

The Mapping of Creative Economy for the Sustainable Development Goals: A Case in Sukoharjo Regency, Central Java, Indonesia

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Abstract: The issue of the creative industry remains an important issue for developing countries, as well as Indonesia. The handling of industrial issues must be understood and considered as a world issue, thus it must be addressed to a global context. Every creative industry handling program must be understood thoroughly and interdependent with other activity programs. In SDGs, industry, innovation and infrastructure are at point 9 out of 17 goals. It means that the world agrees to improve the economy around the world, including Indonesia. Micro, Small and Medium Enterprises (MSME) creative industry is expected to compete in the global era, but it indicates a weakness in synergizing the stakeholders. Therefore, it is necessary to make serious efforts by starting the mapping of creative industry of MSME in Sukoharjo regency and analyzing the related strategy and regulatory plan. The results showed that the development of the creative industry of MSME sector was very important as it affected a country. This creative industry had become a part of the interest of economists, statistician, cultural experts, and public policymakers. The creative economy sector based on creativity and innovation is expected to contribute toward the growth of the national economy and become a new power of the Indonesian economy. Indonesia is supported by a huge market and demographic advantages to be one of the great powers of the creative economy in the world before 2030.

1 INTRODUCTION

Last year, at the United Nations General Assembly, Indonesia (represented by Vice President HM Jusuf Kalla) committed to join the global development agenda on the framework to the Sustainable Development Goals (SDGs). The framework is the extension of the Millennium Development Goal (MDG) program completed in 2015. Indonesia is 8-10 years left in implementing MDG, thus Indonesia has not been able to reach 19 indicators out of 67 MDG indicators. Many unachieved indicators are reducing the number of poor people, the number of maternal mortalities, and the number of malnourished children under five. Failure to achieve MDG targets is also due to the lack of involvement of civil society and business communities. In line with the formulation of SDGs at the global level, Indonesia has also drafted the National Medium-Term Development Plan (RPJMN) 2015-2019, thus the substance in the SDGs has been confirmed with the RPJMN (translation of

Nawacita) as the Vision and Mission of the President.

Micro Small and Medium Enterprises (MSME) has an important role in the Indonesian economy. The number of entrepreneurs in the business sector according to the Central Bureau of Statistics reaches 55.2 million business units or 99.99% of all business units in Indonesia and employ 101.7 million workers (97.2%). The MSME sector is the most likely to survive because it depends on local content. They use domestic resources in terms of human resources, raw materials, equipment so that they do not depend on the exports. In addition, the product of the MSME sector aims to meet the domestic market share, thus it does not depend on the economic conditions of other countries. These micro and small entrepreneurs are able to make great strides and enter as the medium and larger category, thus they are expected to accelerate the GDP growth, employment, and even greater foreign exchange contribution.

The study of entrepreneurship in the field of economics (especially in the western) is relatively small, particularly in Sukoharjo regency. Meanwhile, the creative industry of MSME is expected to compete in the global era, but it indicates a weakness in synergizing the stakeholders. Therefore, it is necessary to make serious efforts by starting the mapping of creative industry of MSME in Sukoharjo regency and analyzing the related strategy and regulatory plan.

In general, the creative industry of MSME in Sukoharjo is divided into three main stages: (1) mapping of Sukoharjo creative industry on MSME entrepreneurs, (2) analysis of creative industry on MSME entrepreneurs' competitiveness, and (3) analysis of policy and alternative strategy on competitiveness increase or its application. Therefore, the aim of this paper is to examine the mapping of potential creative industry in Sukoharjo regency.

2 LITERATURE REVIEW

There are only a few studies in the country that explain the entrepreneurs' position in the national economy, in the relationship between finance and growth, in the contribution, and in the potential to the economy. However, we can see some research conducted in other countries as the initial reference. Research conducted by Global Entrepreneurship Monitor (GEM) to 42 world countries (including Indonesia) illustrates the interesting facts that researcher can follow-up. The results showed that the rate of entrepreneurship was inversely proportional to GDP per capita, but the curve form resembled the letter "U". Countries with a low rate of GDP per capita (such as Indonesia, Philippines, Peru, and Colombia) showed a high rate of entrepreneurship. This condition was the opposite of middle to high-income countries (such as Japan and the EU) that showed the low rate of entrepreneurship. However, the rate of entrepreneurship countries with high GDP per capita (such as the United States and Norway) increased again.

There are several different results from previously conducted research about entrepreneurship. Audretsch and Thurik findings prove that increasing the number of entrepreneurs can reduce the number of unemployment. They call this condition as 'Schumpeter effect' by referring to Schumpeter's theory which states that

entrepreneurship provides a positive effect on employment. Barringer's findings state that most start-up companies face many obstacles to survive, thus most of them experience failure less than 2 years after its establishment. Therefore, a study related to the differences between those two research results is necessary to conduct. For the domestic researchers and policymakers, these differences are a challenge as the actuality and locality for a domestic case that needs to be confirmed.

Among the economists, there are two mainstream views of entrepreneurship in its position, namely the managed and the entrepreneurial economy. The managed economy groups believe that competitive advantage is achieved if the mass production scale derived from the use of capital and labor are fulfilled. Solow's theory is also often called the old paradigm that is very popular during the industrialization period. Indeed, the major requirements of large capital and labor are only found in large-scale and powerful industries, such as Multinational Corporation (MNC). These groups believe that the start-up companies and small and medium-sized enterprises cannot improve the economy as characterized by Charles Brown: (1) The inefficiency of production compared to large-scale companies; (2) Low wages for workers; (3) Lack of innovation, research and development (RandD) support in production; The insignificant role in the economy.

In contrast to the first view, the entrepreneurial economy groups consider that entrepreneurship plays an important role in increasing the state economic output today. Audretsch and Thurik emphasize the rapid knowledge spillover process of new and small-to-medium scale business caused by the power of innovation and creativity. These are several strong arguments for the second group: (1) Technology has developed rapidly, thus it is expected that the production scale required to achieve economies in the lower scale than before; (2) Specific market target (niche market) evaluated stronger can be conducted by new companies or low scale of companies.

Nevertheless, two arguments above are not necessarily appropriate to be confronted in a local context or in a developing country, including Indonesia. This is due to the differences in the field and economic structure.

3 RESULTS AND DISCUSSION

Until the end of June 2009, there are 8 companies in Sukoharjo Regency have Foreign Investment (PMA) status with an investment value of US \$ 163,065,735 and have employed 21,299 people and 14 companies of Domestic Investment (PMDN) with value investment of IDR 524,445,000,000 have employed 18,803 people. The creative industry classification used in this study followed the creative industry classification that had been mapped in Creative Industry Studies 2007. The mapping of creative industry has previously classified the creative industry sectors into 14 creative industry sub-sectors: 1. Advertising; 2. Architecture; 3. Markets and Art Goods; 4. Handicrafts; 5. Design; 6. Fashion; 7. The film, Video, Photography; 8. Interactive Games; 9. Music; 10. Performing Arts; 11. Publishing and Printing; 12. Computer and Software Services; 13. Television and Radio; 14. Research and Development. This figure 1 below describes the map of Small Medium Enterprises of Creative Economy in Sukharjo Regency in 2018.

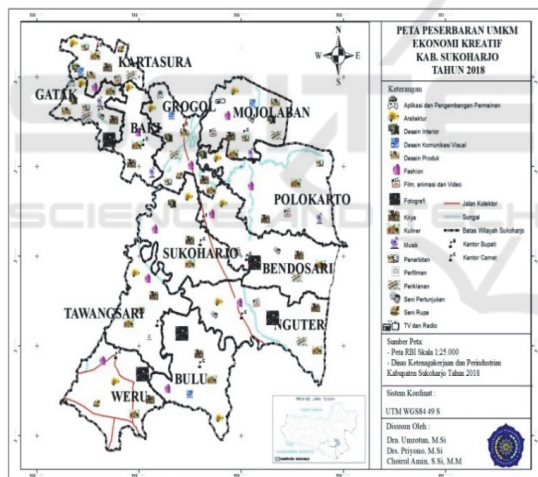


Figure 1. Map of Small Medium Enterprises of Creative Economy in Sukoharjo Regency

The trade sector plays an important role in the national economy. The number of workers that can be accommodated by the trade sector ranks second after the agricultural which consists of 22.21 million people out of 107.41 million people working in Indonesia. It means that 21 percent of the Indonesian population is involved in the trade sector. The capacity of this sector will increase as the increasing trade carrying capacity by the government in terms of accommodative infrastructure provision and regulation. Having many working people, 20.46 million people try to work independently, and 21.92

million people work while being assisted by temporary laborers. Overall, 42.38 million people or 40% have an entrepreneurial spirit. This is in accordance with Wennekers statement, stated that entrepreneurship can be defined as ownership that also involves the business management so that the entrepreneurs could be an owner-manager, small-medium enterprise and self-employed. The superiority of the trade sector is also supported by the high growth of this sector. For example, restaurants and hotels on the national GDP achieved growth rates up to 1.6 percent.

4 CONCLUSION

Economic growth is not only depending on capital investment, but it is also affected by innovation and new production method obtained from new entrepreneurs. When it is observed in a more detail way, most studies only focus on the industrial sector. As a result, the other sectors that deals with the study of entrepreneurship are less explored. Furthermore, it must be associated with the local economic configuration to create conformity of facts and development needs. The mapping of the creative economy in Sukoharjo Regency explained that many home industries in terms of the creative economy should be coached and supported by the government in financial, managerial, and marketing aspect. The implication of this research is to make it easier in making strategic planning to support the creative economy in Sukoharjo Regency. In the next research, it is needed to explore the informant of the creative economy with SWOT analysis of Micro-Small Medium Enterprises.

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