International Conference on Sport Industry

"The Development on Sport Industry: Promoting Marketing Strategy"

Surakarta, September 11 - 12, 2007

The Deputy of Youth Entrepreneurship and Sports Industry
The Ministry of Youth and Sports The Republic of Indonesia

Sebelas Maret University
Yogyakarta State University
The Development on Sport Industry Promoting Marketing Strategy

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A. Introduction

In section dealing with General Description of Indonesian Republic Acts Number 3, 2006, About The National Sports System it has been stated that: “the limited funding source is a special problem in sports activity in Indonesia.” This can be felt more with the development of modern sport requiring management, establishment and development that is supported by an adequate budget. The policy of fund allocation system in State’s Revenue and Expense Budget and Local Revenue and Expense in sports area is consistent with the budget capability that should be implemented in order that the national sports establishment and development can run smoothly. In addition, the human resource should be optimized, through the society participation in fund procurement, infrastructure procurement and sport industries, among them”.

The sports system is an entire subsystem of sports that is interrelated, integrated and continuing to reach the objective of national sports. Such subsystem encompasses: the sports performer, organization, fund, and infrastructures, and society participation, sports supporting equipment, including science and technology, information and sports industry. The entire subsystem is organized by considering the interrelatedness through: the improvement of interorganization coordination that handles the sports matter, empowerment of sports institution, development of sporting human resource, development of infrastructures, improvement of source and fund management, as well as the implementation of establishment system and sports development entirely (Acts Number 3, 2005:43)

In order to maintain and to advance the sports development, Indonesian needs much fund allocation. The fund allocated within the State’s Revenue and Expense Budget (APBN) annually is still too low. Meanwhile goodwill of local government in advancing sports has not been reliable. It is the framework that is necessary to the architect of sports policy to create the ways of collecting funds from society for sports. The policy of
collecting fund in the future should be oriented to the independence, sponsorship, partnership, and cannot connote that sport becomes a burden of national development.

Developing sport is not an easy matter; it requires commitment and hard work, not only from the coach but also from the athlete. Commitment is someone's readiness to follow and to uphold the provisions, both from the athlete him/her self and from outsider. A person with commitment is the one loving his/her profession, focusing on his/her task, discipline, and responsible for the task, as well as is willing to sacrifice another interest for the sake of profession he/she had chosen. Hard work is the seriousness of various attempts conducted to realize the achievement ambition. An athlete having hard-work nature not only undertakes the exercise program or spends time for exercise, but also attempt to conduct such program seriously and intensely. He/she is also proactive, aggressive and likes challenge.

It seems to be difficult if in developing sport we only depend on speculative and intuitive actions. A scientific approach is the only way for us to be able to compete in foreign country. Science and Technology application in sport leading to the findings and the application of sophisticated tools as well as technique and exercise method is more effective to improve the athlete achievement. It is also supported by the improvement of applied research and laboratory procurement. For example, laboratory for sport medicine and sport biomechanics, functional anatomy laboratory and other measurement so that a cheaper science and technology should be applied consistent with Indonesian economic capability currently.

The effect of fund on achievement is really visible when Indonesia started to be suffered from monetary crisis in 1997 followed by multidimensional crisis. At the same time, Indonesian achievement in SEA Games went down and it continues up to now. From the elaboration above, we arrive at a conclusion that sport achievement is affected by the HR (human resource) quality, science and technological intervention in the establishment and fund support. If it is formulated, the sentence above can be given as:

\[
\text{Sports Achievement} = f (\text{HR} \times \text{science and technology}) \times \text{Fund}
\]

It means that sport achievement, in particular, is a function of HR × HR × science and technology x Fund. Those three things influence each other. The lack or absence of one thing will highly affect another one.

Studying and analyzing the fund collection system for sport is an interesting thing, for the impact of each policy chosen, of course, will concern considerable parties' interest. It may generate a polemics leading to pro and contra over the management, budget size, utilization as well as responsibility. Therefore, for obtaining the best formula in the terms of collecting society's fund for sport, the comparative analysis on fund collection should be conducted. The analysis can be conducted both longitudinally and transversally. Longitudinal analysis is to conduct a comparison on sport fund collection system from one period to another. Meanwhile transversal analysis is to conducted comparison with other countries.
B. Development of Sport fund collection System in Indonesia

The sport fund collection historically has a rather poor record. This is due to the distortion of society expectation assuming that sport fund collection such as PORKAS and SDSB is a gambling legalized by the government. The PORKAS and SDSB emerging are really full of political content at that time. The social problem within the society is promoted as a central issue, sports as a commodity but its action is not more than a formal game of legal gambling. The moral bond to advance sports had not been created within our society.

Critique dealing with the model of fund collection such as PORKAS and SDSB does not only account for gambling aspect, but also the distortion of society participation. The coupon buyers of PORKAS and SDSB, in fact, are the member of society who are willing to spend a relative little fund but with great hope to get multiplied award. This is very ironic, since the segment of coupon “lover” society mostly belongs to middle-to-lower class. The model of fund collection impacts the participation with wrong direction and target. Wrong direction and target, since the fund collected is instead obtained from ordinary people’s money that is contributed involuntarily.

The fund collection with more recent model was designed in 2000 entitled Society’s Fund for sport (DAMURA). Government along with the society expects that DAMURA will be better than the previous products. But, such expectation has not been met, since such product has the similar concept as the PORKAS and SDSB, namely the coupon sale with the promise of big award. The society’s critique on DAMURA particularly also concerns the disproportional fund allocation matter for sports interest which is only 6.5%. DAMURA is clearly not consistent with the name. Since the very rapid change of political economic acceleration and along with the Social Department liquidation, DAMURA encounters abortion process. DAMURA has not been implemented within the society.

Since then various attempt of society fund remained to be devised. One of most unpopular attempt is fund exploration plan through Sin Tax. The sport fund derives from the gambling tax. Most income of a gambling localization is taken for funding sport. The thinking Sin Tax model may result from the comparative study on several developed countries. Many developed countries utilize gambling localization as the post field of funding sport. The model is not consistent with our country. Our country wants to be advanced in sport area, but not by using fund from gambling activities.

The requirement of rightful fund collecting attempt for sport arises, because of the past trauma. A number of basic questions always arise: “Should sports always be put besides the gambling? Does the country not have good and blessed fund to advance the sports achievement? It is really ironic; the “great” nation such as Indonesia finds difficulty in collecting fund for sport.

C. Sports Funding in Indonesia according to The Governmental Rule

The sport funding system in Indonesia has reached a strong level, after the Indonesian Republic Governmental Rule Number 18 2007 about Sports Funding published. The
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Governmental Rule constituting a juridical foundation on sport funding system is published for implementing the Provision of Section 72 of Indonesian Republic Acts Number 2 2005 about The National Sports System.

Anatomically, The Governmental Rule Number 18 2007 consists of V (five) chapter: (1) Chapter I: General Provision; (2) Chapter II: Funding Source and Allocation, (3) Chapter III: Funding Responsibility; (4) Chapter IV: Supervision; and (5) Chapter 5: Closing Provision.

Substantially, the articles content of those five chapters can be described briefly as follows:
1. Sports funding is the financial resource procurement that is necessary for the sport conduct (Article 1 of Section 1).
2. The sports funding become a joint responsibility of government, local government and society (Section 2).
3. The government and local government is obliged to allocate the sports budget through the State's Revenue and Expense Budget and Local Revenue and Expense Budget (Section 3).
4. The source of sports funding is defined by an adequacy and continuing principle consistent with the priority of sporting development plan (Section 4).
5. The source of sports funding from the government derives from the State's Revenue and Expense Budget, the Sports Funding Source from local government derives from the local Revenue and Expense Budget (Section 5, Article 1 and 2).
6. The source of sports funding from the society can be obtained from: sponsorship activity, domestic and foreign grant, fund collection, compensation of status switching and sporting transfer, establishment money from professional athlete, mutually advantageous cooperation, other unbinding contribution, and other legal source based on the provision of Law Ordinance (Section 6 Article 1).
7. Sports funding can also derives from industry including: ticket of competition, sports infrastructure renting, infrastructure product selling-buying, Sportlabeling (producer-consumer partnership), advertising, sports broadcasting right, promotion, exhibition and sports festival, agency, information service and sports consultation (Section 6 Article 2).
8. The government's revenue deriving from funding source as mentioned in section 6 is The State Non-Tax Revenue (PNBP); local government revenue deriving from the funding source as mentioned in section 6 is local revenue (Section 7 Article 1 and Article 2).
9. To support the sport funding, government can create a state-owned sporting business agent (Section 8 Article 1).
10. Dana deriving from funding source can only be allocated for such activities as: educational sport, recreational sport, achievement sport, sport establishment and development, sport management, sports week and championship, improvement of sports infrastructure quality and quantity, sport science and technology development, empowerment of society participation in sport activity, development of sport cooperation.
and information, establishment and development of sport industry, standardization, accreditation and certification, prevention and doping supervision, awarding, supervision, and development as well as professional sport management (Section 9 article 1).

D. Budget of Sports in Some Countries

The comparison of inter-country sport budget is a difficult thing to uncover. Most countries assume that the budget problem is a privacy problem, so that other country is not reasonable to know it precisely. Nevertheless, data on the budget size for some countries can be presented in the following table:

<table>
<thead>
<tr>
<th>State</th>
<th>Elite Sports Budget ($ US)</th>
<th>Total sport budget ($ US)</th>
<th>Population</th>
<th>Budget per Head ($ US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>45 m</td>
<td>1800 m</td>
<td>242 m</td>
<td>7.43</td>
</tr>
<tr>
<td>West Germany</td>
<td>44 m</td>
<td>420 m</td>
<td>62 m</td>
<td>6.77</td>
</tr>
<tr>
<td>Italy</td>
<td>39 m</td>
<td>260 m</td>
<td>56 m</td>
<td>4.64</td>
</tr>
<tr>
<td>France</td>
<td>51 m</td>
<td>350 m</td>
<td>54 m</td>
<td>6.48</td>
</tr>
<tr>
<td>Spain</td>
<td>19 m</td>
<td>125 m</td>
<td>38 m</td>
<td>3.29</td>
</tr>
<tr>
<td>Canada</td>
<td>18 m</td>
<td>78 m</td>
<td>25 m</td>
<td>3.12</td>
</tr>
<tr>
<td>East Germany</td>
<td>51 m</td>
<td>351 m</td>
<td>17 m</td>
<td>20.64</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>38 m</td>
<td>380 m</td>
<td>16 m</td>
<td>23.75</td>
</tr>
<tr>
<td>Netherlands</td>
<td>18 m</td>
<td>68 m</td>
<td>14 m</td>
<td>4.85</td>
</tr>
<tr>
<td>Hungary</td>
<td>17 m</td>
<td>105 m</td>
<td>11 m</td>
<td>9.54</td>
</tr>
<tr>
<td>Switzerland</td>
<td>38 m</td>
<td>90 m</td>
<td>6.5 m</td>
<td>13.84</td>
</tr>
<tr>
<td>Australia</td>
<td>16 m</td>
<td>32 m</td>
<td>16 m</td>
<td>2.00</td>
</tr>
</tbody>
</table>

The last but not least is a budget factor. Considering the data, the Sports and Youth Ministry Budget in 2005 is Rp. 299 billions. From such amount of budget, 70% of them or 211 billions for sport sector and the remaining is for the youth (Kemenegpora, 2005). It means that if such amount of fund is divided by the number of Indonesian population, i.e. 210 millions people, it is obtained a budget of Rp. 1000 per person. Fortunately, in 2006 the budget increases to 485 billions. As a comparison, it can be seen the sport budget in some countries (see table 1).
E. Proper Fund Collection Model

It has been decided that sport funding become a joint responsibility between government, local government and society. In other words, the sport fund problem is not limited on the budget value that should be put into the arrangement of APBN and APBD only, but should be oriented to the systematical effort in motivating the society's participation in collecting fund for sport.

A study on fund collection and budgeting system for sport interest will lead to the seeking of a conform model. Such conformity relates to the society's income level. This becomes an absolute requirement since what will be created is an “intact” circumstance of society participation in collecting fund for sport. It seems that based on historical study, our nation has “gotong royong (mutual cooperation)” character with an extraordinary strength. There is a philosophy relevant to it: “a palm leaf rib is very weak and has no value, but if it is incorporated with others palm leaf ribs in a bond, it will become a synergic strength with great value”. That is the essence of mutual cooperation.

Model of sport fund collection within the society has been regulated in the section 4 of Indonesian Republic Governmental Rule Number 18 2007, containing: “that the sport funding source is determined by an adequacy and continuing principle consistent with the priority of sport development plan. Such adequacy principle is the amount of fund available to implement sporting is adequate consistent with the capability. Meanwhile, continuing principle is a funding for implementing sports that is allocated in planned and continuous manner.

In addition to adequacy and continuing principle above, there are still other requirements to arrange a proper and corresponding fund collection model to apply in Indonesia. The main reason of implementing fund collection model relates to the solution seeking of a more proper society funding collection for the sport development that is free from gambling nuance. Such fund collection even should have a pragmatic, elegant value. Such pragmatic value constitutes: (1) no gambling content, (2) eternal in nature, (3) sincere and transparent, (4) Participative, and (5) with a clear benefit principle. So the essence is that it is voluntary – proactive in nature.

1. No gambling content
   The absence of no coupon system, number guessing, letter guessing and promise of big award, means to evade society from speculative behavior leading to the gambling practice. Product or model of sport funding collection is based on the fulfillment of society's daily needs. The society purchases something that is should be purchased.

2. Eternal in nature
   The model of fund collection should have a value born from the presence of symbiosis between producer and consumers. The actual interrelatedness of producer-consumer is the fulfillment of consumer's need by the producer. The product may change but the essence of consumer's need is actually a something eternal. As long as there is a need, the relationship between consumer-producer remains to be created, so that the financial source will be eternal in nature.

3. Sincere and Transparent
If the model constitutes the society contribution, the society who wants to contribute sports fund through such pattern will be not object (will be very sincere), since the nominal calculation of payment will seem to be relative small compared with the total price of product bought. The nominal value will be lighter, since it is paid by the producer and consumer. It is really transparent since the product packaging is very clear showing how much money is donated to the national sport development.

4. Participative
   The society' participative climate will be created well since the segment of potential donor is as many as the number of Indonesian populations, without discriminating: religion, economical and social classes, and race.

5. With Clear Benefit Principle
   The benefit of sport fund collection through the applied method should focus more on and specifically be oriented to the sport development progress. This should be different with the previous model of fund collection that is always combined into one package along with other social fund collection. Thus, the benefit is oriented to the specialty fund for sport.

E Closing
   Considering a brief presentation on the system of sport fund collection in Indonesia, finally it can be suggested several important things:

1. The sporting system constitutes entire subsystem of sporting that is interrelated in planned, integrated and continuing manner to achieve the objective of national sport. Such subsystem includes: the sport performer, sport organization, sport fund, sport infrastructures, the society's participation, sport-supporting tools, including science and technology, sport information and industry.

2. Historically, sport fund collection in Indonesia has a rather poor record. This may because of the distortion of society's expectation assuming that the sport fund collection is one form of gambling legalized by the government.

3. The limited funding source is a special problem in sport activity in Indonesia. This can be felt more with the development of modern sport requiring management, establishment and development that is supported by an adequate budget.

4. Sport funding becomes a joint responsibility between government, local government and society. In other words, the sport fund problem is not limited on the budget value that should be put into the arrangement of APBN and APBD only, but should be oriented to the systematical effort in motivating the society's participation in collecting fund for sport.

5. The sport funding source is determined by an adequacy and continuing principle consistent with the priority of sport development plan. In addition, based on the socio-historical and socio-cultural study, there are some other pragmatic values that should be included: no gambling content, eternal in nature, sincere and transparent, Participative, and with a clear benefit principle.

6. Sports funding can also derives from industry including: ticket of competition, sports
infrastructure renting, infrastructure product selling-buying, Sportlabeling (consumer-producer partnership), advertising, sports broadcasting right, promotion, exhibition and sports festival, agency, information service and sports consultation.

References


