

CHAPTER I

INTRODUCTION

A. Background

In the principle, every human is given the opportunity by Allah SWT to develop their abilities in order to create works or products that provide benefits to others. In Q.S. Hud verse 37 it is mentioned,

(37) *وَاصْنَعِ الْفُلْكَ بِأَعْيُنِنَا وَوَحِّينَا وَلَا تَخَاطِبْنِي فِي الَّذِينَ ظَلَمُوا إِنَّهُمْ مُعْرِضُونَ*

Noah A.S. had an idea for the transformation of His guidance. This shows a high level of ability in thinking because it includes imagination and association of elements with other elements. The ark is used for social solutions as a rescue for believers. This proves the creativity of Prophet Noah A.S. which is in contact with the dimension of religiosity. Humans actually recognize that Allah SWT provides knowledge and tools to obtain it. The ability to understand to create characterizes that it would not exist without His gift. Humans, on the other hand, should not be arrogant about the products of their creativity, because, in essence, they come from Him.

Skill development involves the development of human creativity which is the basis for the latest innovations in the creative industries. The concept of creative industries has become a topic that is widely discussed by various parties, both entrepreneurs and higher education institutions. The creative industry has an important role in economic dynamics, especially in Indonesia. It is stated in Opus Creative Economy Outlook 2020 (Aryanti *et al.*, 2023) that the creative economy

contributed to 2020 in GDP of IDR 1,211 trillion to the national economy and total exports of up to USD 19.6 Billion. Nitisusanto in (Novitasari, 2022) said that the Indonesian economy can survive or not be paralyzed because of the influence of small business actors, while the conditions felt by large businesses in handling fluctuating currency values were affected because of the growing economic conditions affecting the wheels of large-scale businesses and crisis conditions.

The crisis occurred in 2008 when Rp345 Trillion was achieved from the GDP value at constant prices of the creative industry. In 2009, Presidential Instruction number 6 emerged which explained the obligation of government institutions to create action plans to assist in the development of creative industries. In 2010, there was an increase in the value of the Creative Industries Constant Price GDP to Rp 468 trillion. The role of the creative industry, which has a good impact on the fluctuating dynamics of the Indonesian economy, has led to the government's full attention and support. The book Indonesian Creative Economy Development 2025 was launched by the Ministry of Trade in 2010 which added strength to the government's attention to the industry's potential. Regional potential is predicted to be helped after getting more attention from the government which aims back at the welfare of the community. In the era of President Joko Widodo, the Creative Economy Agency was established in Indonesia in 2015. However, BEKRAF did not last long and was merged with the Ministry of Tourism. In that era, the creative sector played a constructive role in driving economic recovery.

The creative industry has a holistic meaning. It is an industry sector that Depends on the imaginative abilities, expertise, and talents of individuals to

generate wealth and employment opportunities through harnessing and utilizing their unique creative prowess and inventiveness. The Ministry of Trade of the Republic of Indonesia categorizes the creative industry Divided into 14 subdivisions encompassing advertising, architecture, the art and antique market, crafts, design, clothing, video film and photography, interactive games, music, performing arts, publishing and printing, computer and software services, television and radio, as well as research and development. The Creative Industry is becoming increasingly attractive because the products it produces can be adapted according to the creativity of the producer or the requirements of the buyer, so they do not seem monotonous. Many creative industries also utilize household waste or less useful materials to create products with added value

The innovation contained in a company can be categorized as a creative industry. its contribution to the role in the wider economy where the supply of the creative industry can be used as an innovation in other industries. In the 2018 UNDP Creative Economy report, the creative industry in Indonesia faces various developmental challenges. Firstly, according to GDP growth data, the creative industry in Indonesia only achieved a 4.95% growth rate in 2016. the creative economy growth target is at 12% in accordance with the RPJMN, but only realized 7.44% in 2016. Creative Economy in Indonesia contributes to GDP in Indonesia. The creative economy stands as one of the most significant contributors to the gross domestic product (GDP). According to Siti Masitoh, Mr. Sandiaga Uno, the Minister of Tourism and Creative Economy/Head of the Tourism and Creative Economy Agency (Menarekraf/Kabaparekraf), estimated that the creative

economy's contribution to the GDP composition was 7.8%. This amount is supported by three main subsectors, namely culinary, fashion, and crafts. Indonesia is ranked 3rd in the world by the United States and South Korea (Masitoh, 2022).

The following figures in trillion rupiahs contribute to GDP in Indonesia,

Table 1.1
Sub-Sectors of Industry that Contribute to GDP in Indonesia

No	Sub-Sectors	Value based on current prices in Trillion Rupiah for the year		
		2018	2019	2020
1	Architecture	26.65	29.07	26.73
2	Interior Design	1.85	2.03	2.13
3	Visual Communication Design	0.72	0.80	0.71
4	Product Design	277.00	2.96	3.31
5	Film, Animation & Video	2.00	2.32	3.32
6	Photography	5.33	5.84	7.92
7	Craft	161.20	170.19	165.48
8	Culinary	437.65	471.27	462.45
9	Music	5.44	5.97	7.32
10	Fashion	185.41	203.02	177.77
11	Game Developer Application	20.78	23.44	27.92
12	Publishing	65.70	69.39	70.01
13	Advertising	9.35	10.16	9.83
14	Radio Television	99.03	110.60	146.01
15	Performing Arts	3.13	3.49	4.32
16	Fine Arts	2.43	2.67	2.65

Source: 2020 Tourism & Creative Economy Macro Indicators Statistical Data Infographic

Indonesia has the potential for diverse cultural wealth as a foundation for the growth of creative industries. Cultural diversity itself is the main capital in the advancement of creative sectors. specifically with the emergence of various kinds of handicrafts and various other products that have also given rise to various talents

(local talent) that have been passed down from generation to generation (Ramadhani, 2020). In principle, this creativity-based economic development can have an impact on social aspects because in fact this industry plays a role in empowering the lower strata of society as business actors. So, it is clear that the creative economy also touches various layers of society in its development (Creative Economy Agency, 2017) The performance of the industrial sector in Yogyakarta City is increasing from year to year. In 2022, the target value of SME turnover in the city of Yogyakarta was 248 million, while McCarthy the realization reached 798 million. From these results, it can be seen that the total realization was created up to 300% of the initial target. DIY became the third highest in Indonesia in contributing GDP through the creative economy. after previously being defeated by Jakarta and Medan.

The creative industry as one of the subs of the creative economy with a high contribution, has several industrial strategies in terms of marketing. In 1960, McCarthy stated that the marketing mix can be grouped into 4Ps, namely Price, Product, Place (distribution), and Promotion. According to Kotler, Brady, Keller, Goodman, Hansen, a product is something that aims to satisfy consumer wants and needs by being offered to the market. Meanwhile, Price is the money obtained from products or services that are exchanged by consumers for the value of these products or services (Kotler *et al.*, 2019). Promotion according is a way of communicating to seduce markets or consumers related to products or services so that consumers are interested in using these products or services. Meanwhile, place

(distribution), is the choice or management of marketing channels that focus on the distribution of products / services in meeting market needs(Kotler *et al.*, 2019)

The concept of integrating the economy in ASEAN countries encourages Indonesians to be more optimistic in free trade which is expressed in the freedom of ideas and ideas in the form of products or services that can be offered in the economic sector. There are four factors that determine the growth of capital in Indonesia in the form of real capital in Human capital, social capital, cultural capital, and institutional and structural capital constitute the elements within the creative economy (Yulita Sari and Rusli, 2020). Social capital is capital that is composed of relationships between subjects in a cooperative relationship that includes norms, trust, networks, and reciprocity which is one of the strategies to exist. The phenomenon that occurs in the existence of the creative industry is one of them in Kampung Taman, Kraton District, Yogyakarta Special Region. Kampung Taman has been one of Tamansari's tourist sites since the 1970s. Before that, 90% of the residents were batik painters. This art painting activity has reached the third generation. The uniqueness of this village is that it has a center located in the middle of a densely inhabited village and adjacent to tourist sites. The existence of several parties in an environment makes this center interesting to study. Within the scope of the Kampung Taman area, Kraton District, Daerah Istimewa Yogyakarta itself has a creative industry center that houses craftsmen and traders of painted T-shirts.

According to Putnam, the efficient functioning of participants is motivated by social capital, which includes attributes of social existence like Trust, Norms, and Networks. According to him, these three components of social capital can be a source of support in the bond of cooperation in society followed by the element of reciprocity as a supporting element. In the achievement of industrial activities, social capital equals other material capital. Social capital can also increase productivity and economic efficiency. In Bangli Regency, Bali, Indonesia, it was found that social capital is empowering for SMEs, especially those engaged in the wood carving craft sector. In this sector, social capital contributes by increasing the strength of information, trust, norms, and reciprocity in social relationships. Social capital also occurs in the handicraft industry in Jepara where it is related to social relations, co-creation, and communication.

This research is a pure replication of previous research by Sri Verawati which discusses the impact of social capital on the creative sector. strategies that study in craft centers in the village of Jepon Blora, Central Java (Verawati, 2012). The respondents of the study were traders and craftsmen in the craft centers of Jepon village, Central Java. In contrast, this study more specifically examines the role of social capital in the Tamansari-painted t-shirt craft Center in the city of Yogyakarta. based on this explanation, the authors are further interested in parsing the role of social capital consisting of trust, networks, reciprocity, and norms on marketing strategies in the creative industry environment which in this case means Tamansari painted T-shirts Center in the city of Yogyakarta

B. Research Problem Formulation

Based on the background explanation above, the researcher wants to formulate a problem. The Question of this research are:

1. How is the social capital in the Tamansari Painted T-shirts Center Yogyakarta?
2. What is the role of social capital in the strategy of creative industry at the Tamansari Painted T-shirts Center Yogyakarta?

C. Research Objectives

This research was conducted to analyze the social capital in the Tamansari Painted T-shirts Center Yogyakarta and to describe the role of social capital in the creative industry strategy at the Tamansari Painted T-shirts Center Yogyakarta.

D. Research Benefits

This research is expected to be useful for:

1. For the author, as a prerequisite for earning a Bachelor's degree in Economics from the Faculty of Economics and Business at Universitas Muhammadiyah Yogyakarta.
2. For policy makers, this research was conducted on government programs, which are expected to be an evaluation material for the formulation of strategies for the growth of the creative industry in focal points within the city of Yogyakarta.

3. For the development of science, it can be used as a source of information for research that will be carried out in the next period. Practical benefits can be used as information for related parties and can also help empower the MSME centers as a reference for policy and social culture.