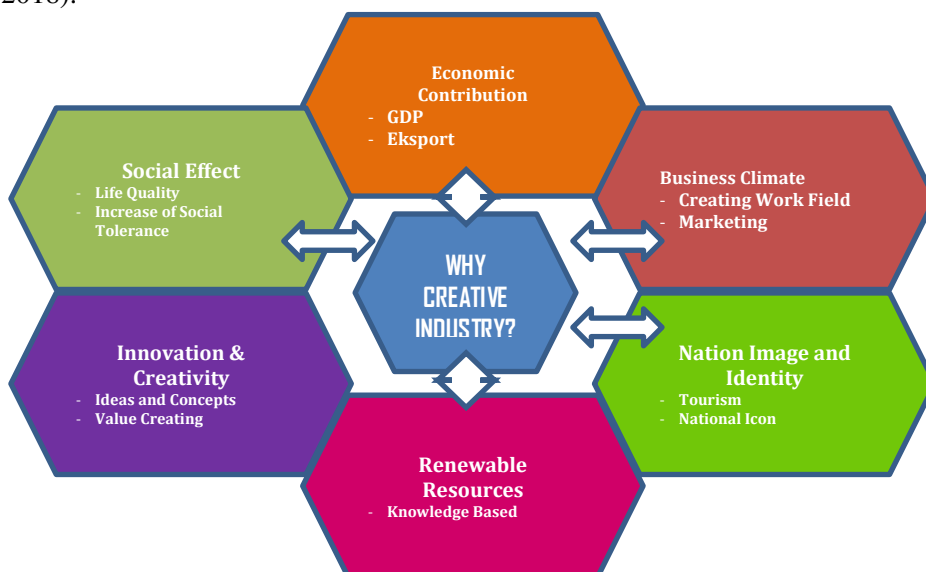
**Figure 1. Sub-sectors of Creative Industry of Indonesia, 2017**  
 Source: Indonesian Central Bureau of Statistics, 2017

Significant growth of the creative industry sector is a driving force that can be integrated to the national economic system of Indonesia. The provisional attainment number of the creative industry in 2017 (Indonesian Central Bureau of Statistics/BPS, creative economic statistics, 2018) stated that the growth of creative industry reached 5.76 percent, above the average economic growth in Indonesia which is 5.74 percent.

The contribution of creative industry to Indonesian GDP reached 642 trillion rupiahs or 7 percent of the national amount. The biggest contribution came from culinary and fashion with each sector contributing 209 trillion rupiahs (32.5 percent) and 182 trillion rupiahs (28.3 percent). The amount was increased 10.7% compared to 2012. Furthermore, for 2015, the growth target of the creative industry is expected to increase by 10% and could be one of the top 3 contributors to GDP.

**3. THE MAPPING OF SMEs AS THE POTENCY OF CREATIVE INDUSTRIES IN JEMBER:**

Creative industry is a new sector determined by the Indonesian Government to be managed up to the ministerial level. According to the Performance Report of the Ministry of Tourism and Creative Economy 2016, creative industry sector is elevated to the ministerial level because of its strategic values for Indonesia. The strategic values include the significant contribution, the creation of a positive business climate, the rising of the nation’s image and identity, the use of renewable resources, the encouragement of innovation, and the positive social impact (www.parekraf, 2018).



**Figure 2. The Potency of Creative Industry in Indonesia**  
 Source: Indonesian Ministry of Tourism and Creative Economy, 2018

Almost every city and regency in Indonesia has the opportunity and potential to be developed into creative industry as the image of the city. Some of the opportunities and potential of SMEs in Jember that can be developed into creative industry is presented in Table 1 below:

**Table 1. Home Industry in Jember 2018**

| No. | Product Type                  | Location/District                            | Amount |
|-----|-------------------------------|--|--------|
| 1.  | Fermented Cassava             | Tanggul, Sumberjambe, Kaliwates              | 143    |
| 2.  | Emroidery                     | Mayang, Ledokombo, Jenggawah and Sumberjambe | 100    |
| 3.  | Red Stone                     | 10 districts                                 | 981    |
| 4.  | Piring Stone                  | Pakusari                                     | 65     |
| 5.  | Bamboo Plaiting               | 19 districts                                 | 3988   |
| 6.  | Bird Cage                     | Sukowono, Jelbuk, Arjasa                     | 415    |
| 7.  | Kitchenware (Aluminum Crafts) | Panti, Balung, Kalisat                       | 543    |
| 8.  | Roof Tile                     | Ambulu, Wuluhan, Rambipuji, Gumukmas         | 2099   |
| 9.  | Piring Stone                  | Pakusari                                     | 120    |
| 10. | Fermented Shrimp Paste        | Puger  | 158    |
| 11. | Batik                         | Sumberjambe, Patrang, Sumpersari             | 38     |

Source: Departement of Cooperation and SMEs of Jember, 2018

The mapping result of SMEs in Jember indicates that some products have penetrated the export market such as bamboo plaiting that represents the largest SMEs in Jember. These SMEs are having the potential to be transformed into creative industry if it can be developed based on creativity and knowledge. Furthermore, the tourism industry also plays an important role for the economic growth of Jember as shown in Table 2 below:

**Table 2. Tourism Potency of Jember**

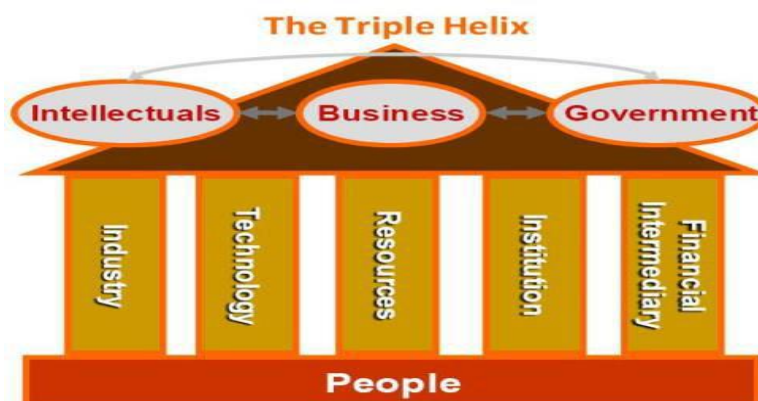
| Tourism Type      | Location   |
|-------------------|--|
| Beach Tourism     | Papuma Beach, Watu Ulo Beach, Bande Alit Beach, Payangan Beach |
| Waterfall Tourism | Tancak Kecamatan Panti   |
| History Tourism   | Situs Duplang  |
| Agrotourism       | Rembangan  |

Source: Department of Tourism and Creative Economy, East Java Province, 2018

Referring to the mapping and the potential of SMEs as the basis for the development of creative industries in Jember, we can formulate several strategies for the creative industry development as follows:

1. Strengthening human resources with innovative behavior and high creativity.
2. Strengthening the existence of SMEs with the potential to be developed into creative industry.
3. Developing the networking among SMEs.
4. Mapping the assets to support the growth of creative industry.

The development strategies should be supported by the participation from the entrepreneurs, intellectuals, and government as stated in triple helix concept. The role of government, business, and intellectuals is stated in triple helix theory (Etzkowitz, 2000) that can be used as the foundation of sustainable competitive development integrated with the power of government, business, and intellectuals.



**Figure 3. Triple Helix Theory**

Source: Etzkowitz, 2000

The creative economy development model in Indonesia is in form of a house or a building comprises of a foundation, five pillars, and a roof that are mutually reinforcing based on its functions. Human resources is the main asset of the creative industry that characterize almost all sub-sectors of creative industry. Moreover, the five main pillars that should be strengthened in developing creative industry are:

1. Industry, which is a collection of companies engaged in creative industry sector,
2. Technology, which is an enabler to transform individual creativity into a real creation,
3. Resources, which is an input in addition to the creativity and knowledge of individuals required in the creative process, e.g., natural resources and land,
4. Institution, which is a social regulation (norms, values, and laws) that govern the interaction amongst the economic actors, especially in creative industry, and
5. Financial intermediary, i.e. financial institutions.

#### 4. CONCLUSION:

The mapping results indicate that some SMEs are having the potential to be developed as creative industry such as industry of bamboo plaiting, batik, embroidery, and kitchenware (aluminum crafts). Those industries have the largest SMEs with the great development opportunity. The creative economy building is shaded by a triple helix interaction consisting of intellectuals, business, and government as the main actors driving the creative industry. The triple aspects of the helix are the main factors driving the establishment of creativity, ideas, science, and technology that are vital for the growth of the creative industries. A close relationship, mutual support and mutual symbiosis between the three factors with the foundation and pillars of creative economic model will determine the robustness and the sustainability of creative economy development.

#### REFERENCES

1. Indonesian Central Bureau of Statistics, 2017, *Kontribusi UKM terhadap PDB*, [www.bps.go.id](http://www.bps.go.id).
2. Department of Cooperation and SMEs, Jember, *Profil Industri Kecil Kabupaten Jember*, 2018.
3. Department of Tourism and Creative Economy, *Industri Kreatif Jawa Timur*. [www.disbudpar.jatimprov.go.id](http://www.disbudpar.jatimprov.go.id). Accessed on March 26, 2018.
4. Ministry of Tourism and Creative Economy, *Industri Kreatif Indonesia*, [www.parekraf.go.id](http://www.parekraf.go.id). Accessed on March 26, 2018.
5. Ministry of Trade, 2018, *Studi Pemetaan Industri Kreatif*, website: [kemendag.go.id](http://kemendag.go.id). Accessed on March 10, 2018
6. Etzkowitz, H. and Leydesdorff, L., 2000, The Dynamics of Innovation: From National Systems and 'Mode 2' to a Triple Helix of University-Industry-Government Relations, *Research Policy*, Vol 29, pp. 109-123.