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The Republic of Indonesia
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Sports *Home Industry* Development
(A Descriptive Study on Response and Expectation of the Small-scale Sports Industry Businessmen in Solo City, Central Java, Indonesia)²

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Introduction

The pioneering and development of sports industry in Indonesia is not new. However, the existence of such industry is only limited to the seasonal industry evolving naturally and is not handled seriously. The government’s spirit and willingness to improve the sports future is conducted through an attempt of reforming the whole core component supporting the sports progress entirely. One of government’s seriousness is to give a stronger legal protection through the release of Act No. 3 of 2005 about the National Sport System (SKN). Such legal protection also regulates the Sports Industry.

The Sports Industry issue in National Sports System Act is included in Chapter XVI. The definition and limitation of Sports Industry is a business activity in sports sector in the form of product and/or service. Each implementation of sport industry the government, local government and/or society conducts is required to consider the national sport’s objective as well as the organization principle of sports activity (article 78). Sport industry can be in the form of infrastructures produced, traded, and/or leased for the society (article 79 clause 1).

Sport industry can be in the form of selling service of sports activity as the main product packaged professionally, including: The society who conduct the sports industry business as mentioned in clauses (1) and (2) can develop

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partnership with the government, local government, sports organization and/or other organization, domestic and abroad (article 79 clause 3). In implementing the partnership as mentioned in clause (3) the society forms an enterprise consistent with the legislation (article 79 clause 4).

The society undertaking the sports service industry business should take into account the businessmen welfare and sports progress (article 79 clause 5). Sports industry building and development is conducted through the mutual beneficial partnership in order to realize an independent and professional sports activity (article 80 clause 1). The government and/or local government facilitate the establishment of sports industry building and development centres (article 80 clause 2). The government and/or local government facilitate the partnership realization between the sports industry businessmen and mass media as well as other media (article 80 clause 3).

The development of sports industry in the future should be not only limited to the attempt of fulfilling the internal dimension of sports, but also is expected to improve the society prestige and dignity entirely. The sports industry progress is not only enjoyed by the industry and sports communities but also by the society widely. The sports industry is a part of the attempt of empowering and of developing the society. For that reason, it is reasonably that sports industry potential should be explored and developed, to become a solution for the attempt of reducing the poverty and unemployment rates. What happens with poverty and unemployment?

Poverty and unemployment is a complexity that always becomes the problems of many countries in the world, particularly in the developing countries such as Indonesia. The population growth is not comparable with the employment opportunities available. Finally, the number of unemployment increases and the number of poor population also increases. The less stable macroeconomic and bad condition due to the crisis exacerbates such condition, leading to many people loss their employment as the victim of layoff.

The poverty and employment problem remain haunting Indonesia for the next five years. It can be at least created a situation and condition in which people have expectation. The expectation is even rare now. In fact, many measurements of consumers’ index from Indonesian Bank and other are still under 100, meaning that expectation is still minor (M. Sadli, Business News, Monday, August 8, 2008).

Based on may sources’ account, the number of poor population in Indonesia is 15% in 2005, and 13.3% in the end of 2006 (Nurhadi, 2007). Such percentage decreases proportionally but absolute-qualitatively the number of poor population in Indonesia is likely not reduced. What about the unemployment rate?

The youth unemployment is 16.7% nationally. Nationally, the male unemployment rate is 13.9%, while the female one is 21.3%. The unemployment rate of urban areas is higher than that of rural areas. The unemployment rate of urban area is 20.7%, while that of rural area is 13.6%. (Data from Kemenegpora and BPS, 2006).
The sport industry awakening should focus on the real attempt of an integral part that cannot be apart from the attempt of reducing poverty and overcoming the unemployment in Indonesia. The partnership model should be established and coordinative measures should be taken to explore the potential, to improve the capability as well as opportunity for the sport industry development. Sports industry is an integral part of national industry in opening the employment field as well as business opportunity. The principle that needs to be developed is: begins from the small things, from the simple solution, and from now.

Sports industry is defined by Pitts, Fielding and Miller as “all production of product, service, place, people and thinking offered to the customer, relating to the sport (Pitts, Fielding, and Miller, 1994). Ozanian states that: “Sports is not only big business. Sports are one of the fastest-growing industry in America, and is intertwined in each economical aspect – from medias and clothes to food and advertising. Sport spreads everywhere, accompanied with money. Cashier machine ringing continuously” (Ozanian, 1995 in Harsuki, 2007).

The classification of industry includes: (1) agricultural, forestry, and fishery; (2) mining; (3) manufacturing; (4) construction; (5) transportation, communication; (6) trading; (7) finance; (8) service; and (9) government industries (Encyclopaedia Americana, 1975).

The condition of industry having chance to be developed in Indonesia according to Harsuki (2007) includes: (1) sporting goods industry; (2) amateur sport (under KOI/KONI and sport organization); (3) professional sport (boxing, golf, car & motor race); (4) sport complex (Bung Karno Stadium, Jaya Ancol Recreational arena; (5) enterprise sponsor; that had funded many sport activities; (6) sport news media, both printing and broadcasting.

From Industry Department data of 1999, it is obtained the data on sports apparatus industry position (Industry department does not use term sporting goods industry but sport equipment) as follows: the number of sport equipment industry companies: 49, including the small-, medium- and large-scale, that spread in North Sumatra 1, Lampung 1, DKI 8, West Java 12, Central Java 11, East Java 12, D. I Yogyakarta 3, and Sulawesi Selatan 1. The amount of investment is Rp. 120 billions. The number of labours adsorbed is approximately 5000 persons, excluding the seasonal labour. The production type and capacity: Field tennis ball amounts to 54,040,000; the kicked ball amounts to 3,837,000; volleyball amounts to 2,987,000; basketball 3,523,000; shuttlecock 17,635,000; and others 1,000,000. Tennis and badminton rackets amount to 707,000; Stick golf 100,000. Racket strings amounts to 240,000; billiard table 130; Snooker table 85; hook rail 50,000; ping pong table amounts to 3,000; hockey equipment 1,500 set; Sport protective equipment: 500,000; Fibre mattress 1,000 tons. The export of sport equipment amounted to US$ 36,954,462 in 1997 while the import amounted to US$9,523,981 (Directorate General of Mechanical, Electronics and Miscellaneous Metal Industry, 1999).
Sporting industry is a collective attempt of many parties to develop economical behaviour between the producer and consumer that is bridged by the form of sporting product and service production. Such economical behaviour is potential for the attempt of reducing poverty and unemployment. Poverty reducing and unemployment management can be conducted through two approaches: (1) revenue increasing approach, and (2) burden reduction.

Both approaches are supported by four main pillars, including: (1) opportunity establishment, (2) community empowerment, (3) capability improvement, and (4) social protection. Both approaches and four pillars should be based on the APBN and APBD planning and budgeting as well as non-bank, private and public banking/financial institution.

The poverty and unemployment handling should be conducted simultaneously and synergic between the national and local levels. At national level, the central government through department/LPND and DPR, business realm and society/NGO/PT should work cooperatively by mobilizing the resource and authority equally. Similarly, the local government, through its services and DPRD, local business realm, poor community/wide community/NGO/PT should also work cooperatively by mobilizing the resource and authority equally. Both levels should cope with poverty in synergic manner at their respective level.

Considering the problem background described above, the following problems can be proposed: (1) what is the profile of sporting home industry in Solo? (2) what is the appreciative response of sporting home industry in Solo relating to: (a) sport home industry business existence, (b) the role of government in sport home industry, and (c) the expectation of sporting home industry development in the future?

Although this study is a simple, small measure, it has advantage to study more thoroughly about the sport industry pragmatic aspect in reducing the poverty and managing unemployment. Moreover, such study is also beneficial for the sake of shape improvement and policy direction of sporting industry development in the future, in order to be more relevant and having solution value for labouring problem, particularly to reduce the poverty and to resolve the unemployment problem.

I. Research method

The area studied includes the selected cities/regencies in Solo, Central Java. The determination of area was the sampling area developed in purposive sampling and referring to the consideration in choosing the sporting home industry pouch in Solo city area. This study was conducted by developing survey descriptive method, to disclose the sports home industry business phenomena in Solo, factually and actually, although in the limited research framework.

The operational definition concerning the definition of: (1) sports industry is all product, service, place, people, and thinking productions offered to the
customer relating to sport; sporting industry is a sporting business activity in the form of product and/or service; (2) Poverty is individual incapability of fulfilling its minimal basic requirement in order to live properly; (3) poverty alleviation is an integral part of the government's attempt in make the society prosperous. Unemployment management is an attempt to widen the work opportunity as a consequence of established economical growth.

The instruments of data collection were developed based on the indicators successfully formulated. They are: (1) Overview, (2) sporting industry control data, (3) structured questionnaire, and (4) observation sheet.

The analysis was conducted by combining the qualitative and quantitative analysis procedure. Qualitative procedure was conducted to analyse the event or phenomena impossible to disclose through numeral. Meanwhile, the quantitative analysis was conducted by applying the simple central tendency formula: particularly percentage formula (%) to study the response strength of sports home industry businessmen to the questionnaire item answer.

II. The Result of Analysis and Discussion

The result of research is data description about the response of sports home industry businessmen consistent with the area studied. Based on the survey: there are 92 persons who handle the sport industry institution in Solo City, Central Java. Nevertheless, in fact, it is not easy to get a complete number of respondents. Thus, the analysis of respondents' response was only done to the questionnaire collected, that is, 42 respondents.

The analysis and discussion include: (1) the profile of sports home industry, and (2) the response of sport industry businessmen.

Profile of Sports Home Industry in Solo

![Figure 1. The Profile of Sports Industry Service and Business Studied](image)
There are 10 (ten) sports industries surveyed in Solo city including 4 operating in fitness service, 1 archery equipment, 2 shuttlecock, 1 sport complete equipment and 2 sports-specific costume tailor industries.

The number of sports industry workers in those 10 sport industries surveyed is 92 persons, 69 males (75%) and 23 females (25%). Generally, the industries are categorized into individual one with Senior High School-qualified workers and below. Especially for the fitness service, most instructors are college (S1) graduation, but their income is below Rp. 1,000,000—because they, commonly, work as freelance and par-timer.

The sports industry in Solo can still exist, despite the worker's average income less than Rp. 1,000,000 with 3 beneficiaries. Many individual industry or home industry even can only pay their workers maximally Rp. 500,000—because the wage highly depends on the order. The industry evolves so far is home industry operating in small-scale business. Most of them is secondary business activity that is seasonal in nature with business production volume corresponding to the society order trend.

![Pie Chart: Male 75%, Female 25%]

Figure 2: The Labour Proportion in Sports Home Industry Sector based on sex.

The Response of Businessmen

Many important responses constituting the appreciation of sports industry businessmen and its impact on the poverty alleviation or unemployment management are reflected from: (1) the existence of sports home-industry business, (2) the government role in sports home industry, and (3) the expectation of sports home industry development in the future. The appreciation of 42 respondents is shown in the following table:
Table 1: The Respondents’ response to the Existence of Sports Home Industry Business in Solo

<table>
<thead>
<tr>
<th>Response</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business opportunity</td>
<td>33</td>
<td>9</td>
</tr>
<tr>
<td>In the form of Home industry</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>Employment field establishment</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td>Developed specifically</td>
<td>40</td>
<td>2</td>
</tr>
</tbody>
</table>

Such data explains that: (1) sports industry provides the sufficiently promising business opportunity (77.8%); (2) sports industry in rural community is developed through home industry form (83.3%); (3) to alleviate the poverty and to resolve the unemployment, the sport industry business is developed specifically in order to be high in quality (94.4%); and (4) the sports industry business will help to create the employment field within the society conclusively (85.7%).

Figure 3. The Chart of Businessmen’s Response to the Existence of Sports Home Industry in Solo (n = 42).

![Chart](chart.png)

The businessmen's response to role of government relates to: (1) the central/local government contributes to the communication of sports industry business opportunity (83.3%); (2) sports industry development had evolved before the government intervention (92.8%); and (3) the government had make big contribution to the creation of conducive circumstance for the sports industry development (77.8%).

Table 2: The Respondents’ Response to the Government’s Role in Sports Home Industry Business in Solo

<table>
<thead>
<tr>
<th>Response</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>To communicate the business opportunity</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>Home industry had developed before</td>
<td>39</td>
<td>3</td>
</tr>
<tr>
<td>The creation of conducive circumstance</td>
<td>33</td>
<td>9</td>
</tr>
</tbody>
</table>
Government's role in Developing Sports Home industry in Solo (n = 42)

The third response relates to the businessmen’s expectation in developing the sports home industry business in the future, including: (1) a clear policy about the sport industry development is very important to confirm the real sector (83.4%); (2) technical aids by the government is very necessary for the real sector of sports industry, particularly in the production process (100%); (3) the workers of sports industry should be trained and educated specifically (94.5%); and (4) social protection and the sense of security should be given to the sports industry businessman (92.8%).

Table 3. The Respondents’ Response to the Future Expectation in Sports Home Industry Business in Solo

<table>
<thead>
<tr>
<th>Response</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear policy</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>Technical Guiding of Production Process</td>
<td>42</td>
<td>0</td>
</tr>
<tr>
<td>Workers Training</td>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>Social Protection</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>

Furthermore, data on businessmen’s response to the future expectation in sport home industry development can be illustrated in the following chart.
Figure 5: The chart of Businessmen's Response to the

Future Expectation in Developing Sports Home industry in Solo (n = 42)

Conclusion

Based on the analysis and discussion above, the following conclusions can be drawn:

Although sports home industry is a small-scale and micro-business, it is a collective attempt many parties to develop the economical behaviour between the producer and consumer that is bridged by the form of sporting product and service production. Such economics behaviour is potential for the attempt of alleviating the poverty and coping with the unemployment.

The labour composition of sports industry sector consists of: 75% males and 25% females; the workers’ income in this industry ranges from Rp. 500,000 to Rp. 1,000,000 per month with 3 beneficiaries for each family. Considering such a fact, it can be understood that working in home industry sector is not really promising, moreover many workers of this industry get only Rp. 500,000 wage per month. So, factually, the sport industry only gives secondary employment field for most community, and gives a little effect on the poverty alleviation and unemployment management.

Recommendations

The recommendations conveyed from the result of study about the effect of sports industry on poverty alleviation and unemployment management are as follows:

Sports home industry is a potential industry to motivate the society’s economical behaviour collectively. Thus, such industry is potential as a sector that can provide a significant effect on the poverty alleviation and unemployment management. Sports industry is now just “a dormant giant” that should be
awakened through a series of systematic policy from local and central government, society and investor.

The trend toward the need for sport equipment and product made by our nation should be reinforced in the attempt of triggering the market requirement and behaviour that can increase the product and service volume of domestic sports.

Technical guiding and special capital distribution is really necessary for the sports industry businessmen that so far only "play" in small-scale and minor-business, in general, with in significant capital circulation to excite the economical indicator generally.

Education and Training (short course) activity should be held continuously to give vision, thinking innovation, as well as the development of sport entrepreneurship capability, because the sport industry businessmen should has a high competitiveness in the future. They may not be satisfied by only maintaining the traditional business concept as they did so far as what did by their predecessors. The time has changed; the business strategy should also be adjusted to such changes.

The initiation of sports industry centre development should be attempted in the areas pouches that are potential for the development of sporting goods and or service. Such initiation should be equipped with Research and Development (R&D), because initiating any businesses is not only to establish it but it also relates to sustainability aspect in long term that requires the good program managerial planning for its entire components.

References


