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## Creative Economic Development Strategies and Contributions to the Economic Development of Kediri City 2016-2019

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### Abstract

This research was based on the background that in 2019 the contribution of the creative economy to the national GDP (Gross Domestic Product) was 5.10 percent or Rp. 95 trillion, employment was 19.01 million individual and export value was 22.07 Billion USD. In the City of Kediri, the contribution of MSMEs (Micro, Small and Medium Enterprises) includes the creative economy viewed from GDP (Gross Domestic Product) with the tobacco industry growing at 5.14 percent, without the tobacco industry at 7.02 percent. MSMEs also had a positive impact on reducing the number of open unemployed. In 2014, the unemployment rate in City of Kediri by 8 percent and now (2019) to 3.63 percent. The decline in the open unemployment rate also has an impact on reducing the poverty rate to 7.68 percent. The purpose of this study were to describe: 1) What was the contribution of the creative economy in the economic development of the City of Kediri (GDP - Gross Regional Domestic Product, economic growth, employment and poverty reduction)?, 2) What was the strategy for developing creative economy in the economic development of the City of Kediri?. Study showed: 1. Contribution of creative economy to the Gross Regional Domestic Product of Kediri City: a. Crafts or handicrafts (textile and apparel industry), b. Crafts (leather, leather goods, footwear), c. Crafts (furniture industry), d. Culinary (providing food and drink) e. Visual communication design; movies, animations, videos; publishing; music; Radio and Television f. Performing arts (entertainment and recreation and others), g. Kediri City Economic Growth. The value of Kediri's GRDP in 2019 based on 2010 was in constant prices, reached 90.01 trillion rupiah. This increase was up from 85.34 trillion rupiah in 2018. This showed that during 2019 there was economic growth of 5.47 percent, faster than the previous year's economic growth which reached 5.43 percent. h. employment during the last five years 2014-2019 (in 2019 there were 139,645 workers) the types of employment that employed the most labor were trade, restaurant and accommodation services, around 34.57-42.78 percent (meaning that culinary was included in the category of high labor absorption) and industrial jobs were around 11.59-17.78 percent (including the textile industry). i. Poverty. employment results in the amount of poverty in the city of Kediri experienced a decline where in 2016, it was 23,640 people, in 2017, there was a slight increase to 24,070 people and in 2018, it decreased to 21,900 people. In 2019, the number decreased again to 20,540 people. 2. Creative economic development strategies (plans and actions) are carried out by the quadruple helix (government, industry-private, universities and civil society-communities).

**Keywords:** Contribution, Strategy, Development, Creative Economy, Economic Development

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## INTRODUCTION

According to Presidential Regulation Number 72 of 2015 concerning amendments to Presidential Regulation Number 6 of 2015 concerning the Creative Economy Agency, it is stated that the creative economy sector were application and game developers; architecture; design interior; visual communication design; product design; fashion; films, animations and videos; photography; craft; culinary; music; publishing; advertising; performing Arts; art; and television and radio (Creative Economy Agency/Bekraf, 2020).

In 2019, the contribution of the creative economy to the national GDP was 5.10 percent or Rp. 95 trillion, employment was 19.01 million people and the export value was 22.07 billion USD (Bekraf, 2020). In the City of Kediri, the contribution of MSMEs which includes the creative economy viewed from GDP with the tobacco industry has an economic growth of 5.14 percent, without the tobacco industry of 7.02 percent. MSMEs also have a positive impact on

reducing the number of open unemployment. In 2014 the unemployment rate in the City of Kediri was 8 percent and now (2019) it is 3.63 percent. The decline in the open unemployment rate also has an impact on reducing the poverty rate to 7.68 percent (Antaranews.com., 2019).

This data shows that the creative economy contributes to national development and regional development; it is the contribution to GDP and GRDP, employment, export value, reducing unemployment and poverty so that it must be empowered to become a strong and independent business and have competitiveness.

According to Howkins (2001), the creative economy is an economic activity that makes creativity, cultural heritage and the environment the foundation of the future. The process of creating added value based on creativity, culture and the environment which adds value to economy. The point is that productivity comes from creative people who rely on their scientific abilities.

According to the Ministry of Tourism and Creative Economy (2014), the creative economy is the fourth wave of economic development after the agricultural, industrial and information economy, which will become an important economic sector in the future because it is based on the creativity of creative people which is a renewable resource. . Creative economy is the creation of added value based on ideas born from the creativity of human resources (creative people) and based on the use of science, including cultural and technological heritage.

Products and services resulting from creativity, culture and the environment contribute to economic development. According to Arsyad (2016), economic development in general can be defined as a process that causes an increase in the real income per capita of a country's population in the long term accompanied by improvements in the institutional system. This definition contains elements that economic development is a process which means changes that occur continuously, efforts to increase per capita income that lasts in the long term and improvement of institutional systems in all fields (eg economic, political, law, social and culture). Economic development is not only focused on increasing per capita income or increasing national income but also aimed at reducing unemployment, poverty, economic stability and others.

At the national level, the leading creative economies that play a major role in contributing to GDP are fashion, culinary, film and crafts. In the city of Kediri, there are many creative economic fields that contribute to economic development. The superior products of the City of Kediri that are in the booklet of the Department of Industry, Trade, Mining and Energy of the City of Kediri are: 1) Bandarkidul Ikat Weaving handicrafts, 2) Woven Bamboo Crafts, 3) Decorative Glass crafts (Grafir), 4) Chicken Feather duster Crafts, 5) Craft Pottery, 6) Tofu Industry, 7) Banana Getuk Industry, 8) Cassava Chips Industry, 9) Leather Shoe Industry, 10) Plywood Industry (Kediri City Government: *The Service City*, 2020). Besides, there are creative products from interior design, music and *fashion*.

Beside, this creative industry could increase people's incomes; it also helps employment so it could reduce the number of unemployment and poverty. For local governments, this creative industry contributes to Gross Regional Domestic Product (GRDP), Regional Original Income (PAD) through regional taxes and levies so that it can strengthen the State Budget (APBD) and could improve the welfare of its people.

In order to encourage the growth of the creative economy, the Kediri city government has implemented various development strategies. Strategy is a plan that contains a series of activities designed to achieve certain goals. According to Susanto (2014) the word strategy is defined as decisions and actions to achieve goals at every level of the organization. Strategy can also be referred to as strategic which has a high-level meaning, has a large impact and long-term in nature. Many planned activities, decisions and actions taken by the Kediri City government in the context of developing the creative economy include training, comparative

studies, exhibitions, workshops or seminars and others. This activity is carried out by various parties such as the Kediri City government in collaboration with agencies such as the Office of Cooperatives and Micro, Small and Medium Enterprises, the Department of Industry and Trade, Kadin Kota Kediri, communities, universities and others.

From the background of the problem, the following problems were identified: 1. The creative economy sector or sub-sector are application and game developer; architecture; interior design; visual communication design; product design; fashion; films, animations, and videos; photography; craft; culinary; music; publishing; advertising; performing arts; fine arts; and television and radio. 2. Nationally, the contribution of the creative economy is to GDP, employment and export value. 3. In the City of Kediri, the contribution of MSMEs, which includes the creative economy, is to GDP/GDP, economic growth, employment, and reducing poverty. 4. In the City of Kediri a creative economic development strategy involving the city government, the business area, the communities and universities in the form of training, comparative studies, exhibitions, workshops or seminars.

From the identification of these problems, the following problems were formulated: 1. What is the contribution of the creative economy in the economic development of the City of Kediri (GDP, economic growth, employment and poverty reduction) in 2016-2020? 2. What was the strategy for creative economic development in the economic development of the City of Kediri in 2016-2020?

From the formulation of the problem, the objectives of this study are: 1. To describe the contribution of the creative economy to the economic development of the City of Kediri (GDP, economic growth, employment and poverty reduction) in 2016-2020. 2. To describe the strategy of creative economic development in the economic development of the City of Kediri in 2016-2020.

## RESEARCH METHODS

The approach in this research was quantitative with descriptive research. The variables in this study were: 1) the independent variable were the contribution and strategy of creative economy development. Contribution of creative economy with indicators: a) interior design; b) fashion; c) culinary; d) music; e) crafts. Creative economy development strategy with indicators of plans and actions based on the creative economy development model using the *quadruple helix concept* by integrating the roles of academics, entrepreneurs (private), government and society (community) into creative activities and knowledge. While the dependent variable were economic development with indicators: a) Gross Regional GDP, b) economic growth, c) employment, and e) poverty reduction. The population were 16 sub-sectors of the creative economy and the sample is 5 sub-sectors (crafts, fashion, interior design, culinary and music). Instruments and data collection techniques were interviews, observation and documentation. The data analysis technique used was descriptive statistics.

## RESULTS AND DISCUSSION

### **The contribution of the creative economy to the Gross Regional Domestic Product of Kediri City.**

The followings are the result of the research:

- a. Crafts or handicrafts are textile and apparel industries that have contributed to industrial business (manufacturing) (in million rupiah) in 2016 was 17,351,7972, in 2017 was

- 18,799,1795, in 2018 was 20,825,9585, in 2019 was 22,847,4132 and in 2020 was 21,749,7892.
- b. Crafts or handicrafts are textile and apparel industries that contribute 0.02% to industrial business (manufacturing) for the whole year.
  - c. Crafts or handicrafts are leather, leather goods, and footwear industries that had a contribution to the industrial sector (manufacturing) (in million rupiah) for the whole year by 0.
  - d. Crafts or handicrafts are leather, leather goods, and footwear industries which contribute 0.00% to industrial business (manufacturing).
  - e. Crafts or handicrafts are the furniture industry that had contributed to the industrial sector (manufacturing) (in million rupiah) in 2016 was 8,675,89861, 2017 was 9,399,58976, in 2018 was 10,412,9793, in 2019 was 11,423,70658 and in 2020 was 10,874,89460.
  - f. Crafts or handicrafts are the furniture industry which contributed 0.01% to the industrial business field (manufacturing) for the whole year.
  - g. Culinary is the provision of food and drink that has contributed to the business field of providing employment and food and drink (in million rupiah) in 2016 was 1,454,822.55, 2017 was 1,629,306.04, 2018 was 1,734,983.25, 2019 was 1,897,300, 95 and the year 2020 was 1,793,238,28.
  - h. Culinary is the provision of food and drink which contributes to the business field of providing employment and food and drink in 2016 was 88.60% , in 2017 was 88.71%, in 2018 was 87.86%, in 2019 was 87.96% and in 2020 was 91.57%.
  - i. Visual communication design; movies, animations, videos; publishing; music; Radio and Television has contributed to the information and communication business field (in million rupiah) in 2016 was 2,057,198.73, in 2017 was 2,181,373.51, in 2018 was 2,277,514.38, in 2019 was 2,325,484.95 and in 2020 was 2,749.751.13.
  - j. Visual communication design; movies, animations, videos; publishing; music; Radio and Television has contributed to the information and communication business field in 2016 was 1.93%, in 2017 was 1.89%, in 2018 was 1.78%, in 2019 was 1.67% and in 2020 was 2.08%.
  - k. Performing arts (entertainment and recreation and others) contributed to other service business fields (in million rupiah) in 2016 was 354,933.70 , 2017 was 380,000.59, 2018 was 406,731,269, in 2019 was 434,886.44 and in 2020 was 379,693.98
  - l. Performing arts (entertainment and recreation and others) contributed to other service business fields in 2016 was 0.33%, 2017 was 0.33%, 2018 was 0.32%, 2019 was 0.31% and in was 20200.29 %.
  - m. Kediri City's economic growth shows the value of the 2019 Kediri GRDP at constant 2010 prices, reached 90.01 trillion rupiah. This figure was up from 85.34 trillion rupiah in 2018. This showed that during 2019 there was an economic growth of 5.47 percent, faster than the previous year's economic growth which reached 5.43 percent.
  - n. In the employment sector during the last five years 2014-2019 (2019 total 139,645 workers) the types of jobs that employ the most labor were trade, restaurants and accommodation services around 34.57-42.78 percent (meaning that culinary was included in the category of absorption of labor). high employment and industrial employment of around 11.59-17.78 percent (including crafts or handicrafts like the textile and apparel industry, leather industry and furniture industry).
  - o. This employment resulted in a decrease in the number of poverty in Kediri City where in 2016 it was 23,640 people, in 2017 it increased slightly to 24,070 people and in 2018 it decreased to 21,900 people. In 2019, the number decreased again to 20,540 people.

### **Creative Economic Development Strategy**

The creative economy development strategy (plans and actions) was carried out by the *quadruple helix* (government, private-industry, universities and civil society-community), as follows:

- a. The government's plan for the City of Kediri in developing MSME-creative economy can be seen from the vision, mission, goals and objectives.
- b. The private-industry plan (eg PT Telkom) in developing MSMEs-creative economy could be seen from the operational plan like the Telkom Indonesia digital SME Village program (in 2015-2019 it was planned that there would be 100 digital SME Villages in Indonesia) .
- c. The university's plan (eg Nusantara University PGRI Kediri) in the development of MSME-creative economy could be seen from: 1) Determination of the Research Group of the University of Nusantara PGRI Kediri for 2016 – 2020 called B division of Economics and HR among research groups like the creative economy, entrepreneurship and MSMEs. 2) Master's Curriculum for Economic Education in the Creative Economy lecture.
- d. Civil society-community plans (for example the Ikat Weaving Industry Center) in developing MSMEs-creative economy could be seen from the operational plan like the Regional National Crafts Council (Dekranasda) program for the City of Kediri, East Java, to hold the Dhoho Street Fashion 2019: Pride of Jayabaya .
- e. The actions taken are the provision of revolving capital assistance, exhibitions, training, comparative studies.

From the explanation above, it proves that the creative economy contributes to the GRDP of the City of Kediri. Based on constant prices in 2010 the GRDP value of Kediri City in 2019 (90.01 trillion rupiah) increased compared to 2018 (85.34 trillion rupiah) with the 2019 (5.47%) and 2018 (5.43%) economic growth rates. This increase was due to increased production in almost all business fields. This resulted an increase in employment. During the last five years 2014-2019 the types of employment that employed the most labor were trade, restaurants and accommodation services around 34.57-42.78 percent (which means that culinary was included in the category of high employment) and employment opportunities industry around was 11.59-17.78 percent (including crafts or handicrafts such as the textile and apparel industry, leather industry and furniture industry). This employment resulted in a decrease in the number of poverty in Kediri City where in 2016, it was 23,640 people. In 2017, it increased slightly to 24,070 people and in 2018, it decreased to 21,900 people. And in 2019 the number decreased again to 20,540 people (Central Bureau of Statistics of the City of Kediri, 2020).

### **CONCLUSION**

The results of the study found that the creative economy that made a major contribution to economic development were Crafts, Culinary, Visual communication design; movies, animations, videos; publishing; music; Radio and Television, Performing arts (entertainment and recreation and others). The creative sub-economy is able to play a significant role in increase in economic growth, Increase in employment, Poverty reduction. This development can occur because Active Economic Development Strategy applied like plans and actions) was carried out by the quadruple helix (government, private-industry, universities and civil society-community).

Refer to the report from the Central Bureau of Statistics of the City of Kediri, the Gross Regional Domestic Product according to the business field of the City of Kediri was still one of the non-creative economic products and creative economy products, it is recommended that the

report on the Gross Regional Domestic Product according to the business field is distinguished between non-creative economic products and economic products. creative. This is intended so that the contribution of the Gross Regional Domestic Product of creative products is more visible as one of the economic practitioners who contribute to GRDP as reported by the Central Statistics Agency.

To increase the contribution of the creative economy to GRDP, economic growth, employment, it is necessary to empower and assist creative economic practitioners, especially the four practitioners (quadruple helix) like the government, the business world/industrial world, universities/schools and the community.

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