

## LOCAL GOVERNMENT POLICY MODEL OF INDONESIA RATTAN HANDICRAFT CREATIVE INDUSTRY IN TRANGSAN VILLAGE

Galuh Wahyu Kumalasari

Faculty of Law Universitas Muhammadiyah Surakarta, Indonesia

E-mail: [gwk744@ums.ac.id](mailto:gwk744@ums.ac.id)

**Article History:** Received on 4<sup>th</sup> February 2019, Revised on 26<sup>th</sup> March 2019, Published on 4<sup>th</sup> April 2019

### *Abstract*

**Purpose of Study:** Creative industry is one of the economic sectors that important to get attention from the government. Absorption workers in the creative industry are very large considering the main capital in this industry is idea and creativity. An employee who works on large industry, often replaced by mechanical power by efficiency reason. This is different from the creative industry which had to take creativity owned by a human being to maintain its existence. The rattan industry in this area has been able to penetrate the export market in the Netherlands, Germany, The United States, and Australia. Although has penetrated the export market, a number of problems experienced by actors of the creative industry, such as difficulty in competition with other countries related to the design of products and the difficulties to participate in the event of the international exhibition.

**Methodology:** The methodology used in this research is nondoctrinal, its describe clearly on local government policy in the development of the rattan creative industry in Trangsan Village, Gatak, Sukoharjo, Central Java.

**Results:** This study found that one of an industry that relatively has been shown to be able to survive in the center of turbulence and national and global economic crisis is the rattan industry in Trangsan Village.

**Implications/Applications:** Looking at these problems, the local government should take an active role to provide support for rattan industries of Trangsan Village by facilitating ease licensing and integrated technical assistance in connection to promoting both through social media and facilitation to be fit for as well as in international events.

**Keywords:** *Local Government Policy, Creative Industries, Rattan, Export Markets*

### INTRODUCTION

Creative industry starting to show their activities through presidential regulation Number 6/2015 of the organization creative economy, then start of the creative economy begin its existence and development of the creative economy is expected to the directed and able to contribute positively for the national economic and national development. The creative economic or Bekraf commonly led 16 sub-sectors of creative economy, such as 1) application and the developer game, 2) architecture, 3) interior design, 4) design visual communication, 5) the product design, 6) fashion, 7) film, animation and video, 8) photography,

9) skill, 10) culinary, 11) music, 12) issue, 13) advertising, 14) performing arts, 15) fine arts, 16) television and radio creative economy targeted economic by the government infiltration of its workforce that high that reduce unemployment and improve the economy ([Presidential Regulation Number 6/2015 f The Organization Creative Economy](#)).

Creative economy in Indonesia really needs support and serious attention. The main reason is related to very large opportunities in various subsectors owned. The creative industry of films and music in South Korea, for example, was giving evidence that the creative industry that managed professionally can bring very good yields for the economy countries and capable of being received by international domains.

One of the industries that have the potential to develop and could give contribute to the economy in Indonesia is the creative industry sector. It is because Indonesia has a favorable combination of talent owned by its citizens and many local cultures that entrenched in Indonesians ([Syarif et al., 2015](#)).

Many experts said that intellectual capital that is the main creative economy consisting of three main elements, the human capital, structural capital, and relational capital ([Selomo and Govender, 2016](#); [Stewart, 1997](#)).

1. Human capital is lifeblood in capital intellectual. Here a source of innovation and improvement, but is a component that is hard to measure. Human capital is also a place of knowledge source that is very useful, skill, and competence in an organization or company. Human capital reflecting the capability collectively company to produce the

the best solution based on the knowledge owned by the people in the company. Human capital will increase if the company use the knowledge possessed by employees. The characteristics of basic can be measured of this capital, namely training programs, credential, experience, competence, recruitment, learning programs, individual potential, and personality.

2. Structural or organizational capital (Sveiby, 1997). Structural capital is the capability of organization or company in the process of company routine and its structure that supports the employees to produce of the great performance of an intellectual and business performance, for example: operational system company, manufacturing process, cultural organization, management philosophy and all forms of intellectual property owned by the company. An individual can have the level of high intellectuality, but if the organization have bad systems and procedures, so intellectual capital cant reach performance optimally and the potential that owned cant be utilized very well.
3. Relational costumer capital (Bontis et al., 2000). This element is a component of intellectual capital that give significant value. Relational capital is harmonious relations or association network owned by the company with his partner, either originates from the suppliers and reliable quality, derived from customers who are loyal and feel satisfied with companies concerned services, derived from the relationship between companies and government and with the surrounding community. Relational capital can emerge from various parts of the company outside of the environment that can increase the value of the company.

One of the creative industries products which have been built since old and still holding in while the rise and fall of the economy the country is the rattan industry in Trangsan Village, Gatak District, Sukoharjo Region, The Central Java. The rattan is one type of creative industries which could pierce export markets and able to absorb lots of employees. The potential of the rattan industry in Trangsan village in the face of the global market are not without obstacles. Many of the issues facing, so it takes support by local governments to strengthen its operations the rattan in Trangsan Village and improving the competitiveness in export markets.

## RESEARCH METHOD

The research methodology used in this article is research law non-doctrinal by using the qualitative method. A study in this research is descriptive, was intended to illustrate clearly about the different things related to the object of the treatment, namely local government policy in the development of rattan creative industry. Research locations carried out in Trangsan Village, Gatak District, Sukoharjo Region, Central Java. Primary data sources research will get by observations in the field of interviews with the community of Trangsan Village, rattan industries. Secondary data are from legislation, literature, scientific journal, and other supporting data.

## RATTAN CREATIVE INDUSTRY OF TRANGSAN VILLAGE

The creative economy concept has emerged as a means of focusing attention on the role of creativity as a force in contemporary economic life, stating that economic and cultural development are not separate but can be a part of a larger process of development. The term first appeared in John Howkins 2001 book, *The Creative Economy: How People Make Money From Ideas* where he defined the creative economy as the transactions of creative products that have an economic good or service that results from creativity and has economic value. Today the most often cited definition of the creative economy is from the UK Department of Culture, Media and Sport (DCMS). They define the creative economy as those industries which have 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 (Policy Research Group, 2013; Shirvani et al., 2015);

Creativity will encourage innovation that create added higher value, and at the same time environmentally friendly and strengthen imagery and the identity of the culture of the nation. The contribution of the creative economy on the national economy is real. The value-added benefits that produced creative economy have also increased every year. Creative economy sector growth around 5, 76 %. It means being above the growth of electricity, gas and clean water, mining and quarrying, agriculture, animal husbandry, forests, and fisheries, of services and manufacturing industry (President Communication Team, 2017a; Villegas and Hidalgo, 2018).

But, an effort to move the messenger for some creative economy sector, need to build the synergy of all creative economic actors. One of them, passes through creative ways to cope with established common ground so much for national fuel price hike worried investors of Indonesian firefighters involves the industry and the economy creative ways to cope with intensity of rainfall said the mind to, intensity of rainfall said the idea or a notion, sharing of experience, best work

inside the box and have staged daily demonstrations, and have staged daily demonstrations creativity to progress is being made in this sector.

The development of the rattan creative industry in Trangsan village is very important to do like the home industry that gives proved various positive impact on the economy in Trangsan and the surrounding areas, such as:

1. At around 1980-1990, absorption labor of the rattan industry in the village Trangsan carried out more or less 300-400 entrepreneurs of rattan home industry. Every entrepreneur at average has 7-10 employees originated from the Trangsan village or outside. Absorption of the labor is very high and decrease the labor problems. When the rattan industry of Trangsan village is developed, the absorption of labor will be increased.
2. The rattan export products that derived from Trangsan Village have taken into account in various countries. Handicraft industry is exported in some countries, for example, the Netherlands, Germany, Australia and The United States (Re- publika, 2017).

Chances of the rattan creative industry are still quite large to be able to count in international business. Nevertheless, global challenges could not be avoided. That challenges of them are :

1. Before 2011, rattan is exported freely to a foreign country, so that the entrepreneurs of the rattan from Indonesia had to compete against skilled craftsmen from abroad to get a supply of raw materials. In 2011, rising The Act from Business Ministry Affairs Number 35/M-DAG/PER /11/2011 that contains a ban on the export of raw materials in the industry ([The Act from Business Ministry Affairs Number 35/M-DAG/PER /11/2011 that contains a ban on the export of raw materials in the industry](#)). A discharge of this act is fairly was late because of an entrepreneurial type of the rattan in the Trangsan village own there has been so much out of business. Until now, entrepreneurs of the rattan are still trying to keep maintaining existence rattan products in the condition of the supply of raw rattan derived from other regions. Raw materials had to be taken from other regions, for example, Sulawesi and Sumatra because in the region of Sukoharjo there are no raw materials for the rattan industry. The raw materials from other regions caused the availability cant guarantee to fulfill the needs of the rattan Transang industry.
2. Competition with another rattan countries industry such as China and Malaysia, in fact, can make the rattan entrepreneurs from the Trangsan village feels inconvenience. In terms of quality, rattan products from Trangsan bold pitted with similar products from other countries. The problems that very urgent for them are about the design that still lost compete, while consumers demanding the creative and innovative design.
3. The rattan Trangsan entrepreneurs realized that promoting that they did is not enough. They hope the support from the government to their rattan products to involve in the international exhibition or events. Optimism about the interesting of rattan products at an international level especially in the European territories of is still very high. But, if the information on products isn't heard by user abroad, of course, they will be missing a chance to see order and cooperate of expanding the marketing territory.

## MODEL OF LOCAL GOVERNMENT POLICY

The government policy made by fundamental policies that widely. According to Werf (1997) what is meant by the policy is some end to the objective particular and in a certain order. The government has a raw decision made titling by the government with certain intents and purposes on public interest.

According to a system of state administration of Indonesia policy contains 2 (two) namely:

1. Internal policies (managerial, namely policies that have binding power in the reform of the government itself
2. External policy (public), a policy that binds the general public and this policy shall be in writing

The creative industry sector also needs a lot of synergy and cooperation shall arise between the inventor with investors. A lot of synergies will enable creative products in ways to cope with it is because the earthquake is the greatest of all. To face new challenges in a more disadvantageous in the future, we need to strengthen the capacity of the creative industry sector aimed at competing with the products of creative economy businesses and to amount needed to finance imports. Links with sectors of others whether enters into the very certainty, with their suppliers as well as entanglement in the

future that absorbs the subsector of creative economy businesses and to need to be addressed (President Communication Team, 2017b; Singh et al., 2018).

Focusing on the situation and condition creative industry the rattan transgan village having a strategic position to capable of raced to export markets, would be needed a model policy that involves active national and regional governments. Nevertheless, a major role needs to be taken over by local governments, considering local governments had a profound understanding related to the problems experienced by entrepreneurs and need rattan what is required in order to optimize reduction the problems faced by the rattan the business.

The managerial ability of creative industry players should also be increased. This is important in order to develop and improve the performance of the creative industries. For example, the ability of marketing and opening the market is the ability that not many owned by business doers that move in the creative industries. Most operators effort puts forward this more artistic value or products which aesthetic is high but difficult to be traded or be sold in the market. Thus capital (relational relationships capital) very required by business operators this. Relationships this capital for entrepreneurs is capital to relate external sides as relating to customer satisfaction, customer loyalty, banged new customers and other (Fathi and Dastoori, 2014; Hermawan, 2012).

Local governments should do a policy, considering the creative economy relative still has much weakness. This weakness of them (Nurjanah, 2013):

1. Competence of the creative industries is very weak. Creative industries have still not been having competence in creating new ide-ide, new technology, and new content. Creative industry needs of human resources in the management of his job rely on piker in problems solving and decision making.
2. The educational institution that produces graduates in industry creative is minimum. Higher education institutions in Indonesia there is very few that concerned about the creative industry
3. The curriculum of higher education in Indonesia that is memorization, that will have no impact on fighting power students in the real world. Fighting power is actually of sports creativity, because of the fighting challenge man solve the problem, when he not enough creative, the problem not finished and he will be eliminated.

The policies model must be implemented by the Sukoharjo local government to support industrial development creative the rattan transgan village that can improve competitiveness in export markets such as:

1. Make it easier to get licenses for the entrepreneur the rattan, considering licensing is the first step that gives legal certainty and confidence of work for businesses. Ease licensing will return to encouragement to entrepreneurs who were due to roll mat global economic crisis to return coordinated with entrepreneurs still exist and industry to build the rattan transgan village.
2. With assistance integrated facilitated by local government to the entrepreneurs. This flanking is very important to do in order to ensure that business in the regional government area in a developing condition and a positive way. Such as assistance to the offender the rattan cottage industries transgan who getting obstacles to the design and promotion by international events and management website. When assistance this managed in a good by local governments, so indirectly will also increase regional income and the development of efforts home industry in the area.

Counseling did increase the quality and quantity of the product and seek facilitation so that the product of the rattan is able to take part in the international exhibition of events so that increasingly known and loved by user abroad. A sort of flanking this is very important to do, given that not only on how to open a business and can stand up, but things are no less important other is how a businesses that are already standing able to survive and continue to grow in the middle of economic competition both at the national level, regional and international.

## CONCLUSION

The development of the rattan transgan village very important to do with tackling the problems that have been faced by the community as the problem of the supply of raw materials, design product which has not innovative and marketing via internet media as well as international events. These problems can address with a local government policy model for the provision of ease licensing and mentoring integrated policy. Integrated assistance will be implemented to ensure that central efforts developing in his area can overcome the problems that appear in business competition. Mentoring is very important so that growing business in the region of power regional governance able to continue growing and evolve and to

able to survive amidst competition in the local, national, regional and international level. This policy must be implemented done as soon as possible because this problem is really urgent to be solved.

## RECOMMENDATION

- Owner of the rattan industry is part of the creative industry that must be willing to and be able to think forward in the middle of the global competition this moment. Business players have to follow technology development, for promotion and marketing apart from being conducted in offline must be expanded on the social media online and websites.
- The local governments as an instrument of the central government and as stakeholders nearest with the industry have to be active in providing facilities licensing, trying to ease as well as providing assistance integrated to the entrepreneurs of the rattan both in the product development and facilitation on international events.

## REFERENCES

- Bontis, N., William, C. C. K., and Stanley, R. (2000). Intellectual Capital and Business Performance in Malaysian Industries. *Journal of Intellectual Capital*, 1(1):85–100.
- Fathi, S. and Dastoori, A. (2014). Investigating the Impact of Women's Social Base on their Political Participation: a Case Study on Women in Tehran District 2 (Shahrara). *UCT Journal of Social Sciences and Humanities Research*, 2(2):81–86.
- Hermawan, S. (Desember 2012). Pengembangan dan Peningkatan Kinerja Industri Kreatif Melalui Comprehensive Intellectual Capital Management. *Jurnal Ilmiah Zona Keuangan*, 4(3). Hal. 2.
- Nurjanah, S. (Oktober - November 2013). Analisis Pengembangan Program Bisnis Industri Kreatif Penerapannya Melalui Pendidikan Tinggi. *JMA*, 18(2):2013.
- Policy Research Group (2013). The Creative Economy: Key Concepts and Literature Review Highlights.
- President Communication Team (2017a). Creative Economy as a Fundamental Future of Economic.
- President Communication Team (2017b). Creative Economy as a Fundamental Future of Economic.
- Presidential Regulation Number 6/2015 f The Organization Creative Economy.
- Republika (2017). Geliat Industri Rotan di Desa Trangsan.
- Selomo, M. R. and Govender, K. K. (2016). Procurement and Supply Chain Management in Government Institutions: A Case Study of Select Departments in the Limpopo Province, South Africa. *Dutch Journal of Finance and Management*, 1(1):37.
- Shirvani, M., Mohammadi, A., and Shirvani, F. (2015). Comparative study of cultural and social factors affecting urban and rural women's Burnout in Shahrekord Township. *UCT Journal of Management and Accounting Studies*.
- Singh, P., Teoh, S. H., Cheong, T. H., Rasid, N. S. M., Kor, L. K., and Nasir, N. A. M. (2018). The Use of Problem-Solving Heuristics Approach in Enhancing STEM Students Development of Mathematical Thinking. *International Electronic Journal of Mathematics Education*, 13(3):289–303.
- Stewart, T. A. (1997). Nicholas Brealey, London.
- Sveiby, K. E. (1997). The New Organizational Wealth: Managing and Measuring Knowledge- Based Assets. page 11, San Fransisco. Berrett-Koehler Publishers Inc.
- Syarif, M., Azizah, A., and Priyatna, A. (2015). Analisis Perkembangan dan Peran Industri Kreatif Untuk Menghadapi Tantangan MEA 2015. In *Prosiding Seminar Nasioal Inovasi dan Tren (SNIT) 2015*. Hal. B-27.
- The Act from Business Ministry Affairs Number 35/M-DAG/PER /11/2011 that contains a ban on the export of raw materials in the industry.
- Villegas, F. J. V. and Hidalgo, C. V. (2018). Lgica de gobierno y de gestin en una universidad estatal de Chile. *Opcin*, 34(86):286–325.