

Identifying Of Creative Industries Through Ovop Movement: An Empirical Evidence From Aceh, Indonesia

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Abstract: Banda Aceh Municipality is the first city in Aceh Province that has adopted a pattern of creative industries development through the OVOP movement. This study aims to identify the development of creative industries through OVOP Movement in the Banda Aceh Municipality, Aceh, Indonesia. To explain the results of this study, we used a qualitative descriptive method. Based on the results of the study, it can be identified that there are 368 OVOP products in 90 villages in 9 sub-districts in Banda Aceh Municipality. The product marketing technique, in addition to being carried out by the business owner, is also marketed through agents or distributors and selling online. Until now OVOP products in the Banda Aceh Municipality have been marketed to domestic and international markets. For the sustainability of the production of these local products, it is hoped that the government should encourage these SMEs to continue to produce local products that are highly competitive. This encouragement can be done by providing assistance to creative SMEs, funding assistance, or encouraging the private sector to participate in the development of local products.

Keywords: creative industries, SMEs, one village one product, Banda Aceh Municipality

1 Introduction

The Indonesian government through the Ministry of Industry of the Republic of Indonesia has made a policy for the development of small and medium industries through the One Village One Product. This can be seen from the formulation of the policy for the acceleration of the development of the real sector and the empowerment of SMEs at the Ministry of Industry of the Republic of Indonesia through the Ministry of Industry Regulation No. 78/M-IND/PER/9/2007 on Effectiveness Improvement of SMIs Development through One Village One Product–OVOP approach. Besides that, there is also the issued of Presidential Regulation of the Republic of Indonesia No. 28 Year 2008 on National Industrial Policy as mandated by

the investment law. Thus, in the framework of the adoption of the OVOP program, it has a legal basis to begin the implementation of the program in every village in Indonesia.

Regarding the central government's idea, the Banda Aceh Municipal Government through the Trading, SMEs, and Cooperative Service also conducted an initial survey for the development of creative industry products through the OVOP program. The survey aims to map local industrial products scattered in each village within the Banda Aceh Municipality and can be an initial step for the development of creative SMEs, so as to increase the quantity and quality of local products.

With the development of the creative industry, it will have an impact on improving the welfare of the community. In addition, there will also be quality local products available in tourist destinations. Because most local products such as food, there are still many who have not been certified or do not have marketing permits from the authorities.

The Banda Aceh Municipality as one of the cities that has been included in the network of creative cities in Indonesia, is encouraging creative SMEs to be able to develop competitive products in the local, national and international markets. The competitiveness of these products will cause a product to be in demand by various levels of society.

The effort to develop local products carried out by the Banda Aceh Municipal Government adopted the OVOP program which was successfully implemented in Oita, Japan. By adopting Japan's OVOP program, it is expected that the products and services produced by the community can increase in terms of quantity and quality, and have a marketing network at the local, national and international levels, resulting in high added value.

In practice, the adoption of the OVOP program in every country, including Indonesia is not the same. There is a difference in terms of the approach, where the implementation of OVOP programs outside of Japan emphasizes economic aspects or is top-down, such as the implementation of the Thailand OTOP and Malawi OVOP [3]; Kurokawa, Tembo, & Velde (2010). Banda Aceh Municipality is the first region in Aceh Province that is adapted to develop of creative industries by OVOP. This article describes the achievements of creative SMEs in the Banda Aceh Municipality. These achievements are related to product development, marketing reach, and marketing techniques.

2 Methodology

The main concept of regional development through the OVOP movement is to help people to find or develop products or services in their region and also who can compete at national and global levels, while the government provides technical, institutional, and financial support [5], can encourage the mobilization of local human, material and cultural resources to create value-added products and services for the domestic and global markets [6].

The principle is a basic statement principle that is used as a guide for thinking or acting by a person or organization in carrying out each activity. In other words, principles are the direction and purpose of a person or organization. Similarly, the OVOP movement in Japan, wherein each activity must be based on the principles that have been determined.

According to the International OVOP Exchange Committee (IOEC), there are three basic principles of the OVOP Japan movement, namely: *First*, local yet global. Currently, more than 300 OVOP products have been developed, since the OVOP movement was first introduced in Oita Prefecture, Japan. The OVOP product includes real products (such as local food/products) and intangible products (such as places and events); *Second*, Self-reliance and

Creativity, where OVOP was initiated in 58 cities in Oita Prefecture independently, wherein the year of its introduction, the number of OVOP products in the entire prefecture was 143, but 20 years later the number more than doubled to 336; *Third*, Human Resource Development. Where the main goal of OVOP is to foster leaders who think globally and want to face challenges, so they can drive OVOP towards sustainable success [7].

Challenges for the OVOP Movement

The OVOP movement as a bottom-up regional development movement aimed at the qualitative and qualitative development of the entire community has been successfully implemented in Japan and has been replicated in various countries (UNIDO, 2002; Yamazaki, 2010; Claymone & Jaiborisudhi, 2011; Schumann, 2016). Several studies on the existence of OVOP in Japan and in various parts of the world have been published in various journals.

The OVOP program has been adopted by various countries in the world for the economic development of rural communities. Through the development of OVOP product centers, it is expected to increase the competitiveness of local products in the global market. Thailand and Malawi-Africa are examples of countries that have adopted OVOP programs, but the adoption of OVOP programs in Malawi and Thailand does not fully adopt the original Japanese OVOP movement (Norn, 2009; Yamazaki, 2010; Kurokawa, Tembo, & Velde, 2010). Therefore, the creative industry community must be given capacity building in order to be able to make products effectively and efficiently, so that these products have high competitiveness [11].

The difference between the OVOP movement in Thailand and Malawi with Japan's OVOP program lies in initiatives that encourage their adoption, where the central government moves people to produce competitive products and emphasize economic goals rather than social goals (Yamazaki, 2010; Kurokawa, Tembo, & Velde, 2010; Thu, 2013). This is caused by different situations in each country that adopts it.

Comparatively, the difference in the process of adopting OVOP programs in each country is seen from the concept of the community, strategies, and instruments for product development, marketing, human resource development, and collective learning mechanisms [5]. The same was stated by Claymone & Jaiborisudhi (2011), where the main causes of failure of OVOP program implementation were caused by three elements, namely: 1) the problem of not understanding the correct philosophy and the OVOP project approach 2) Top-Down policy problems, and 3) the quality of human resources [9]. It can be concluded that the difference is caused by the procedure in which this approach is implemented is strongly influenced by the social, economic and political situation of each country (Norn, 2009; Yamazaki, 2010; Claymone & Jaiborisudhi, 2011; Murayama, 2012; Murayama, 2015).

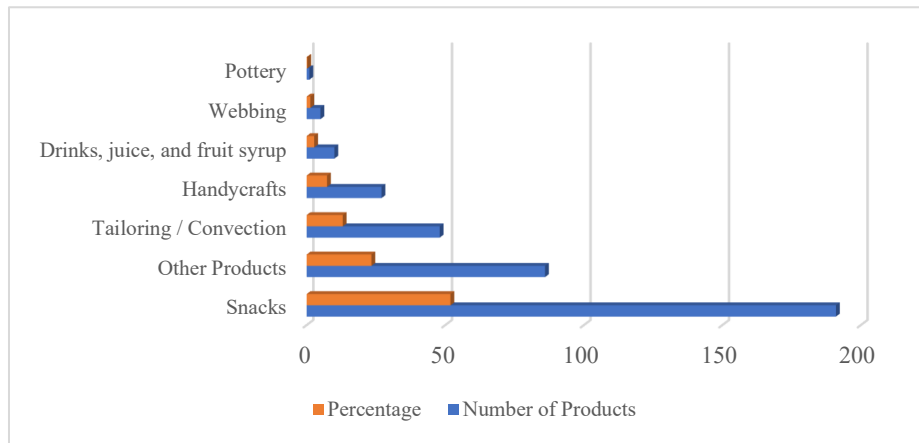
The findings in Thailand show that, there are inevitable differences in administration, financial management, human resource management, and marketing promotion management between OVOP in Japan (bottom-up) and OTOP (top-down), because of social diversity, political culture, and economic capacity in Thailand [12], where the adoption of OVOP programs by countries outside Japan using the top-down approach has triggered the failure of the program implementation [9]. Whereas in Malawi, OVOP has helped increase productivity, change the value chain structure in other cases, provide market access through labeling and reach thousands of households.

Data analysis in this study was carried out descriptively using secondary data. The data in this paper are data from creative industry surveys through the OVOP approach sourced from the Department of Trade, SMEs, and the Banda Aceh Municipality Cooperative. The data is then transformed into images to make it easier for readers to understand it. Furthermore, based on available data, conclusions are drawn regarding its current development and future policy direction.

3 Result And Discussion

The products of creative industries by the OVOP approach based on their categories consist of snacks, fruit juice, and fruit syrups, woven fabrics, batik fabrics, plaits, and pottery/decorative ceramics. The development of OVOP products is carried out only on products that have been determined based on the categories contained in the technical guidelines of the Ministry of Industry of the Republic of Indonesia (2008). Products that have been determined based on their respective categories must meet general criteria, namely: having a unique and/or local wisdom, potentially exportable, and produced continuously.

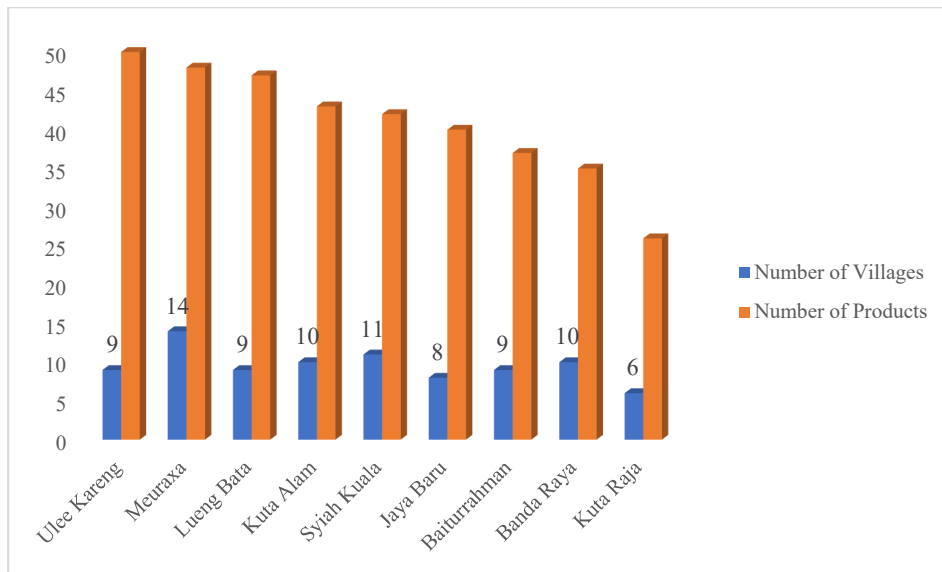
The OVOP products in the Banda Aceh Municipality are dominated by snack products, followed by other products, such as handicrafts, fruit juice drinks, and fruit syrups, plaits and pottery (Figure 1).



Source: Trading, SMEs, and Cooperative Service of Banda Aceh Municipality, 2017

Figure 1: Categories of Creative Industries by OVOP Approach in Banda Aceh Municipality, Indonesia

Based on the results of the OVOP survey in the Banda Aceh Municipality, to date, the number of OVOP products has reached 368 products. The product is spread in 90 villages in 9 sub-districts in the Banda Aceh Municipality. Ulee Kareng sub-district is the most number of OVOP products, followed by Meuraxa, Lueng Bata, Syiah Kuala, Jaya Baru, Baiturrahman, Bandaraya, and Kutaraja (Figure 2). Products produced from each village in the region vary and differ between villages.

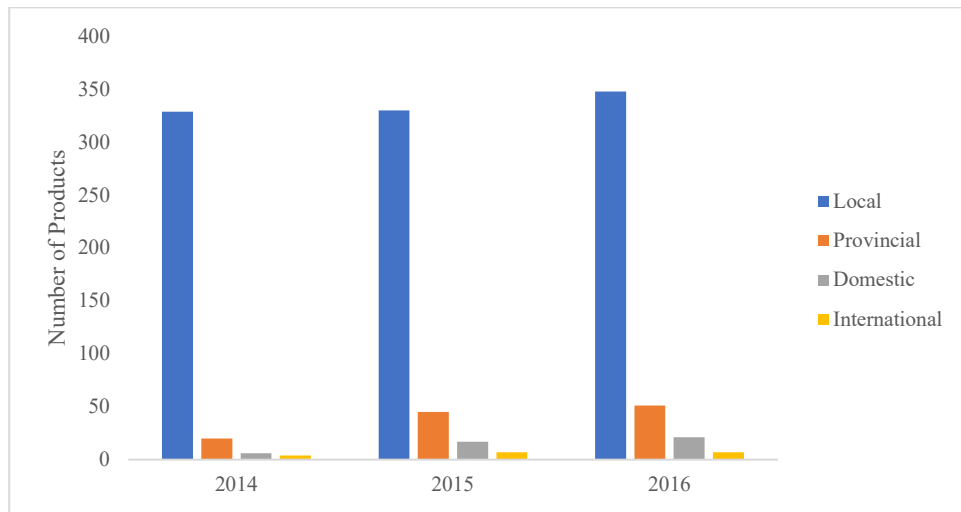


Source: Trading, SMEs, and Cooperative Service of Banda Aceh Municipality, 2017

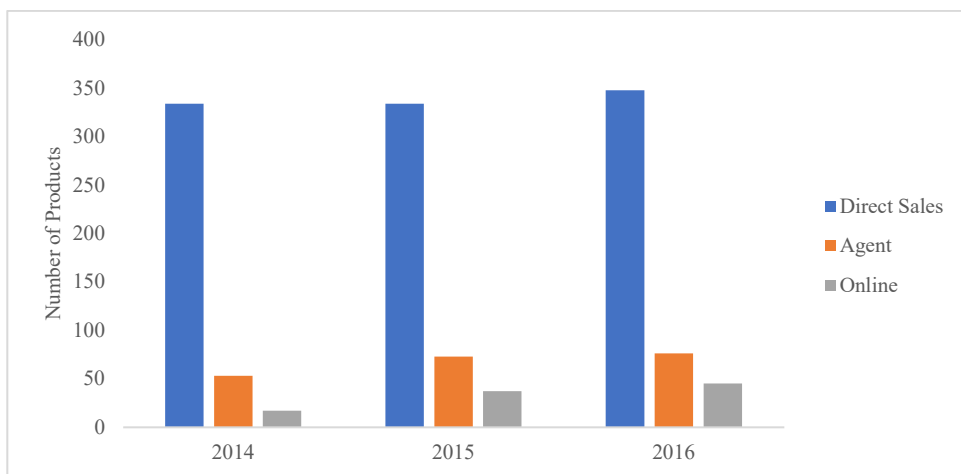
Figure 2. Number of Villages and Product of Creative Industries by OVOP Approach in Banda Aceh Municipality, Indonesia

In the effort to distribute OVOP products, these products are not only marketed in the local market area but have already reached the market in the province, the market between provinces and international markets (Figure 3). However, the marketing area is still dominated in the local market area. This needs to be encouraged so that the products produced by local entrepreneurs have high competitiveness so that they can be demanded in any market.

The product of creative industries must be able to provide added value to the superior products of a particular village or region that contain culture-based local content. In other words, the focus of OVOP attention rests on the community. Assistance from the government, both in the form of business funding and human resource management is needed for its sustainability.



Source: Trading, SMEs, and Cooperative Service of Banda Aceh Municipality, 2017
Figure 3. Marketing Areas of Creative Industries by OVOP Approach in Banda Aceh Municipality, Indonesia



Source: Trading, SMEs, and Cooperative Service of Banda Aceh Municipality, 2017
Figure 4. Marketing Methods of Creative Industries by OVOP Approach in Banda Aceh Municipality, Indonesia

The marketing of OVOP products has also been done in various ways. Some are marketed directly by the owner, some are marketed through agents/distributors, and online are sold. Most OVOP entrepreneurs currently use a combination of these marketing methods. This was done by them in order to increase the sales volume of products and simultaneously increase their income.

5 Conclusions

Based on the results of the above research, it can be concluded that the Banda Aceh Municipality is the first city in Aceh Province that is trying to develop creative industries by the OVOP approach. In this effort, 368 local products have been mapped which are included in the OVOP product classification in 90 villages. Based on the results of the survey, there are those production processes that are still produced manually, using semi-automatic machines, or using automatic machines. In addition, the marketing of OVOP products has also been carried out in various ways. Some are marketed directly by the owner, some are marketed through agents/distributors. These products are not only marketed in the Banda Aceh Municipality but have been marketed within the province, domestic, to the international market. Based on the conclusions above, for the sustainability of production of local products classified into OVOP product categories, the Banda Aceh Municipal Government must encourage these creative SMEs to continue to produce local products that are highly competitive. This encouragement can be done by mentoring creative SMEs, funding assistance, or encouraging the private sector to participate in the development of local products.

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