

# THE SUSTAINABLE DEVELOPMENT LICENSING POLICY OF CREATIVE INDUSTRY IN THE ERA OF ASEAN ECONOMIC COMMUNITY (AEC) IN SURAKARTA, INDONESIA

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## *Abstract*

**Purpose of Study:** The purpose of this study is to describe the growth of the creative industries in the city of Surakarta, formulate the sustainable development licensing model of creative industries in the era of ASEAN economic community (AEC) through legitimacy as a legal umbrella by designing the local regulation on creative industry.

**Methodology:** This type of research is a juridical-empirical study with a qualitative non-doctrinal approach. The policy offered is a policy with the Fishbone model analysis which sequentially describes a visual list composed of various causes that affect in process who has done by connecting one cause to another. Each affect will be arranged according to the cause, and aims to classify some causes based on category. The identification process is done by looking for the root cause which influences in irrelevance the sustainable development creative industries legality in the city of Surakarta, namely: Local Government; Regulation; Creative Industry Businessman and the environment who will describe with a small bone. While the big bone is the result of the analysis of the root of the problem of the four indicators mentioned above, which is the root of the problem (the big bone) the irrelevance of the sustainable development creative industries legality in the city of Surakarta.

**Results:** Based on the results, this research showed that there has been an increasing trend of creative industry growth in the city of Surakarta in 2015-2016 which touched the number 495 creative industries. However, the data show that in 2015-2016 only 10% of creative industries have business licenses and 90% not have the business license.

**Implications:** Therefore, the local government has to make and formulate the local regulations as licence of sustainable development creative industries in the city of Surakarta and designing the guideline book to make easier for the society in order to understand the rules.

**Keywords:** *Licensing, Creative Industries, and Sustainable Development, AEC, Surakarta*

## INTRODUCTION

The development of creative industries in Indonesia entered as one of the national economic development strategy. The creative industries create an economic activity called the creative economy. In the process, the potential in creative industries showed increasingly trend include in the market needs. The evidenced of creative economic contribution for the national economic above the national economic growth of 5.76%, 7.05% Gross Domestic Product (GDP), and employment of 10.7% in the year 2013. ([Medium Term Plan of the Creative Economy, 2019](#)).

Indonesia in an effort to increase economic growth through the development of creative industry business is not an impossibility, This is based on Indonesia's opportunities in the development of creative industries, namely: 1). Demographic Bonus Up To 2035, in the year 2030, the population of productive age is estimated to be over 60% and 27% of whom are young people with an age range of 16-30 years. Young Indonesians have the potential to become Creative Class. 2). The development of Digital Lifestyle, access to information and communication technology has reached more than 90% of the Indonesian population. 3). Increasing the Number of Secondary Classes in the year 2030, an estimated 135 million Indonesians will have net income above US \$ 3,600 as consumers of creative economy. 4). Increased Demand for Creative Products, Improvements in global markets, especially media-based products and ICT. 5). Indonesia Potential in Natural and Cultural Wealth, Indonesia has international cultural heritage, as well as wealth and natural beauty as "raw material" of creative economy. ([Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2014](#); [Muyambiri and Chabaefe, 2018](#); [Ranjbaran, 2014](#))

The development of creative industries in Indonesia that shows a positive growth trend must meet the element of sustainable development by observing, protecting and facilitating in three aspects, namely economic, social and environment. It makes the creative industry business actors obliged to prioritize the sustainable development element in initiating and operating their business, as stated in the Indonesian Constitution in Article 33 Paragraph (4) of the 1945 Constitution that "the national economy is organized based on economic democracy with the principle of togetherness, Efficiency of justice, sustainability, environmental insight, independence, and by maintaining the balance of progress and national economic unity".

In order to realize the development of creative economic potentials owned by the region, the Policy in regional economic development must be based on the specificity of each region (endogenous development) by using the potential of physical resources locally, including in the city of Surakarta. The city of Surakarta which is a potential region to compete in the era of ASEAN Economic Community has the potential to be in the field of creative industries, since historically Surakarta City which used to be the center of the kingdom of Surakarta Hadiningrat until now still has cultural and economic potential especially in tourism and trade which still continues to grow. The potentials are include not only historical tourism such as Kraton Surakarta, Pura Mangkunegaran and batik shop such as batik in Klewer market, Batik Laweyan Village, Batik Kauman Village, Solo Wholesale Center and Beteng Plaza, but also events Tours and culinary has become an annual event in this city, such as Solo Batik Carnival, Sekaten, Puppet Carnival, Jenang Solo and others. One of the proofs of other creative industry products owned by Surakarta City are carved furniture, rattan, glass carvings, leather, creese, and batik which carry solo as creative city with city design category and experienced an average growth 7% every year. ([Local Government of Surakarta, 2013](#))

Although the creative industry sector provides new hope for economic activity in Surakarta, it is not directly proportional to efforts to realize sustainable development by taking into account, protecting and facilitating in three aspects, namely economic, social and environmental. Sustainable development must be put as the present and future needs and aspirations of humans. Human rights such as economic, social, cultural and development rights can therefore help to clarify the direction and orientation of the formulation of sustainable development concepts. More concretely it can not be denied that the human right to a healthy and good environment becomes an urgent need as part of human rights. The right to development can not be separated from the stipulation that the development process must promote human dignity, and the purpose of development is for the sustainable progress continuously for human welfare fairly equitably. ([Absori, 2006](#); [Jenaabadi and Issazadegan, 2014](#))

In addition, the absence of clauses regarding creative industry licensing in Surakarta City Local Regulation No. 9 of 2003 on Industrial Business License, Trading Business License, and Warehouse List make the creative industry has no legal umbrella to run the activities. In fact, we know how important the juridical foundation for creative industry businessman to run their activities. Therefore, based on the reality that has happened the presence of regulations governing creative industry licensing in the city of Surakarta becomes an obligation to immediately form.

In connection with that, the local Government of Surakarta has the right to set local policy about sustainable development creative industry licensing based on Surakarta Local Regulation No. 4 of 2008 on Government Affairs. This is especially necessary to give the rapid growth rate of the creative industry sector in the era of the Asian economic community (AEC), which is largely influenced by the development of free market flows that have created global markets. In order to realize legal certainty for creative economic businessman that give impact both directly and indirectly to the economic growth of Surakarta and as an effort to welcome the era of ASEAN Economic Community (AEC).

Based on the description above, it can be concluded that the purpose of this research include: 1). Describe the growth of creative industry in the city of Surakarta. 2). Formulating the sustainable development creative industry licensing policy in the era of ASEAN economic community (AEC) by using fishbone model analysis whose output is legitimation/giving legal umbrella by designing local regulation about creative industry licensing and creating creative industry manual in organizing creative industry in the city of Surakarta.

## METHOD

This writing is based on juridical-empirical legal research conducted with a qualitative non-doctrinal approach. This type of study in this research is descriptive, because it intends to describe clearly about various matters related to the object under study, that is creative industries in the city of Surakarta. This research is also a scientific paper from the results of literature study and field study, so that the data source of this writing is data in the form of legal documents laws, literature, scientific journals and observation.

## DISCUSSION AND RESULTS

### The licensing Policy of Creative Industries in the City of Surakarta

Nowadays, the growth of creative industries show the positive improvement trend, creative economy through creative industry get more attention in the era of President Joko Widodo, seen from the establishment of Creative Economy Agency, a non-ministerial government agency that deals with creative economy or creative industries in Indonesia. Not quite there, the response to the attention of the central government on the economy and the creative industries get a good response by the Government in the city of Surakarta which also has a vision in the field of industry and trade that is "The realization of the city of Solo as a cultured city that relies on the potential trade, services, education, events and sports ". One proof of the increasing growth of creative industries in Surakarta is data from the office of Manpower and Industry that shows the number of creative industries growth in 2015 reached 495 creative industries in the city of Surakarta.

The presence of public policy regarding creative industry licensing has an important position by considering the stages of policy formulation, starting from the formulation of the problem which is the stage to recognize and formulate the problem as the most fundamental step in the formulation of policy. Then the issue will go into the policy agenda. Once the public issues are well defined and the policy makers agree to incorporate the issue into the policy agenda, the next step is to make the problem solve. For the last in the formation of a policy is to establish the chosen policy so as to have binding legal force. The policy alternatives taken are basically a compromise of the various interest groups involved in policy formation. (Osman et al., 2018; Zahriyah and Esty, 2015)

The licensing policy of the creative industries in the city of Surakarta has an important position to increase the economic growth which is currently supported by a relatively conducive situation. This can be seen in the macro economy Surakarta grew by 5.46% in 2015, where in the previous year grew by 5.24%. Furthermore, in creative industry there are sixteen (16) creative industry sub-sector that we must know, that are : 1) Architecture 2) Interior design 3) Visual communication design 4) Product design 5) Film, animation, and video, 6) Photography, 7) Craft, 8) Culinary, 9) Music, 10) Fashion, 11) Television and radio, 12) Publishing, 13) Advertising, 14) Performing arts, 15) Fine art, 16) Applications and game developers. 2015 Based on the sixteen (16) sub-sectors, the following will be displayed data on the number of creative industries Based on sixteen sub-sectors in the city of Surakarta in each sub-district in 2015, namely :

The leading sectors in the City of Surakarta can be seen in each cluster in each sub-district, showing the contribution of creative industries to the economic growth of the government of Surakarta, namely : (1). Laweyan sub-district, there are 78 creative industry sectors. In addition, the leading sector in Laweyan district is batik laweyan village. (2). Serengan sub-district, there are 95 sectors of creative industries. In addition, the leading sector in the district of Serengan in the form of culinary creative industries or food. (3). Pasar Kliwon sub-district, there are 57 creative industry sectors. In addition, the leading sector in Pasar Kliwon sub-district in the form of wood craft and batik. (4). Jebres sub-district, there are 148 sectors of creative industries. In addition, the leading sector in the district Jebres in the form of creative industries batik. (5). Banjarsari Sub-district, there are 117 creative industry sectors. In addition, the leading sector in the district of Banjarsari in the form of culinary creative industries.

Although the growth rate of creative industry shows a positive growth, but not followed by the presence of legality in organizing the creative industry. In fact, every business activity must have a legality, currently the business in the field of creative industries only use a license instrument in the form of Trade Business License (in the Indonesian language called SIUP). Based on the results of this study showed that from 495 creative industries, Creative Industries are only 21 get a permit in the form of licence trading business and the rest haven't gotten permission.

### The Sustainable Development Licensing Policy of Creative Industry in the Era of ASEAN Economic Community (AEC) in the City of Surakarta.

The growth of the creative industries in the City of Surakarta entered in the agenda of the Government to develop the national economy. The Government's agenda is understood as "list of subject to which official are paying some serious attention at any given time". The problem raised in this research is related to the rapid growth of creative industry in the City of Surakarta will have no legal certainty in the implementation. Thus encouraging the formulation of creative industry licensing that is sustainable development (Aziz, 2010; Martínez et al., 2018) by considering three aspects of economic, social, and environment. The above problems can enter into the government agenda, according to Cobb and Elderr Abubakar (2011) if fulfilled at least 3 (three) terms:

**Table 1:** Distribution of Creative Industries in the City of Surakarta.

	Classification of Creative Industries	Banjarsari Sub-District	Jebres Sub-District	Laweyan Sub-District	Pasar Kliwon Sub-District	Serengan Sub-District
1	Architecture	-	-	-	-	1
2	Interior Design	-	1	-	1	-
3	Visual Communication Design	1	3	1	-	-
4	Product Design	26	50	3	17	3
5	Film, animation, and video	1	-	-	-	-
6	Photography	5	7	-	7	3
7	Craft	19	6	17	2	12
8	Culinary	7	1	1	-	5
9	Music	-	3	-	4	6
10	Fashion	10	3	36	2	7
11	Applications and Game Developers	1	-	-	-	-
12	Publishing	28	50	2	6	2
13	Advertising	1	9	1	9	50
14	Television and Radio	1	3	-	-	-
15	Performing Art	15	12	15	8	3
16	Fine Art	2	-	3	1	3
	<b>TOTAL</b>	<b>117</b>	<b>148</b>	<b>78</b>	<b>57</b>	<b>95</b>

1. The issue was gaining widespread attention or at least can give rise to public awareness. (Presidential regulation of the Republic of Indonesia Number 72 by 2015 about changes to the presidential Regulation number 6 by 2015 on the Agency's Creative Economy (State Gazette of the Republic of Indonesia, Number 139 (2015)) In the city of Surakarta, protection of society and especially for the creative industry businessmen, which begin to realize the importance of conducting creative industry in globalization era like nowadays must be accompanied by clear rules. as part of the development of the creative industries with no throw over the social and environmental responsibility of creative industry businessmen sustainable development in the era of the ASEAN economic community (AEC) ([The ASEAN Economic Community \(AEC\) is a milestone for ASEAN's liberalization as a single market and production base. , 2016](#))
2. The existence of widespread perception and public view that some action needs to be done to solve that problem. Local Government of Surakarta must immediately issue a policy related to the implementation of creative industries in the form of creative industry licensing in order to provide legal certainty for businessmen who belong to the creative industry.
3. The presence of the same perception of the public that it is an obligation and responsibility of the legitimate Government to overcome it. The people of Surakarta know that the existence of creative economy arrangements is the obligation and responsibility of the government. Therefore, the city government of Surakarta only needs to draft local regulations regarding creative industry licensing as a form of public policy to be issued.

The licensing model of the creative industries sustainable development essentially directed against the need for environmental sustainability of human life. The basic principle of sustainable development is divided into 4 (four) things [Moordiningsih Ratih Koesoemo \(2010\)](#), namely:

**Equity and social justice:** In this case the sustainable development should guarantee the existence of equalization for the current generation and those that will come. Equitable distribution can be the source of the factors of production of

land, and a fair economy to achieve prosperity of all walks of life. The growth of the creative industries in the city of Surakarta which is so rapidly especially in the sectors of fashion design (Batik) illustrates that the community of Surakarta is a productive society so that it is able to create a balance of production and economy in pursuit of prosperity. But the achievement of balance must be based upon equitable social justice by thinking about sustainability efforts for the next generation.

**Appreciate diversity:** Need to be kept in the form of biodiversity and cultural diversity. Biodiversity is the prerequisite for ensuring that natural resources are always available in a sustainable way for present and future. The maintenance of cultural diversity will encourage equitable treatment to any person and make knowledge against the traditions of the various communities may be more understandable by the public. The city of Surakarta is famous for its unique culture that has earned the title of the spirit of java which means that the center of spirit and identity of Javanese tribe is in Surakarta City. This shall be preserved through the empowerment of all elements of society and business actors by preserving the traditional values in each business product.

**Using an integrative approach.** Sustainable development prioritizes the interrelation between man and nature. Humans affect nature in a beneficial and destructive way. Utilization should be based on an understanding of how the system will be completely natural and social systems in ways that are more integrative in the implementation of the development.

**The long-term perspective,** in this case the sustainable development is often overlooked, because society tends to judge the present better than time will come. Therefore, such perceptions need to change it.

The policy model offered in this research is a policy model with a Fishbone diagram analysis that sequentially helps to explain a structured list of structured visuals that illustrates the various causes that affect the process by separating and connecting one cause to another. Each effect will be sorted according to the cause, and aims and aims to classify some reason based on category. The process of identifying by looking for root causes that influence in the irrelevance of the legality of creative industries from indicators: (1) Local Government; (2) Regulation; (3) Creative Industry Businessmen; (4) The environment as an indicator is described as a small bones. Being on the bone is the result of the analysis of the root of the problem of the four indicators in which the root of the problem (the big bone headed to the head) the irrelevance of the legality of the creative industry. This tool can be used for government institutions to identify and explore the causes of the problem or find factors that can lead to a solution and improvement. If the "problem" and "cause" are known for sure, then the action of the solution and the improvement step will be easier to do. Here's the Fishbone Diagram model based on the causes, impacts, and solutions.

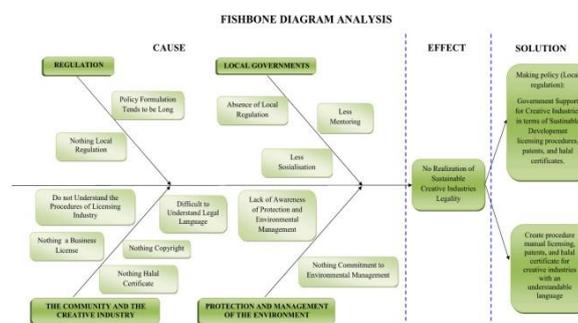


Figure 1: Fishbone Diagram Analysis

Based on the analysis using fishbone diagram above, it can be seen that the local government of Surakarta until now still has not made the regulation related to the implementation of creative industries. This can happen because of the lack of intensity of socialization as a form of assistance to the community and businessmen in organizing activities. In addition to the lack of regulation governing the licensing of creative industry, community and creative industry businessmen will also have difficulty to understand the legal language that is poured in the sound of the clauses in the legislation. Therefore, the presence of "guide book" is required to make it easier for people to understand the language of law.

The existence of copyright among creative industries is very necessary, since the creative industry is largely sourced from creative ideas that need to get patent rights. Also on the culinary included in the creative industry needs to be secured by "halal" certification of manufactured food products. Furthermore, related to the environment and environmental management in realizing a creative industry climate that not only think of economic factors, the presence of commitment to

maintain and manage the environment in the regulation of creative industry licensing through a statement of management and monitoring of the circle is expected to realize activities that are not destructive and contribute To the sustainability of human life.

The presence of local regulations on creative industries business permit is not as an obstacle for the community and business actors who want to / are working with their respective activities but as a form of government protection to provide legality and facilities that will encourage the growth of creative economy as a supporter of economic growth in the City Surakarta. This is necessary considering that Indonesia and in the city Surakarta are in particular in an era of free market that demands every element to be able to compete globally and during the competition, the government plays an active role to assist the implementation of economic activities that not only focus on profit-seeking but also participate As well as in reducing poverty and environmental protection.

## CONCLUSIONS

Surakarta city has an opportunity to realize creative industry as the backbone of regional economy by formulating policy in the form of local regulation concerning business permit of creative industry which is Sustainable development. It is based on the results of research on the creative industries in the city of Surakarta which shows that there has been a trend of increasing the growth of 16 (sixteen) creative industry sectors in Surakarta, all of which already exist and spread in some districts in the city of Surakarta touched 495 Creative industries in the year 2015-2016. The existence of local regulations about licensing of creative industries as a Government policy is not as a barrier to the society and the creative industry businessmen who want to/are attempting with their respective activities. But as a form of Government to provide protection of legality as well as facilities that will encourage economic growth as creative supporting economic growth in the city of Surakarta in the era of the ASEAN economic community (AEC).

Model of creative industry licensing policy with Fishbone diagram analysis will help to explain and illustrate the various causes of the absence of regulation related licensing creative industry by separating and connecting one cause with other causes. The process of identifying by looking for root causes that influence in the irrelevance of the legality of creative industries from indicators: (1) Local Government; (2) Regulation; (3) Creative Industry Businessmen; (4) The environment as an indicator is described as a small bones. Being on the bone is the result of the analysis of the root of the problem of the four indicators in which the root of the problem (the big bone headed to the head) the irrelevance of the legality of the creative industry. This tool can be used for government institutions to identify and explore the causes of the problem or find factors that can lead to a solution and improvement.

## RECOMMENDATIONS

1. Business actors and communities through business licensing of creative industries in carrying out economic activities should pay attention to the element of sustainable development by paying attention, protecting not only economic aspect, also on social and environmental aspect.
2. There needs to be intensive guidance and training by the local government of Surakarta related to business in creative industry for business actors and society in order to increase the competitiveness and quality of production goods so as to compete in the era of ASEAN Economic Community (AEC).
3. There needs to be intensive guidance and training by the local government of Surakarta related to business in creative industry for business actors and society in order to increase the competitiveness and quality of production goods so as to compete in the era of ASEAN Economic Community (AEC).

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