

# Creative Economy Development Efforts in Culinary Business

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## ABSTRACT

The government has declared the creative economy to be the foundation of the regional economy. This statement is evidenced by the continued development of the creative economy in Indonesia. It was recorded that in 2021 the creative economy contributed 1.274 trillion rupiah. With this result, the government will be optimistic about its original goal. The creative economy of the culinary sector is one of the 17 sectors launched in Indonesia. The culinary sector contributes 41% to the GDP of the creative economy. With this increase, it is necessary to know what factors have an impact on increasing the creative economy of the culinary sector. Indonesia has many culinary delights spread throughout its territory. So that people do not have difficulty in determining the product they want to sell. The community is expected to be able to innovate to produce products that are packaged modernly by maintaining the existing taste. Creative economy business actors are also expected to be able to overcome obstacles with their creative ideas.

## INTRODUCTION

Planning for economic improvement in Indonesia is carried out with the aim of increasing national growth. To support the country's economy, the community as economic actors is encouraged to pursue the creative economy. Currently, the creative economy is run by MSME actors which are one of the drivers of the nation's economy. In general, the creative economy does not only have an impact from the economic aspect, but also from the social aspect. With the existence of a creative economy, the welfare of the community will increase. This is because the creative economy can absorb labor so as to overcome unemployment (Darmawan, 2016).

The creative economy has contributed to the increase in Gross Domestic Product (GDP) in Indonesia. In 2021 the creative economy will contribute Rp1,274 trillion to GDP. This makes the Minister of Tourism and Creative Economy optimistic about the development of the creative economy. The creative sector is always growing from the beginning of the promotion of the creative economy until now. In 2021 there will be 17 creative economy sectors, namely Game Developer, Architecture, Interior Design, Music, Fine Arts, Product Design, Fashion, Culinary, Animation Film and Video, Photography, Visual Communication

Design, Television and Radio, Crafts, Advertising, Performing Arts, Publishing, Applications. With the addition of the creative economy sector, it will further motivate the community to be able to develop their creative economy business (Khasanah *et al.*, 2010).

The government plans to make the creative economy a new force to support the regional economy. For this reason, the government is currently changing the way of building an economy that previously sold natural resources in the form of raw materials, low wages from the workforce, low human resource capabilities, and the use of undeveloped technology to become an economy that gains high added value from resource management. sustainable natural resources, management and service industries supported by qualified and competitive human resources, and supported by quality human resources that are competitive, and supported by the increasing quality of science and technology.

The concept of Creative Economy needs to be developed in Indonesia because: first, it provides Multiple-Effect in the economy. In addition to statistically the existence of the creative industry increases GDP, this concept also absorbs a lot of labor. Creative Economy does not proceed alone, with small yield effects. This industry revives other industries, such as processing, packaging,

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distribution, transportation, advertising, product design, services and land rental and creates new jobs. Second, the main resources are renewable, unlimited, and sustainable. As previously described, the concept of the creative economy does not exploit natural resources massively, is sustainable in the future and is of course friendly to the environment. Third, to animate the climate of competition between economic actors and their competitors.

One of the creative economic sectors that is mostly done by the Indonesian people is the culinary sector. The culinary sector provides a significant contribution compared to other creative economic sectors. In 2021 the culinary sector will contribute 41% of GDP from the creative economy. This data shows that although it is new, the creative economy of the culinary sector is growing rapidly.

Culinary business actors feel that culinary businesses provide high profits. If business actors are observant to see opportunities, their business will also progress and provide great profits. This convenience is obtained because food is a basic human need. Basically, food will continue to be consumed by humans. The role of the creative economy in the culinary sector is to provide innovation to existing products. In addition, business actors can also create new types of culinary that will become a new menu for the community.

Not only promising profits, the creative economy of the culinary sector also has many obstacles. Some of the obstacles that are often faced by the community are capital problems, marketing, and competition from culinary entrepreneurs. For this reason, culinary entrepreneurs need to think about ways to increase their business. This study aims to determine the factors that can improve the creative economy of the culinary sector.

## RESEARCH METHOD

The design of this study is a literature study that systematically identifies and evaluates the ideas and results of critical thinking from the author. Writing in the form of a literature review to make analysis and convey ideas related to scientific topics as a form of contribution to thinking and developing science in certain fields. The purpose of this article is to provide readers with an understanding of the efforts to develop the creative economy in the culinary business.

As supporting data from this paper, a survey was conducted to 100 students to assess the existence of the culinary business. This is to find out the attractiveness of this business. The survey is only a descriptive analysis. Respondents were obtained from students of various study programs

at Sunan Giri University, Surabaya. The sampling technique is accidental sampling.

## RESULT AND DISCUSSION

From the distribution of questionnaires through the google form, it was found that the respondents were quite interested in the culinary business. There are 73% of respondents find this business attractive. There are 38% of respondents who intend to do this business in the future. There are 25% of respondents who have families who run this business. There are only 17% of respondents who are not interested in this type of business.

### Creative Economy

The creative economy is basically an economic activity that utilizes creativity to create a product that is unique and has innovations that have selling value (Pratt, 2021). According to Howkin (2002) the creative economy is an economic activity that promotes creativity which is characterized by innovation to create intellectual property. Furthermore, he stated that the creative economy is an interrelated environment between creative, solid, development, and archiving values. The creative economy is born from people who think creatively and are aware of the existence of science, technology, and culture (Trend, 2019). Products resulting from creative economic activities are characterized by their uniqueness compared to previous products.

The creative economy will develop an area. This is because the natural and social environment of a person will affect the level of creativity they have. In addition, people's acceptance of an innovation can also affects whether the business is accepted or not (Cabras & Bosworth, 2014). The creative economy in some areas may fail due to the culture in which they live. The culture in question is not only customs but also the lifestyle adopted by the surrounding community. This lifestyle is obtained from various factors such as family, home environment, and abroad due to globalization.

Smith *et al.* (2010) explained that every region can have a creative economy because basically everyone has creativity. The difference between a person's creativity lies in the effort to be able to develop the ideas they have. Someone who is able to capture social phenomena and make it a business idea will be able to take advantage of the situation that occurs for profit (Iskandar, 2003). On the other hand, someone who is unable to think of a unique idea due to the surrounding circumstances will experience a state of undeveloped business.

## **Culinary Business**

Culinary comes from the word culinary which means kitchen. So that culinary is always associated with the kitchen and cooking. Culinary business is an economic activity carried out by processing plant or animal materials into a product that can be consumed. Culinary business itself has been established more than 250 years ago.

The culinary business is in great demand by the public because food is a basic human need. Messent (2012) culinary business is a form of business managed by individuals or groups whose activities are processing food ingredients and serving them into food that is ready to be consumed in order to get high profits. The culinary business usually starts from a family which later develops into a large company. Culinary business is a business that prioritizes taste and uniqueness as an attraction for consumers to come to their business (Trudgill, 2021).

Culinary business consists of various types such as traditional food culinary business and modern food. Based on its composition, the culinary business is divided into light culinary and heavy culinary. All types of culinary businesses have different consumers and their own obstacles.

In Indonesia, the culinary business spreads throughout the region. Culinary businesses can be found in big cities and areas far from the city. Culinary businesses can be sold in restaurants that have a fairly high price or in ordinary food stalls that have lower prices. The menu offered also varies from traditional Indonesian food to food from abroad.

In addition, culinary businesses in Indonesia are also carried out with franchise businesses. The form of a franchise business in the culinary sector makes it easy for franchise owners or those who do it to do business. With a franchise, business actors do not need to introduce their brand because it has been known beforehand.

For food sold in restaurants or shopping centers, traditional food is packaged into food that looks modern but still has a traditional taste. For food in a small shop, the food we will encounter is usually the food we often find at home. According to Hall and Mitchell (2000) some culinary businesses were indeed started as a family business which later developed into a public business. This recipe will continue to be a family secret. So, it is not uncommon for culinary businesses to always place their family members to maintain the confidentiality of family recipes.

## **Culinary Sector Creative Economy In Indonesia**

According to a report from the Central Statistics Agency, in 2019 there were 3.9 million culinary

businesses in Indonesia. The culinary business is spread across all provinces in Indonesia. West Java ranks first as the province with the most culinary businesses. Then followed by East Java in second place and Central Java in third. The large number of people who carry out creative food economic business indicates that there is optimism towards this form of business.

Indonesia, which has many typical foods from various regions, has benefited from this creative economy endeavor. Culinary creative economy efforts are currently carried out by processing traditional foods that are packaged with modernization (Brinkmann *et al.*, 2014). The packaging of this special food is also neatly made so that it can last a long time and is not damaged during distribution. This packaging uses high technology so as not to change the taste of the food.

The convenience of consumers to get the food they want is also supported by delivery services. Currently, consumers can make purchases from home or office through the application or directly contact the point of sale which will then be delivered to their destination. With the convenience offered, consumers will come to buy again and become loyal customers.

To provide convenience to their consumers, business actors need to implement certain strategies. Creative economy entrepreneurs in the culinary sector need to pay attention to every aspect that supports their business improvement (Hunter & Lean, 2014). These aspects consist of aspects of production, aspects of marketing, aspects of human resources, aspects of technology, and aspects of capital.

The production aspect is the main aspect. Creative economy players need to think about the latest innovations for their food products. This can be done by providing innovation in its products. For example, by adding flavor variants or following the trend of spicy food that is currently busy in Indonesia. Giving a license number from the Food and Drug Supervisory Agency (BPOM) is an added value to the products produced. In Indonesia, culinary businesses will require halal certification. With this certification, consumers will be more confident to consume at that place.

The next aspect is the marketing aspect. The creative economy can be seen from creativity at the time of promotion. Various media are used to market their products. Some entrepreneurs collaborate with app creators. In the current era, consumers will pay attention to advertisements on their mobile applications (Costa & Jongen, 2006).

Furthermore, culinary creative economy entrepreneurs need to pay attention to aspects of human resources. Human resources are an important factor in any business (Khayru, 2021). In a creative economy-based business, human resources are needed who have innovation and are able to see the opportunities that exist. Creative human resources also need to be supported by the ability to utilize technology for business progress. For the culinary sector, human resources who have a high taste are needed. So that consumers will be interested in buying back the food sold.

The technological aspect is a differentiator from the creative economy business. The creative economy uses advanced technology for its business (Mardikaningsih & Arifin, 2021). For example, using high-tech cooking utensils such as an oven or electronic stirrer. Product packaging also requires high technology compared to conventional culinary businesses. For example, by using aluminum foil or airtight plastic. Technology is also used to market their products. Media promotion is no longer done by distributing brochures but using applications on devices.

The next aspect that needs to be considered is the capital aspect. Capital is an important thing when starting a business. How to get capital and how to use capital need to be a major concern. The accuracy of creative economy entrepreneurs to utilize their capital will affect business continuity. In the culinary sector, the capital owned can be allocated to equipment or food ingredients that can support the quality of the products produced. For example, using cooking utensils that have high technology such as non-stick frying pans or frying pans without oil. By having this equipment, the food produced will be healthier. So that it will provide added value for consumers.

### **Barriers to the Culinary Sector Creative Economy in Indonesia**

The creative economy of the culinary sector has proven to be very profitable. By making a large contribution to the national GDP from the creative economy, it means that business actors have made big profits and have inspired other people to do the same business. In addition to getting big profits, the creative economy business in the culinary sector also has various obstacles. This obstacle can cause the creative economy business in the culinary sector to not progress and even to close.

The obstacle that often arises in the creative economy business in the culinary sector is the problem of capital required. Creative economy

entrepreneurs in the culinary sector start their business with small capital or some of them get capital from loans at banks. To develop their business, sufficient capital is needed. To overcome this, the government has provided soft loan funds for creative economy actors. However, to get this soft loan, entrepreneurs are faced with licensing problems. Some business actors who do not have sufficient capital also do not have a license. One of the requirements to get help is to register a business entity that you own.

Another obstacle is human resources who have creative abilities and ideas. This is necessary to be able to develop the business and reach a wider market. The culinary sector needs to have human resources who can create innovations in food products so that consumers are interested. Not only innovation in taste but also appearance. However, it is hoped that this innovation will not destroy the original taste of the food.

Another obstacle faced by creative economy entrepreneurs in the culinary sector is technology. Equipment to be able to create a culinary that has a high taste has a fairly expensive price. The equipment must also be imported from abroad. Not only utensils for cooking, but to package products to make them last longer also requires high-tech machines. For creative economy entrepreneurs in the culinary sector in big cities, it will be easy to get this equipment. However, for areas in Indonesia which are small cities, it will be difficult to get the machine. This causes high production costs. With high production costs, it will affect the price offered. With the high price of a product, it will have an impact on the purchase and profits obtained.

These obstacles often occur in creative economic entrepreneurs in the culinary sector. There are still many other obstacles, such as distribution channels, tax regulations, and unfair competition between entrepreneurs (Henchion & McIntyre, 2005). To deal with all these obstacles, business actors need to think creatively in order to implement the right strategy.

The ability of business actors to implement strategies that are in accordance with the market and business environment can be done through experience and training. This strategy is a form of creative ideas that are carried out in order to survive in the existing competition. The strategy applied will of course be different from the culinary sector's creative economy business with other businesses. The business environment, consumer lifestyle, and products sold will affect the strategy implemented.

## CONCLUSION

The creative economy of the culinary sector is growing very rapidly. Experts consider that the creative economy of the culinary sector will be able to develop rapidly in the following years. There are many benefits to be gained from increasing the creative economy of this culinary sector. Culinary business also does not only contribute to the country's GDP. The creative economy of the culinary sector is also able to absorb a large number of workers. According to the Central Bureau of Statistics, the creative economy can absorb 9.5 million workers. This will have an impact on the welfare of the community.

The obstacles faced by business actors need to be considered by various parties. For licensing issues, the government needs to socialize the procedures for creating a business entity and registering it. The government can cooperate with legal aid agencies. With this collaboration, it is hoped that more creative economy businesses in the culinary sector can increase. The government also needs to simplify the requirements needed to administer business permits. Currently, the community still finds it difficult to fulfill several requirements and the licensing process. The lack of socialization regarding the procedures for managing and what conditions need to be prepared causes people to think that getting a business license will be difficult. For this reason, the role of the government and legal aid agencies will greatly affect culinary business actors who do not yet have a business license.

Barriers to the need for venture capital must also be addressed immediately. Currently the government has provided business assistance for creative economy actors. However, not many people know the requirements. Moreover, the creative economy business actors in the culinary sector are located in the regions. This causes the government program is not optimal. This socialization regarding government assistance needs to be explained by the government. Not only the central government, this socialization also needs to be carried out by the local government. This socialization needs to be carried out so that the community is not deceived by individuals acting on behalf of the local government who will help to register themselves as government program assistance, but in the end will take some of the aid funds. Not only the responsibility of the government, this socialization can also be carried out by academics as a form of community service. The wider the knowledge of the community, it will

increase the creative economy efforts carried out by the community, especially the culinary sector.

The government also needs to hold training activities to start a creative economy business in the culinary sector as well as training for its workers. Training is also needed to be able to use the new technology. This training is carried out so that the human resources involved in the creative economy industry in the culinary sector have a standard of ability that is in accordance with the standards set for the workforce. Not only the ability when doing the task but also the ability to think creatively.

Community participation to improve the creative economy of the culinary sector also needs to be increased. Participation can be done through cooperation in technology procurement in the regions so that the technology received is not only felt by entrepreneurs in big cities but also entrepreneurs in areas far from cities (Darmawan, 2019; Mardikaningsih *et al.*, 2021). This equal distribution will have an impact on the progress of a region's per capita income (Mardikaningsih *et al.*, 2020).

Another problem with the existence of a creative economy in the culinary sector is the intense competition. Competition in the business world should be addressed with a good attitude. Some competition in the regions will be mixed with unpleasant issues such as the quality of ingredients that are not good, the presence of harmful ingredients in the food sold to the halal certificate which is being debated. Not infrequently, in order to attract the attention of consumers to want to change places to eat, creative economy actors in the culinary sector do it in a bad way, namely with the issues that have been explained. For this reason, it is necessary to conduct socialization so that creative economy business actors in the culinary sector can compete in a healthy manner. Competition can be done by creating new innovations that become the advantages of the products being sold. The mindset of business actors must be changed from initially competing to attract consumers without the need to make product improvements to improving product quality which will then affect the existence of consumers.

The increasing number of creative ideas of the creative economy community will have an impact on increasing the number of creative economies in the culinary sector in Indonesia, especially in areas far from the city. People do not need to go to the city to work. They can work in their own area and can increase local opinion. Thus, the government's goal for the creative economy to support the regional economy can be realized.

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