Program Priorities Local Economic Development through Creative Industries Household Based in Realizing Sustainable Development of The Region

Mohammad Yusri¹, Sirojuzilam², Badaruddin³, Irsyad⁴

¹ Graduate School of Regional Planning, University of Sumatera Utara, Indonesia, Lecturer University of Muhammadiyah Sumatera Utara,
² Faculty of Economic, University of Sumatera Utara, Indonesia
³ Faculty of Social and Political Science, University of Sumatera Utara, Indonesia,
⁴ Faculty of Economic, University of Sumatera Utara, Indonesia

Abstract
One of the significant aspects on the regional development is a concept of local economic development. One of the development strategies which can be applied in the district as well as city by applying concept of local economic development (LED). LED strategy is able to trigger regional competitiveness, regional economic development, labor force enhancement, and finally it will encourage social prosperity. The objectives of this study are: 1) analyzing creative industry household based which is able to evolve highland, lowland, and coastal area in district of Deli Serdang; 2) analyzing the influence of creative industry household based for regional development in accordance with regional potential sustainably in Deli Serdang district; 3) Based on point 1 and 2, it can be created a creative industry priority program household based for the society. The study done to 4 experts in Deli Serdang district under the criteria: well experienced, having industrial mastery and creative concerns on the economy of regions and social. The synthesis of Analytical Hierarchy Process of creative industry household based is for multi-criteria sustainability of regional development. The result of this study shows that the program occupies the main priority with the priority weights 0.155 of high quality human resource program, followed by productivity efficiency program (0.151) and attractiveness of creative industry (0.136). Policy priorities facilitate creative industry especially for increasing skills and human resource quality. The development priority is started from highland, lowland, and coastal area.

Keywords: Creative industry, sustainable development of region.

1. Introduction

There are many varieties in developing program of creative industry policy. Prince (2010) states that the process of policy and cross frontier policy community needs more models of creative industry development. The policy on creative industry development is determined by local potency in concerned district. Another important thing is that the development of creative industry is in order to introduce potency of the district. Rini (2010) states that the development of creative economy is important to introduce the use of local potency and cultural diversities. The use of local resource requires human resources. According to Bakhtiar (2004), the development of creative human resources in small-scale industry, middle-scale industry, and grown industry absolutely requires motivation, talent/interest, communication, and competency.

However, the role of government in developing creative industry is low. The power of government policy in supporting creative industry based household program is very important. Hotto and Katerine (2011) state that the government perspective in controlling creative industry program is significantly influenced.

One of the important aspects in developing district is including the concept of Local Economic Development (LED). Swinburn (2006) states that LED concept is a development of local business which is followed by growth of local companies, the cooperation between local government and private enterprise as well as other agencies. Basically, this concept, in managing potential local resources for encouraging economic activity, has a bunch that the development of district is determined by certain aspects such as local industry growth, local business which is supported by institution there.

Further, Nijaki et.al, (2012) state that the development of local economy could be achieved by synthesizing development program that focusing on the goal of economic development and perpetuation as well as utilization of surrounding potencies. One of the local industry and local business in propping up the district development is creative industry. Creative industry gives priority to intelligence as its primary work. The term creative industry firstly introduced by John Howkins, in his book Creative Economy, How People Make Money from Ideas (Howkins, 2001). According to Howkins, creative industry is an economic activity which its input and output is idea. By using idea as capital, creative people are able to earn reasonable fee.
Therefore, control and legality of creative economy require intellectual enrichment law, patent right, mark copyright, and design. The agency includes trades association, local government, and local entrepreneur including universities. However, the problem is how to mobilize potency of that agency and make it as a factor of district development power.

Jones et.al. (2004) states that there is an improvement of contribution toward economic of creative industry. When it is ran well it would change challenge become opportunity for social espousal. It is in line with what stated by Prasetyo (2009) that the model of strategy in empowering local economy as the step to eradicate poverty. The concept of democracy economic potential empowerment had been able to change the society to be better. On the other hand, Ministry of Trade (2007) states that creative industry has strength and it is proven to give contribution to the development such as 1) capital requirement in the form of money as well as relatively small material. Therefore, both individuals and groups can use existing capital; 2) flexible in changes so that it is resistant to internal as well as external attack. Creative idea could be applied in any condition; 3) agility in action especially in distributing and marketing.

Development programs in creative industry as in Presidential Instruction of the Republic of Indonesia number 6 of 2009 states that there are some sectors that could be developed creatively such as:

1. Tourism sector (water, coast, mountainous, river, marine, sport, shopping, and agro-tourism).
2. Culture sector including cultural heritage and cultural arts.
3. Management of resources (mine) including product of metal mining, clay, nickel, crude oil, and other mineral substances.
4. Agricultural sector, various agriculture products processed into food, beverage, handicraft, and medicine.
5. Forestry sector, various forest products processed into goods including non-timber forest product.
6. Sectors of farm, fishery, plantation, and maritime can be processed into various products, designs, and labels.
7. Architecture sector, various kinds and shapes of building can be cultural heritage.
8. Service sector, financial service as well as other services on cultural based which could be developed into creative economy.

Ministry of Trade (2007) states that technically there are four aspects have to concern and develop namely: 1) creative industry as part of creative economy aiming to find idea, art, and technology; 2) excellence of industrial product based cultural arts and crafts; 3) inherited industry; and 4) natural and economical based tourism industry which is based on natural resources. Those aspects are potency of individual creativity, inherited potency, and natural wealth in every region.

The product of creative industry is expected to develop all sectors of economy, even though creative industry have just thrived on small-scale industry and craft industry, but it could not reach out grown industry. Therefore the role and contribution of creative industry are expected to be maximal for regional development. However, creative industry in Indonesia is limited in terms of variety and production because it is concentrated on food, garment, household appliance, craft, construction, etc. In Indonesia, creative industry could be easily developed because of many reason, one of them is the existence of small-scale industry which could develop creative industry. BPS data in 2011 showed that 96% from 165.000 companies in Indonesia are small-scale industry based family. The contribution toward economy is great 82.44% or around 159.000 companies. Therefore it could be potential for local economy to prop up regional development.

Raharjo (2008) said that even though condition and potential geographic of each region are difference, the policy must be applied for that condition and potency. It also happens to the policy which is related to the development of region with potential and developmental utilization of local economy will be different among regions. This condition also happens in Deli Serdang district, North Sumatra.

Deli Serdang Dalam Angka (2014) showed that geographically, Deli Serdang, which consists of 2,497.72 Ha of coastal area, highland, and mountainous area, has 22 sub-districts and 380 villages. Mainland coast consists of 4 sub-districts (Hamparan Perak, Labuhan Deli, Percut Sei Tuan, and Pantai Labu) and 64 villages. The prior potencies are agricultural foodsstuff, plantation, botanical garden, fishery, dike, aviculture, and tourism. The highland consists of 11 sub-districts (Sunggal, Pancur Batu, Namorambe, Deli Tua, Batang Kuis, Tanjung Morawa, Patumbak, Lubuk Pakam, Beringin, Pager Merbau, and Galang) and 197 villages. The prior potencies are agricultural foodsstuff, botanical garden, plantation, fishery, farm, industry, trade, and freshwater fishery. Highland or mountainous consists of 7 sub-districts (Kutalimbaru, Sibolangit, Biru-biru, STM Hilir, STM Hulu, Gunung Meriah, Bangun Purba) and 133 villages. The prior potencies are: small-scale farming, plantation, and farm. We can take advantage of the local potency from agroindustry basic commodity like 3,009 Ha of coconut trees, 33.75 Ha of sugar palm, 21.25 Ha of gambier sap, 1.022 Ha of cassava, 682 Ha of bamboo. Another potency of Deli Serdang district is market potency in the form of traditional market and modern market in which...
could be creative products marketing. There are 16 traditional markets in 11 sub-districts (Hamparan Perak sebanyak 3 pasar, STM Hilir 1 pasar, STM Hulu 2 pasar, Beringin 1 pasar, Pancur Batu 1 pasar, Biru-Biru 2 pasar, Kutalimbaru 1 pasar, Tanjung Morawa 1 pasar, Bangun Purba 1 pasar, Percut Sei Tuan 1 pasar, dan Namorambe 1 pasar).

Those data showed that 11 of 22 sub-districts in Deli Serdang have operational certified of legal traditional market. Those markets give beneficial for product marketing of small-scale industry.

Deli Serdang has several potential home industries as creative industries, such as; 1) culinary, made from cassava, gnetum gnemon fruit, nira, palm sugar sap, and mung bean; 2) craft, using materials from palm fiber, wood, coconut fiber, bamboo, arang shell, and gambier sap; 3) metal commodity, using materials of iron, etc. 4) fashion commodity, any products using embroidering art, leather, woven cloth, and cotton.

Data of Deli Serdang Ministry of Industry and Trade in 2014 shows that small-scale industries in Deli Serdang district are 243 unit (26.97%) of handcraft industry like earthenware, 204 unit of gnetum gnemon (22.64%) chips, 141 unit (15.62%) of fashion, 102 unit (11.32%) of palm sugar, 36 unit (3.99%) of gambier sap, and 7 unit (0.07%) of coconut fiber as the smallest unit.

Based on those data, there are 901 unit small-scale industry of household based that could absorb 3.155 labors. Data of Deli Serdang Dalam Angka (2014) shows that investment from those units of business was IDR.13.167.014.000 while for the production was IDR.108.990.972.000 for each year.

The practice of those creative industries needs relatively small amount of capital budget with flexibility and superiority. However, the growth of creative industry is part of insignificant small-scale household industry. Arsyad (2011) states that small-scale home industry is limited. In Java and Bali as the prior industrial province must have 40 small-scale industry at least in every village, but it is only 3.7% in every village.

2. Hypothesis

Creative industry household based in Deli Serdang is not satisfying because they do not follow Presidential Instruction number 6 of 2009 about creative industry developmental program on the policy of Deli Serdang government. Creative industry especially household based is expected to be supported by the local government to develop sustainable region. While the local resources (human resource, natural resource, institutional and cultural resource) are good, therefore, this problem could be the problem on this study. Deli Serdang Dalam Angka (2014) data shows that geographically, Deli Serdang district consists of ± 2.497.72 Ha of coastal, highland, highland and mountainous, it consist of 22 sub-district, 380 village, and 14.The coastal area has 4 sub-districts (Hamparan Perak, Labuhan Deli, Percut Sei Tuan,dan Pantai Labu), and 197 villages. The prior potency is food agricultural, botanical garden, industry, trade, and fishery. The highland consist of 7 sub-district (Kutalimbaru, Sibolangit, Biru-biru, STM Hilir, STM Hulu, Gunung Meriah, Bangun Purba) has 133 villages. The prior potency is: agriculture, plantation, and animal husbandry. Prime potency that is beneficial from agroindustry like 3.009 Ha coconut, 33,75 palm sugar, 21,25 ha gambier sap, 1.022 Ha of cassava, 682 ha of bamboo. Based on this excellence potency of Deli Serdang, the problem statement on this study could be formulated as follow: 1) can creative industry be developed in highland, lowland, and coastal area?, 2) does creative industry household based give positive impact toward sustainable development in Deli Serdang?

3. Method

3.1 Time and Location of the Study

This study done by asking 4 experts in Deli Serdang district under criteria: well experienced, having mastery of industrial problem and creative region related to local economy and social. Respondents are from academician, entrepreneur from creative economy (manager or creative industry business owner) and local government. This exploration study is trying to find ideas and interconnected among variables. Primary and secondary data used cross section. This study is starting from April 2015 until May 2015

3.2 Data Analysis

For analyzing hypotheses 1 and 2, Analytic Hierarchy Process is used. It is a method that could be applied for decision maker in order to be able to understand the condition of a system.

3.2.1 Analytical Hierarchy Process (AHP)

Analytical Hierarchy Process (AHP) is defined by Thomas I. Saaty. He is a mathematician, health consultant, and law consultant from Pittsburg University in 1970s. AHP was formulated to catch rational perspective operation of orangutan which was interconnected with certain issues through designed procedure on certain preference scale among various alternative managements. This analysis is used to form a model of issue which
has no structure and solve quantitative problems. The issue which has judgment on certain complex and unstructured situation has minimum statistical data and qualitatively based on posted perspective, experience, as well as intuition.

AHP is mostly used to make decision under some criteria, planning, resource allocation, and priority of developmental strategy determination. AHP is kind of analysis which is used to make decision in which the decision maker tries to understand a system and help to predict the decision. Some possibilities of using AHP according to Djarwadi (2012) are: 1) presenting a system that is able to explain how change on the high level influences elements on the lower elements; 2) assisting to ease analysis in order to solve complex and unstructured problem by giving clear measuring scale to get priority; 3) being able to get logic consideration in prioritizing by avoiding linear way of thinking; 4) measuring influential elements comprehensively which correlated with the problem and objective by giving clear management scale.

The rationale of AHP method is the process of shaping numeric operated score to arrange ranks. Alternative of the decision is based on how should that alternative matched with the criteria of decision maker (Saaty, 1990). Hierarchical structure of AHP is drawn as follow:

![Picture 1. AHP Hierarchical Structure of Study](image)

Analytical Hierarchy process is able to record society perceptions related to the creative industry household based in Deli Serdang district, North Sumatra. Those perceptions will be set through the procedure designed with preference scale among set of criteria and alternatives. AHP model and its problems in the form of response from decision maker which is commonly unstructured can be solved quantitatively. The hierarchical structures of this study are; 1) the target of developing creative industry household based upon regional potency; 2) the criteria to bring the object into reality are: a. highland area, b. lowland area, and c. coastal area; 3) those three criteria could be created by using alternative program like market, qualified natural resource, qualified human resource, creative industry attractiveness, innovation, institutional role, company cooperation, businessmen of creative industry cooperation, and improvement of creative entrepreneur periodically.

4. The Findings

4.1. Paired Inter-Criteria Matrix

The result of gravimetric of geometrics average from respondent criteria shows in the following table.
The above table shows that highland is more significant than lowland (6.3 scale) and lowland is more significant than beach area (1.179 scale). Otherwise, the beach area is more significant than lowland (0.877 scale). Based on this study findings, priority calculation is considered to determine priority criteria and developed into creative industry household based on proving sustainable development in this region. The result of hierarchical analysis process of software expert choice is as follow:

The results of priority gravimetric criteria of creative industry household based create sustainable development in this region. Regional development places 0.564 gravimetric as main priority. Beach area has 0.286 and as the less priority lowland has 0.150. If the inconsistency ratio is 0.26 (<0.5), the result is accepted. Gravimetric of average geometric from the respondent criteria is shown on the table in which the following data are classified as:
a. natural resource, b. human resource, c. attractiveness of creative industry, d. efficiency and productivity, e. innovation, f. HKI cooperation, g. government, private enterprise, and economic enterprise role, h. increasing member of entrepreneurship.

The above table could be alternative programs related to the importance of this program on the highland perspective. Therefore, after having calculation on the choices of priority experts by using software version 11, the result shows that priority program of IKBRT balanced in creating regional sustainable development on the highland criteria. The study finds that the program places main priority with the following gravimetric: cooperation program with HKI is 0.296, then it is followed by innovation program with the local content is 0.150, increasing member of entrepreneurship is 0.136, the role of government, private, and cooperative is 0.112, etc. The inconsistency of ratio scale is 0.15 or <0:50, so those findings are accepted.

The result of gravimetric average geometric from the respondent scoring criteria showed on the table. It is qualified as a. natural resource, b. human resource, c. attractiveness of creative industry, d. product efficiency, e. local content innovation, f. HKI cooperation, g. the role of government, private, and cooperative, h. increasing member of entrepreneurship.

The above table could be an alternative program related to the significance of this program based on lowland perspective. Therefore, after using software version 11 to count the choices of priority experts, the result showed: Paired Alternative Matrix of Lowland Delivery Program.

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<thead>
<tr>
<th>Table 1: Paired Matrix 3x3 matrix from inter-criteria</th>
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<td>Highland Region</td>
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<td>Lowland Region</td>
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<td>Beach Area</td>
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<th>Table 2. Paired Matrix 8x8 Inter-Criteria of Highland.</th>
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<td>A</td>
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Source: Processed primary data

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<th>Table 3. Paired 8x8 Matrix of Lowland Inter-Criteria.</th>
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<td>A</td>
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<td>B</td>
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</table>

Source: Processed primary data, 2015
The weight of priority program to the sustainable development in this region is from lowland perspective. This finding showed that this program become main priority with the scale 0.196 comes from HKI cooperation, then followed by increasing member of entrepreneurship (0.166), local content innovation (0.154), the role of government, private, and cooperative (0.132), etc. The inconsistence ratio is 0.10, so these findings are accepted.

4.2. The Location of Paired Matrix of Delivery Alternative Program in Coastal Area.

The weight of average geometric program from the respondent criteria of scoring showed in the following table. It is qualified as a. natural resource, b. human resource, c. attractiveness of creative industry, d. product efficiency, e. local content innovation, f. HKI cooperation, g. the role of government, private, and cooperative, h. increasing member of entrepreneurship.

The above table considered to be an alternative program related to the importance of this program from the beach perspective. Therefore, after having calculation on the choices of priority experts by using software version 11, the result shows that the finding of priority program of creative industry household based in creating sustainable development from beach area. The finding of the study showed that this program is in the main priority with 0.258 weight of priority from HKI cooperation, then 0.149 from the role of government, private, and cooperative, 0.143 of the local content innovation, 0.109 of increasing member of entrepreneurship, etc. the inconsistence ratio is 0.10 which is meant that the results are accepted.

Table 4. Paired 8x8 Matrix of Inter-Criteria in Coastal Area.

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<th>a</th>
<th>b</th>
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<td>A</td>
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<td>0.363</td>
<td>0.313</td>
<td>0.237</td>
<td>0.237</td>
<td>0.313</td>
<td>1.158</td>
<td>0.628</td>
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<td>B</td>
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<td>1</td>
<td>0.411</td>
<td>0.378</td>
<td>0.978</td>
<td>1.133</td>
<td>0.402</td>
<td>1.064</td>
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<td>C</td>
<td></td>
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<td>1</td>
<td>0.402</td>
<td>0.654</td>
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<td>0.437</td>
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<td>D</td>
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<td>1</td>
<td>0.192</td>
<td>0.293</td>
<td>0.275</td>
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<td>E</td>
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Source: Processed primary data, 2015

5. Discussion

The result of gravimetric average geometric from the respondent scoring criteria showed on the table. It is qualified as a. natural resource, b. human resource, c. attractiveness of creative industry, d. product efficiency, e. local content innovation, f. HKI cooperation, g. the role of government, private, and cooperative, h. increasing member of entrepreneurship.

The above picture could be seen in the result of synthesize result of AHP in determining priority program in developing local economy through creative industry household based in creating multi-criteria regional sustainable development. The result showed that this program places main priority with the priority scale 0.155 of qualified human resource program, 0.151 of product efficiency program, 0.136 of attractiveness of creative industry, 0.127 of HKI cooperation, 0.125 of the role of government, private, and cooperative, 0.113 of increasing member of entrepreneurship, 0.108 of local content innovation, 0.087 of qualified natural resource. The inconsistence of ration is 0.17 means that the results are accepted.

Comparing to Huang Chen’s study, Chang’s (2009) in his book Evaluation Criteria of Creative Industry in Taiwan Center of Cultural Creativity, this study has some similarities with both mentioned studies, but still there are some differences in some other things. The result shows that out of 7 criteria, market potency which has highest weight followed by regional development and cultural improvement. For the 6 industries which including creative life style; craft, creative design, 3 of them are the most wanted industry that could give advantage for recognition and development in new downtown. Further, according to Rini and Czafrani (2010) in their study entitled The Development of Creative Economy Local Wisdom Based in Replying Global Economic Challenge showing that the development of creative economy is necessary to show cultural diversities. Besides, Untung Sumotarto states that along with the society awareness on education, their level of education would be increased, and the same thing could be possible for creative industry development if it is supported by high level of technology.
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Ekonomi Kreatif Berbasis Kearifan Lokal, Lokakarya Pemuda Dalam Rangka Menjawab Tantangan Ekonomi Global, Jakarta

