Natural Pattern and Durability of Local Wisdom-Based Creative Industries in Indonesia (Case in Surakarta, Central Java)

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Abstract
Micro, Small and Medium Enterprises (MSMEs) in creative industry is expected to compete in the global era , but weak in the synergy between stakeholders . Therefore local government and stakeholders need to make serious efforts to start making mapping , strategic plans and related regulation for creative industry in Indonesia by taking case in Surakarta , Central Java . The aims of this research were (1) mapping potential of creative industries in the city of Surakarta; (2) To analyze the characteristic of local wisdom-based SMEs of creative industries. Techniques of analysis in this study was a comparative descriptive analysis of the results of this study with previous related research . Mapping results indicate that there is the presence of the natural pattern of grouping and linkage type of business districts within a region . Another important finding is the creative industrial MSMEs in Surakarta have enough competitive with a variety of indicators which have been able to survive and develop their business (durable) for over twenty years in average and empower local communities as workers . The situation faced with various difficulties such as lack of access to finance , lack of guidance from the government , the lack of regulation and strategic plans that support the accelerated development of the creative industries especially in economic uncertainty and even in economic crisis.
Keywords: Creative Industry, Micro Small Medium Enterprises, Competitive, Linkage, natural pattern

1. Introduction
Micro, Small and Medium Enterprises (SMEs) play an important role in the Indonesian economy. According to the Central Bureau of Statistics Indonesia (BPS, 2011), the number of entrepreneurs of the sector reached 55.2 million units or 99.99% of all business units in Indonesia and employ 101.7 million workers (97.2%). According to the BPS, in terms of the composition of the existing employment, agriculture sector is still accounted for the largest number (42.8%) followed by trade (22.2%) and social services (15.6%).

Based on the status of main job, almost half of Indonesian work as an entrepreneur and only 30% who work as employees. This fact can be understood that the direction of economic policy would be in favor of the agricultural sector. Unfortunately, facts on the field indicate that the amount of agricultural land is shrinking and high poverty rates in this sector. In addition , rapid urbanization due to industrialization became the main reason why many sectors of the labor force do not choose this as their job expectations . If anything, the majority of those who chose this field because of necessity or lack of creativity. Based on the structure of its business actors , both the sector are more in entrepreneurship topic, so that the study of it becomes urgent to continue immediately.

To increase employment, the government can no longer expect to the big companies only. That companies usually rely on capital gain (capital intensive) and technology than to recruit new employees. Even in scale and certain conditions the company will do the labor rationalization. One of the pedestal that can be expected the government to be able to absorb the labor force in large numbers is the small-to-medium businesses. In addition, SMEs able to face global competition. Therefore the government should make policies and regulations for the sake of the development of the creative industry of SMEs in Indonesia.

The study of entrepreneurship is relatively small number (Oort and Stam, 2006) especially in creative industry including in the city of Surakarta. This is because the direction of economic studies tend to liberal which government favors big companies. There were limitations detailed data about the other constrain entrepreneurship in this study. Meanwhile, the creative industry of SMEs are expected to compete in the global era, but on the other hand there is weakness in the synergy among stakeholders. Faced with this problem, the Government of Surakarta city should immediately make a serious effort to analyze the existing problems and make a clear masterplan and regulatory strategy especially in creative industry.

2. Research Problem
Based on the above problems, this study would describe potential mapping of local wisdom-based creative industries in the city of Surakarta. To answer to these problems, the researchers would reviewed the theoretical base on entrepreneurship in advance.

3. Literature Review

Audretsch and Thurik (2000) proved that a growing number of entrepreneurs were able to reduce the number of unemployed . They refer to this condition as ' Schumpeterian effect' refers to Schumpeter's theory which states that entrepreneurship has a positive effect on employment . Their opinions are contrary to what is revealed by Carree (2002) that entrepreneurship has nothing to do with unemployment . This statement is supported by Barringer's fnding (in Christmas , 2009) states that most new companies (start-up companies) have a lot of problems in defense. They fell less than 2 years of existence since its establishment .

It is interesting to examine further relevant difference between the two results of these studies . This difference is a challenge for confirmation of actuality and localities especially for domestic cases.

Surakarta is a trading town in the region of Central Java . This is supported geographically located meeting point of the center lines of the various regions in Central Java, Yogyakarta and East Java . Some factors, such as geographical location, support Surakarta as a strategic area for business development centers all over the turbulence and velocity of money . This is demonstrated by the local revenue (PAD) Surakarta reached about US$ 10 million in 2009 . PAD is also supported by the high trade in the region . For example , Klewer Market which became the major icon in Surakarta trade zone turnover is estimated to reach about US$ 700 thousand per day.

In addition besidess a trading city , Surakarta also has a variety of endegenous culture that has long historical roots . As a cultural city, this city became a tourist attraction for domestic and overseas . Even this factor capable of supporting the growth in this city as a trading and tourism city.

Entrepreneurship would be more motivated and thrived in places that are conducive climate , as revealed by Glaeser, Kerr and Ponzetto (2009). In line with the results of the study, the study showed a trend of industrial anglomeration industrial growth in the certain region has great potential with fast access to the raw materials (Fajar, et al, 2010). This tendency of anglomeration effect on the course of regional development that occurs almost everywhere . This condition is commonly found in many places in the world as Alfred Marshall 's theory which states anglomeration economies as a decline in industrial production costs because economic activity is at the same location . In this context , Surakarta is a region that is relevant to industrial anglomeration.

Recently, It has developed entrepreneurship varied studies in America. Glaeser, Kerr and Ponzetto (2009) conducted a study about condition , classification and cause of entrepreneurship in America . The results of this study showed that increasing the number of jobs is the largest portion contributed by the growth of new businesses in the community . This study proved that there is a very strong relationship between employment growth and the development of small -scale businesses in the community through the establishment of new enterprises (start-up companies) . In industrialized countries like the United States , the growth of entrepreneurs turned out to be clustered in areas or industrial areas (city - industries) with the establishment of many small businesses . Entrepreneurial growth is also affected by the low cost of a local economy, including low wages , supportive business climate , as well as supply a great entrepreneur . The growth of small businesses are not strongly influenced by existing industrialization , the product cycle and the age of the company. This study also rejected the notion that the establishment of new businesses affected by high production yields (abnormal return to production). Thus this is encouraging people to set up new businesses .

Entrepreneurship endurance performance will be tested naturally by the business environment with a selection of endurance sustainability (going concern) of its company. Gompers , et al (2008) provide evidence of the track record of the successful entrepreneur will determine the next (expansion) as well as its durability. Entrepreneur with a successful track record will likely reap the subsequent success than first time entrepreneurs and those who have failed before. It also proves jargon 'success breeding success ' is true as factual conditions in the field. Gompers , et. al. (2008) exclude outliers in the form of a very successful entrepreneur and very unsuccessful . They were very successful tend to be satisfied , so they do not do innovation and expansion. While the very failure one tend to not able to rise. The study also answer doubts of the critical success factors of entrepreneurship whether as a skill - based or perception - based.

Oort and Stam (2006) have researched on the relationship between economic angglomeration and the formation of new businesses. The results of the study of communication technology industry in the Netherlands showed the following results. First, it shows that compared to a new company, the old company was not positively affected by the competition that exists in the cluster region. Secondly, the form of a concentrated population areas (urbanization) has the effect of different influences on the development of enterprises and the emergence of new business at various scales. Third, agglomeration has a very strong impact on the emergence of the new company, while the old company (incumbent firms) have a development orientation of the wider region.

Christmas (2009) who took the case to the manufacturing industry in East Java on the relationship between economic growth and the level of entrepreneurship have proved that entrepreneurship is a significant and positive effect on economic growth , especially the manufacturing sector into the observation through the mechanism of start-up companies , in addition to other factors such as the input of capital , labor and the quality of Human Resources . These results are consistent with Schumpeter's theory (1934) that economic growth is influenced by

the results of the study of entrepreneurship and Zheng , Hu and Wang (2008) which states that economic growth is not only dependent on capital investment but also influenced innovation and new ways of producing which of course obtained of new entrepreneurs . The results of these studies have taken industrial settings , so that the study of entrepreneurship in other sectors becomes very wide open . The study of entrepreneurship will be more beneficial when related to the configuration of the local economy in order to create the suitability of the facts and development needs , rather than just copy paste to study themes in industrialized countries that tend to be forced .

4. Research Method

This research has used an explanatory research, because this research aims to take a position early in the effort to provide quantitative data configuration SME entrepreneurs in the creative industries in the city of Surakarta, Central Java, Indonesia. From the preliminary data obtained would provide a general description descriptive topography SMEs in the creative industries in that city.

Since the main function in the first year of this study is mapping the potential of creative industries in Solo SMEs then we showed that the analysis was descriptive and comparative. Comparative research in question is that this study will provide a comparison with various other previous research results or other conditions equivalent to showcase the fact the differences and strengthen the analysis. Therefore the researcher also used secondary data of various institutions (especially government) as a comparison. With this empirical research was expected to drive the next to unravel unanswered questions.

4. 1. Types and Data Collection Techniques

The types of data collected were in the form of qualitative and quantitative profile of the creative industries of SMEs in the city of Surakarta, central java province of Indonesia. The primary data were using questionnaires media . In some cases it can also be used interview techniques to the subject directly . This concept requires the diversification of information and strengthening communication lines to reach the main goal of the study. Technically , researcher optimized cooperation with students and explore existing databases on the internet .

Purposive sampling method are random sampling based on (1) the criteria of creative industry SMEs (2) Their activities involving as many as 30 creative industry SME entrepreneurs (3) Their productions are in one of five districts (Serengan, Laweyan, Banjarsari, Jebres, Pasar Kliwon).

The scope of business which was becoming the observations in this study there were SME in formal and informal sectors . For the formal sector were classified according to the type and scale of the business carried on . As for the informal sector classification is based solely on the type of business or product. The step of sampling conducted by purposive cluster sampling through several stages , the first determination of the district that served the study area . In this stage, the determination districts judgment sampling was done by design , was to see the potential , uniqueness and diversity of SMEs . Second , after the area got a new object taken a number of respondent SMEs with quota sampling design was selected based on certain characteristics .

Table 1. Configuring SME respondents of Creative Industries in the city of Surakarta

aspects of the observations	Compotition	Percentage
Business Scale	Micro	34%
	Small	44%
	Medium	22%
The Average aoge of MSMEs		22,4 years
Marketing Coverage	Local Orientation	22%
	Regional Orientation	42%
	National Orientation	12%
	Export Orientation	24%
Obstacles	Competition (cluster competition, domestic competition and foreign competition), Smuggling, Economy policty, Price policy, Mastery of technology, Capital, Managerial	
Financing of Banking Access		58%
Government fostering	Not yet Optimal, not yet receive guidance from the authorities	55%
Product Cycle	Introduction phase	2%
	development phase	54%
	Mature stage	34%
	decline stage	10%

(Sumber : Primary Data, processed 2013)

4.2. Operational Definitions and Scope of Research

Operationally, entrepreneurship is defined as the formation of new companies , most experts emphasize aspects of the activity that gave rise to something new , including the growth of the company itself (Oort and Stam , 2006) . While Wennekers (2006) divides entrepreneurship into two categories: static and dynamic sense . Statically, it was defined as concurrent ownership of business management , so that the entrepreneur includes the owner manager , small and medium enterprises (small - medium enterprise) and entrepreneurs (self - employee) . The meaning of the dynamic is the proportion of the number of new companies (start-up companies) of the entire amount of net growth in the size of the company (net start - up rate) . Net start - up rate is calculated from the number of companies that reduced the number of companies born out of the market or industry divided by the total number of companies .

While the notion of entrepreneurship is etymologically explained by Christmas (2009) . The word ' entrepreneur ' in modern English refers to a business founder or owner of an innovative company . From this sense of entrepreneurship refers to two things , innovator or pioneer who pursue opportunities (opportunity) new manager or owner , which means leader , manager , risk taker and owner of a business .

5. Findings and Discussion

SMEs in the creative industries Surakarta active in their respective fields of business today turns out to have a variety of business development duration . In general, there are only 4 years old started his business up there who has 40 years of work retain their business . From the observation the overall mean time kreatifmenjalankan industrial SME entrepreneurs about their business of 22.4 years . The results of these observations is not much different from the results of a survey conducted Solo BI in 2006 that revealed the average age of the observed range of SMEs Solo 22 years .

Based on the report of the Ministry of Cooperatives and SMEs are delivered at the Congress of Indonesian Small Business 9-10 December 2003 stated that the results of the survey in 1998 to 225 thousand SME entrepreneurs at times of crisis , there is a 4 % who discontinued businesses , 64 % unchanged turnover , 31 % experienced a decrease in turnover and 1 % are growing (Djaman , 2006) . This fact proves the resilience of small business entrepreneurs . If we confirm the observations shows that the creative industry SME entrepreneurs in 5 districts have a mean observation stands ranging from 16 years to 25 years . This condition proves that they are strong enough to face various difficulties and obstacles , especially in the current economic storm that hit the country a few times .

5.1. Mapping of Creative Industry Potential SMEs Surakarta

Based on the observations of the researcher, based on the type of creative industry SME although there are different administrative districts based on population, but on average they are clumped together. The details are as follows. Musical instruments were in Serengan and Laweyan district (Tipes district). Steel and Alumunium (Pasar Kliwon district). wrought iron (Pasar Kliwon district), Bambu Art (Banjarsari district), antiques (Banjarsari district), Batik (Laweyan and Pasar Kliwon district- Kauman), Batok (Coconut) craft and Blankon (Serengan district), Shuttlecock cartoon (Jebres district) while Shuttlecock (Banjarsari, Serengan district), Digital printing & arts (Jebres district), Gamelan (Pasar Kliwon district), carving gebyok (Serengan district), bronze "Gong" (Pasar Kliwon district), stict handicraft (Pasar Kliwon), Jamu Traditional (Laweyan district), carving mirror (Laweyan), bamboo basket (Laweyan district), t-shirts and clothings of Batik (Laweyan), car wood handicraft (Pasar Kliwon district), Animal skin (Banjarsari district), metals and badges (Laweyan), Percussion (Serengan), frame (Laweyan), Rambak snack from cow skin (Jebres), birdcage (Banjarsari & Jebres), Shoes, Sandals & Bags (Banjarsari & Jebres), Wayang from animal skin (Pasar Kliwon) and painting clothes (Pasar Kliwon).

As for the distribution of business if grouped by districts, then each district appears to have the potential of creative industries SMEs as follows.

Tabel 3 The Distribution of Business Type Per-District

Products	Jebres	Banjarsari	Serengan	Ps Kliwon	Laweyan
Tofu, tempe	√				
Shoes, Sandals, Bag	√	√			
Cartoon of shuttle cock	√				
Rambak from skin	√	√			
Birdcage	√	√			
Printing & art digital	√				
Antiques		√			
Handycraft		√			
Alumunium		√			
Shuttle cock		√	√		
Bamboo art		√	√		
Blankon			√		
Music Instrument			√	√	
Percussion			√		
Bamboo brait			√		
Gebyok carving			√		
Batik				√	√
Frame					√
Cooking utilites					√
Bambu basket					√
metals and badges					√
Carving mirror					√
Jamu					√
Handycraft of stick				√	
Wood toys				√	
Batok (coconut) craft				√	
Wayang from skin				√	
wrought iron				√	
Gamelan				√	
steel and aluminum				√	
Painting clothes				√	
Bronze Gong				√	

(Sumber: primary data, processed, 2013)

When viewed from the business sector that is run by creative industries SMEs Surakarta, there are several products intersection in the district of Banjarsari and Jebres i.e. shoes, sandals, handbags, leather rambak and birdcage. While the intersection between districts Banjarsari and Serengan are shuttlecock and bamboo art. The intersection between the districts of Serengan and Pasar Kliwon is a musical instrument. Batik is a product that is in the sub-district Laweyan and Pasar Kliwon.

5.2. Durability

SMEs in the creative industries Surakarta active in their respective fields of business today turns out to have a variety of business development duration . In general, there are only 4 years old started his business up there who has 70 years of work retain their business . From the observation the overall mean time kreatifmenjalankan industrial SME entrepreneurs about their business of 22.4 years . The results of these observations is not much different from the results of a survey conducted Solo BI in 2006 that revealed the average age of the observed range of SMEs Solo 22 years .

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5.3. Regulatory and Strategic Plan

Small businesses are appropriately receive assistance from the government, both financially and coaching (managerial) in addition to policies that favor. Both are important elements in the growth of their businesses. When we asked respondents whether they receive guidance from the government the majority (55%) did not get a reply. There are about 45% who received guidance from the government. These results are not much different from the findings of Solo BI 2006 above the 63.4% of respondents SMEs yet to get guidance from the authorities. No wonder many as 87% of SMEs have limited to thrive. As revealed by Yaniv (1997) small businesses and cooperatives that only raise capital without good management skills or without sufficient access to markets, it would be difficult to experience business growth. Similarly, if you only have the management capability and potential of the market but do not have access to capital will also be difficult to grow.

The government actually has to make policy in the promotion and development of entrepreneurs in general to delegate these tasks to the related ministers. Suppose the Ministry of Mines and Energy is responsible for training and development in the field of industry and business-related fields such ministerial duties, the Ministry of Health is responsible for coaching and development efforts, including in the field, the Ministry of Industry bertanggjungjawab in the coaching and development of the industry outside the industry has become target and previous ministerial responsibility. Being the Ministry of Cooperatives and Small and there are usually given special responsibility for the promotion and development of small businesses and cooperatives.

In addition, structurally, the government through the Directorate General of Small Businesses has also created partnerships between small and large businesses with a variety of forms such as: (a) the Trade: small entrepreneurs build great companies in the field of technical, material and quality control in order to help market outcomes production, both for local and export markets; (b) Vendor: big companies buying small production businesses that are not directly related to the final product, (c) Sub-contracting: the parent company gives some of its production to small industries; (d) Company Nucleus (PIR): large companies act as nuclei and small employers as plasma; (e) Franchise: large companies as a franchisee (franchisor) gives the licensing rights (trademarks, logos, symbols, managerial) company to small business as a franchisee (f) Pattern of Development: large companies provide intensive training to small entrepreneurs.

There is also a coaching program's state government. Suppose that based on the Ministry of Finance No. 316/KMK.016/1994 Minister of Finance Decree No. jo: jo 60/KMK.016/1996 Minister of Finance Decree No. 266/KMK.016/1997 establish the following points: (1) Government's Business Unit (BUMN) coaching to small businesses and cooperatives can be of assistance; (a) Education, training, research and apprenticeship; (b) working capital loans and investments; (c) Marketing and promotion of production (d) Development of Security; (e) Investments. (2) Funds coaching BUMN for set aside each year for: (a) small businesses at least 50%, (b) Cooperative / KUD maximum of 50% of which a maximum of 5% for cooperative employees (Kopkar) SOE concerned, (3) Help given to the partners in the form of: (a) loans, which are used to finance working capital and can be given by 75% of the requirement. (B) grant, used to fund education, training, apprenticeship, promotion, assessment and research, can be given a maximum of 30% of the funds provided each year for each of the partners a maximum of 75% of the requirement. (C) Investments, specifically for venture capital firm established by the Minister of Finance.

However, as a classic problem in bureaucratization of government, there are various obstacles such as lack of coordination, not integrated program, convoluted (complexity) guidance systems and procedures resulting in a variety of difficult to run the program at the level of field application (Arianto, 2001).

Arianto (2001) states that the form of government kabijakan these regulations are essentially public goods that can be used as facilitating in developing and fostering small businesses and cooperatives. Experience shows that the operationalization of the distribution of profits from SOEs and supervision allowance is often a conflict between state enterprises and small businesses as a principal and as a cooperative agent, such as the high cost of monitoring and supervision (control), the difficulty of getting complete information about the performance of small businesses and cooperatives (asymmetric information), the deviation usability of BUMN (collusion, with held, cheating, shirking, etc.), high transaction costs (transaction costs), the number of complaints from the state-owned enterprises and small businesses and cooperatives to use BUMN's profit allowance.

No wonder the program is structured so attractive central government, but not so when we review the direct presence in the field to people who qualify. Based on our observations over the creative industry SMEs only 30% who received coaching or based on the number of Solo BI 2006 of approximately 36% of SMEs that have received training, and even then not optimal. Not to mention the variety of development programs or other partnerships that have been developed previously should also be enjoyed by the common people.

6. Conclusion and Recommendation

Surakarta creative industries in SMEs have enough competitive with a variety of indicators which have been able to survive and develop their business for many years (about 20 years) and empower the local community as workers . The situation is faced with various difficulties such as lack of access to finance , lack of guidance from

the government , the lack of regulation and strategic plans that support the accelerated development of the creative industries or economic uncertainty and even crisis storm .

This study could be a contributor and a trigger for curiosity (curiosity) the researchers of the potential creative industry SMEs to accelerate its development can be done through a variety of regulatory and strategic plan set out in the relevant agencies .

In the future research needs to be done to produce a model of the factors critical to the creative industry SMEs . The model can be used as consideration in making regulations and related agency strategic plan to accelerate the progress of the creative industries in the city of Surakarta .

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