Policy Analysis On Development Of Leading Creative Industry Products InMuara Bungo Regency

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Policy Analysis On Development Of Leading Creative Industry Products In Muara Bungo Regency

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Abstract: This research focused on leading industry products of local creative industry, the factors influence the leading products development of local creative industry, and the policy of leading products development of creative industry in Muara Bungo regency in the future. The SAW (Simple Additive Weighting), multiple regression model and SWOT analysis model were used to achieve the objective of the research. The results of the research show that the creative industry products of Muara Bungo Regency are; 1) the brick / roof tile, 2) furniture, and 3) woven rattan and bamboo and agate. The two determinant factors that influence the development of creative industry products are labor and raw material. The two factors are dominant in determining the creative industry area because the industry product is in form of handicrafts. The product development policy of the regional creative industry is done through 3 policy instruments,(a) Increased production oriented to market demand and customer appetite. (b) The leading product offerings must follow trends within competitive design and technologies. (c) Increase the quality of labor and raw materials in order to produce quality products..

Index Terms: creative, leading, industry, policy, development

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1. INTRODUCTION

The development of leading creative products in Muara Bungo Regency is very potential. It requires the utilization of available natural resources and creativity of human resources as well. The market prospects of the excellent products of the creative industries are also very good because of the strategic location of Muara Bungo Regency so that the market potential is also great. In macro terms, the contribution of the industrial sector in which the creative industry has contributed to GRDP averaged 6.43% over the last 6 years (2010-2015). The majority of the industry is in the category of food industry (Foods and Beverages) at 71.28%. The creative industry grew by 7.09% per year by 2015. In terms of industrial scale, the local creative industry in Muara Bungo Regency is the leading producer of food products 585 units and the craft industries 644 units then followed by the creative industry in the clothing sector 105 units and metal & electronics 161 units. While the category of creative industries in the field of chemicals & building materials 372 units which means that the leading products of the creative industry are so diverse but dominated by food products (foods and beverages) and handicrafts. The creative industries need to be developed in Muara Bungo regency. Therefore, the products by the creative industry should also be determined to be a leading product. Further, we need to analyze what factors affecting the industry development in Muara Bungo Regency. In addition, the Government of Muara Bungo Regency should establish a policy of the leading products from the creative industries to suit the available potential resources and market demands. Development policy will determine the direction of growth of the leading products from the creative industries in the future which tend to be more dynamic and more creative

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This research is expected to form a policy formulation for the leading products development of regional creative industries in Bungo Regency. The following questions formulated the research:

1. What are the leading products of creative industries in Muara Bungo Regency?
2. What factors influence the leading products development of creative industries in Muara Bungo Regency?
3. How is the policy of product development of regional creative industry of Muara Bungo Regency in the future?

2 LITERAURE REVIEW

The development of creative economy that is identical with the leading product development of the creative industry is considered to be able to give a very significant contribution to the regional economy (Nurchayati and Andalan Tri Ratnawati, 2016) .Therefore, each region must be creative in developing new products to be the leading creative industry. The industry is certainly based on the creative industries of the region itself. It is necessary to identify the local leading products to stimulate them growing as the creative industries. According to Yudha Prasetyawan et al (2014), the local governments must determine the leading products of creative industries competing in local and ASEAN markets in order to increase people's income and widely open the employment. On the other hand, the development of creative industries requires innovative and highly creative human resources. Innovation and creativity makes the creative industry hold an important role in the regional economy (Aisyah Nurul Fitriana et al, 2013). Hence, to stimulate the innovation and creativity we need to have more training and counseling of creative industry actors. The development of local creative industries is also inseparable from the institutional strengthening associated with the creative industry. Financial institutions, education and training and tourism agencies also influence the development of creative industries (Muzakar Isa, 2016). The regional government should also build such institutions to support the creative industries to be advanced. The leading product from creative industry is also considered as a leading product of UMKM. Kusdiana and Gunardi (2014) stated that the leading

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product would grow with uniquity, market potential and have economic benefits. The uniqueness of the region, has a special market and valuable for the local community then the product is worth developing. In order to accelerate the growth of leading products from the creative industry, valuable policy support is required from the local government. Development policies formulated by the government should be based on increasing the potential of human resources through skills education as well as increasing the role of institutional (Heru Mulyono, 2004). Similarly, the leading product development is necessary as well as the protection efforts of geographical indications for such leading products (Sularso, 2008). Protection is required for leading products to grow geographically based and obtain legal protection. The leading product development of creative industries is also based on their superiority in the region. Such leading product determination is necessary to assess the feasibility of excellence products from aspects of economic capacity and potential areas (Ely Kartikaningdyah, 2009). From the above description, the development of leading products from the creative industry needs a more comprehensive policy analysis. The policy analysis will recommend the leading products to grow faster but also valuable for the regional economy.

3. METHODOLOGY

The research method used secondary data analysis through observation. The secondary data analysis examine the available data in form of publication of related institution and first level research report. Secondary data analysis including interpretation, conclusion or additional analysis in form of development which is different analysis from publication of related institution or first level research report in order to determine the product the flagship of the local creative industry in Muara Bungo Regency. Observation is done by perceiving the factors that influence the development of leading products of regional industries in Muara Bungo Regency. The observation result will be useful in designing the development policy for leading products of creative industries in Muara Bungo Regency.

3.1 Analysis Model I

Simple Additive Weighting (SAW) used to determine the leading product of creative industry of Bungo Regency.

$$R_{ij} = \begin{cases} \dfrac{X_{ij}}{Max\ X_{ij}} \\ \dfrac{Min\ X_{ij}}{X_{ij}} \end{cases} \qquad (1)$$

R_{ij} = Normalization Performance Matrix
Max X_{ij} = Maximum Value each Alternative
Min X_{ij} = Minimum Value each Alternative

Decision making leading product ranking which is the sum of normalized matrix multiplication with weight vector of criteria used

$$V_i = \sum_{j=1}^{n} W_j R_{ij} \qquad (2)$$

Vi = Alternate Final Value
Wj = Weight Criteria Value
ij = Normalization Performance Matrix

3.2 Analysis Model II

Multiple Regression is taken as the analysis model which formulated as follow.

$$Y = a_0 + a_1 x_1 + a_2 x_2 + a_3 x_3 + a_4 x_4 + a_5 x_5 + e \qquad (3)$$

Y = The Development of Leading Product of Regional Creative Industries
X1 = Investment on Creative Industries
X2 = Labors on Creative Industries
X3 = Production Capacity of Creative Industries
X4 = Value of Raw Material of Creative Industries
X5 = Creativity Value of Regional Creative Industry
e = error term
a0 = Intercept
a1 – a5 = Coefficient of Regression

3.3 Analysis Model III

SWOT Analysus is used to determine the direction of policy of leading product development of regional creative industry.

4. RESULTS AND DISCUSSION

4.1 Determination of Leading Product of Regional Creative Industry

SAW model (simple additive weighting) determines the leading product of creative industry through 4 stages.

a. Determination of Criteria and Weighting

Table 1. Weight of Criteria for Determination of Product of Regional Creative Industry

No	Criteria	Code	Weight
1	Business Unit	C.1	0,200
2	Workers	C.2	0,133
3	Production Value	C.3	0,333
4	Investment Value	C.4	0,067
5	Capacity Value	C.5	0,267

b. Determining the Value of Each Alternative to Leading Products

Table 2. Weight of Criteria for Determination of Product of Regional Creative Industry

No	Creative Industry Products	Code				
		C.1	C.2	C.3	C.4	C.5
1	Bricks/ Roof Tile	142	3,01	61.348,59	12.788,73	38.575,81
2	Batik/ Songket	29	1,79	47.096,55	10.879,31	3.683,14
3	Iron Trellis	21	2,62	57.100,00	14.500,00	829,19
4	Furniture	39	2,87	104.066,70	23.861,54	1.167,31
5	Crafts by Rattan/ Bamboo	130	2,34	27.555,31	7.570,77	1.848,77
	Weight	142	3,01	61.348,59	12.788,73	38.575,81

c. Treatment of Matrix Normalization

Table 3. Normalized Matrix of Regional Creative Industry Product

No	Creative Industry Products	Code				
		C.1	C.2	C.3	C.4	C.5
1	Bricks/ Roof Tile	1,000	1,000	0,589	0,536	1,000
2	Batik/ Songket	0,204	0,595	0,453	0,456	0,095
3	Iron Trellis	0,148	0,870	0,549	0,608	0,021
4	Furniture	0,275	0,953	1,000	1,000	0,030
5	Crafts by Rattan/ Bamboo	0,915	0,777	0,265	0,317	0,048
	Weight	0,200	0,133	0,333	0,067	0,267

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d.   Product Ranking

Table 4. Judgment of Leading Products of Local Creative Industries

No	Creative Industry Products	Code				
		C.1	C.2	C.3	C.4	C.5
1	Bricks/ Roof Tile	0,200	0,133	0,196	0,036	0,267
2	Batik/ Songket	0,041	0,079	0,151	0,031	0,025
3	Iron Trellis	0,030	0,116	0,183	0,041	0,006
4	Furniture	0,055	0,127	0,333	0,067	0,008
5	Crafts by Rattan/ Bamboo	0,183	0,103	0,088	0,021	0,023
	Weight	0,200	0,133	0,196	0,036	0,267

The sum result is used as the basis for determining the selected leading product through the process of ranking the pre-eminent ranking as presented in the following table.

Table 5. Judgment of Leading Products of Local Creative Industries

No	Creative Industry Products	Total Value	Ranking
1	Bricks/ Roof Tile	0,832	I
2	Batik/ Songket	0,327	V
3	Iron Trellis	0,376	IV
4	Furniture	0,590	II
5	Crafts by Rattan/ Bamboo	0,418	III

4.2 Determination of Factors Affecting Product Development of Regional Creative Industry

Multiple Regression analysis is used to determine the factors influencing the development of leading product of creative industry.

The data analysis result is presented as follow.

$$LogY = 1,784093 + 0,074783logX_1 + 0,353865logX_2 - 0,009707logX_3 + 0,488764logX_4 + 0,057727logX_5 + e$$

$$P; (0,0000)\ (0,1637)\ (0,0000)\ (0,4016)\ (0,0000)\ (0,2137)$$

The result provide the determinants factors of product development of regional creative industries. The factors are X_2 (labor) and X_4 (raw material value) at P = 0,0000 and R_2 = 0,7168. Which means, labor and raw material are the determinant factors of leading product development of regional creative industry in Muara Bungo Regency. Although there are other factors influence for 28.32%.Further, the elasticity coefficient for labor is 0.353865 and the raw material value is 0.488764. Both elasticity coefficients are below 1 or the elasticity which is categorized as inelastic. Technically, the leading product of local creative industry is dominantly determined by the result of creativity of the workforce (handicraft) and the availability of raw materials. Both factors are the decisive factor in developing superior products in the local creative industry in Muara Bungo Regency

4.3 Formulation of Product Development Policy of Regional Creative Industry

The SWOT Analysis objectively assessed the strengths, opportunities, weaknesses, and barriers faced by every leading product of regional creative industry as presented in the following table.

Table 5. SWOT Analysis on Leading Product of Regional Creative Industries

Leading Product of Regional Creative Industries	(Strength)	(Opportunity)	(Weakness)	(Threats)
Leading I Bricks/ Roof Tile	Availability of Raw Material	People Build Houses and Stores	Must be plasted	Alum Roof as the competitor
Leading II Furnitures	Fit the customers demand	Still being People's Favorites	Traditional Designs	Limited Stock on Quality Wood
Leading III Crafts by Rattan/ Bamboo	Original Raw Material	Still being People's Favorites	Short Lifetime	Plastic Products

Having SWOT analysis done, the formulation of development policy is presented in the following table.

Table 6. Formulation of Product Development Policy of Local Creative Industry

Leading Product of Local Creative Industries	S.O	S.T	W.O	W.T
Leading I Bricks/ Roof Tile	Produce Bricks and Roof Tile for Building Houses	Produce a high quality bricks and roof tile	Offer a long lifetime bricks/ roof tile	Offer a high quality product with modern designs
Leading II Furnitures	Produce the quality furniture	Produce the quality furniture which fits customer taste	Offer the wooden furnite with high quality material	Offer the wooden furnite with high quality material combined with metal and plastic
Leading III Crafts by Rattan/ Bamboo	Produce the artful crafts and fits the customer demand	Produce the artful crafts and fits the customer demand with high quality material	Produce the artful crafts with high quality material and modern design	Produce the artful crafts and fits the customer demand with high quality material combined with plastic and other synthetic materials

Based on the above description and the results of multiple regression analysis, the researcher then drawn pointer policy formulation of the product development of regional creative industries as follow.

1. The increased production of leading products of local creative industries should be oriented to market demand or products that are required and in accordance with the tastes of customers / buyers.

2. The leading product offerings of the local creative industries must also follow the latest trends within competitive design technology

3. The increased production of leading products of local creative industries should improve the quality of labor and raw materials. The quality of the workforce will determine the quality of superior products produced due to the handicraft product or produced from the craft of labor.

5. CONCLUSIONS

1. The creative industry product of Muara Bungo Regency; brick/ tile industry (#1), followed by furniture (#2) and rattan and bamboo wicker/ agate (#3).

2. The determinants factors that influence the development of leading products of the creative industry are labor and raw materials since the product of this industry is in the form of handicraft.

3. The policy of product development of regional creative industries is done through 3 policy instruments:

- The increased production of leading products of local creative industries should be oriented to market demand or products that are required and in accordance with the tastes of customers / buyers.

- The leading product offerings of the local creative industries must also follow the latest trends within competitive design technology.

- The increased production of leading products of local creative industries should improve the quality of labor and raw materials.

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