

Role of Human Resource Management in the Creative Industries in Bandung, Indonesia

Rivani
Department of Business Administration, Universitas Padjadjaran.

Sam'un Jaja Raharja*
Department of Business Administration, Universitas Padjadjaran

— Review of —
**Integrative
Business &
Economics**
— Research —

ABSTRACT

As a city that was designated a design city by UNESCO in 2015, Bandung has a creative industry ecosystem that has progressed markedly over time. The city needs a proper activation strategy for its development. This study aims to determine the condition of creative industry players in Bandung, especially from aspect of human resource management (HRM). The research method used in this research is qualitative. The sources of data used are primary and secondary data, and the data collection techniques are observation, interviews and questionnaire distribution. The stages of data analysis are data collection, data reduction, data analysis and data verification. In sum, not all the functions of HRM in creative industry players in Bandung are effective. Thus, this case requires optimization strategies on the functions of HRM such that the activation efforts of industry players in Bandung can be effectively developed.

Keywords: *human resource management, creative industry*

1. INTRODUCTION

Business competition in the creative industry requires an appropriate competitive strategy. The strategy requires product quality with high market demands, competitive prices and a strong supply chain and precise allocation of funds. All of these factors are determined by the implementation of competent human resources (HRs). Business characteristics in a unique creative industry must be supported by HRs with appropriate competence. The data corroborate that the failure rate of businesses in the early stages indicates that the inability of owners or leaders in managing their business is amongst the three most important factors. In addition to the competence of business leaders, the business success of the creative industry requires an appropriate HR management strategy because the competence of human resources without the support of an appropriate HR management system will result in a less-than-optimal performance for business growth.

Understanding the field of competence required by business leaders helps us know the characteristics of the human resource management (HRM) pattern. Subsequently, we can formulate a total strategy of the special HRM system for the creative industries such that the business growth of such industries can occur in a sustainable manner that is fully supported by HR competence and management system. This approach suits the needs of the characteristics of the creative industries.

The total strategy of HR management can start from the strategy of increasing

its HR competence through the effort of formulating the theme, technique and training method of competency development that suits the needs of the creative industry. Once the creative industries possess competent HR, the next step is to formulate HR management strategies reviewed by the functional stages of strategic HR management from vision–mission formulation, organization, recruitment, training, performance development and compensation until the dismissal of employees in accordance with business needs in the creative industry. Thus, the HR component of the creative industry business can truly be a valuable (human capital) asset to maintain and grow the business by applying total HR management strategies that are aligned with the business characteristics of the creative industry.

2. RESEARCH OBJECTIVE

This research aims to formulate a strategic model of total strategic HRM that affects the increase of human capital value (human capital) in the creative industry.

3. THEORETICAL FRAMEWORK

Creative Industry Concept

The creative industry is in line with the growth of the creative economy, which has significantly contributed to the economic development in certain countries (WIPO: 2017). The creative industry can be defined as a collection of economic activities related to the creation or use of knowledge and information (Hesmondhalgh, 2002).

The concept of the creative industry affects the economy, particularly unemployment, regional development and urban dynamics (Andari et al., 2007; Dina, Deny 2015). The existence of an innovation in a company can be categorized as a creative industry (Miles and Green, 2008; Green et al., 2007, Dina, Deny 2015). Another definition of the creative industry was presented by the UK DCMS Task force (in Nurjanah, 2013) as: ‘Creatives Industries as the manufactures which have their origin in individual creativity, skill and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property and content’.

Development of Human Resource Management Concept

The concept of HRM has evolved along with the global development of the business world. This concept is also common in the other fields of science although the development is not exactly the same. Thus, a relative relationship exists between the initial concept of management science with the present one. Broadly, the development of the generation of HRM can be detailed as below (Ibrahim, 2003).

- a. Generation HRM I (1800–1900s), referred to as pre-personnel management. The features are (1) man machine (human being as a factor of production); (2) owner managers (owners and managers); (3) the amount of family domination and (4) workers (workers ‘in the dark’).
- b. Generation HRM II (1910–1950s), referred to as the period of personnel management. The features are (1) neurophysiological machine (in which the machine is important); (2) the concept of worker/employee contribution to the production and appreciation of skills; (3) labourers/workers as part of ‘production costs’ and (4) divisional organizations and the application of job analysis.
- c. Generation HRM III (1970–1990s), referred to as the period of HRM. The characteristics are (1) psychological approach; (2) man/labour is not a factor of

- production but rather a resource for the company/organization; (3) the position of the HR manager is respectable/significant; (4) work attitude and motivation are important issues; (5) a focus on employee development; (6) a focus from short-term management training (skill training) to training in managerial development; (7) HR needs based on company/organizational growth/expansion (Markov model) and (8) the era of assignment (job description).
- d. Generation of HRM IV (1990s), referred to as the period of strategic HRM (HRM Strategy). The features are (1) strategic corporate planning (organizational strategic planning); (2) approach of employee/internal and external stakeholders that affect the organization; (4) strategic mindset in managing HR; (5) HRM as a strategic function; (6) the development of the capability/competitiveness of the company/organization depends on the development of HR capability and competitiveness; (7) the importance of education rather than training and (8) job role and cooperation.
 - e. Generation of HRM V (late 1990s), referred to as the brainware management period. The characteristics are (1) HR as a competitiveness company/organization by examining the ability of his brain; (2) must be able to develop the strategy/principle of 'how to learn well and continuously'. (3) mutability: mind–body–emotions as a whole (merging the whole brain management, and technology neuro-linguistic programming and emotional intelligence as a holistic approach and (4) individual quality is assessed in the network.

However, the limits of the application development of the generations are unclear because they are determined by environmental circumstances. The adoption of an HRM model may be appropriate in a country, but its application of different concepts is appropriate in other countries. The characteristics and business conditions vary in the rate of progress, thereby exceeding the diversity of countries worldwide.

Strategic Human Resource Management

Zahrani and Almazari (2014) stated that human resource is the most important asset and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing any other resources and for its effective management.

In the last two to three decades, a significant shift has occurred in the field of HRM. One is the shift in focus of research from the micro perspective to the wide, macro and strategic perspective. The HRM strategy can be aligned to support the achievement of the strategic goals of the company, which is beneficial not only in the short term but also in the long term. Thus, strategic HRM was developed, which refers to the organizational orientation and plan of how business objectives must be achieved by people. Strategic HRM is based on three propositions. Firstly, human capital is the main source of competitive advantages. Secondly, those who implement the strategic plan. Thirdly, a systematic approach should be used to define the direction and objectives of the organization to be achieved. Strategic HRM is a process that involves the use of a holistic approach to the development of a HR strategy, integrated vertically with business and horizontal strategies. This strategy determines the orientation and plans related to overall organizational considerations (Amstrong, 2006).

Strategic HRM focuses on actions that relate to improved corporate competitiveness compared with competitors (Purcell, 1999). According to Hendry and Pettigrew (1990), strategic HRM has four meanings. Firstly, the use of planning is a

coherent approach to HR design and management. Secondly, systems must be based on labour policy and strategy. Thirdly, activities and policies should be adjusted for business strategies that indicate an explicit interest in HRM. Fourthly, the organization's HR should be viewed as a 'strategic resource' for achieving 'competitive advantages'.

Human Resource is the most important asset for any bank and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing any other resources and for its effective management, banks requires strong and effective HRM system.

4. RESEARCH METHOD

To answer the problems related to the field of competence and strategic HRM, the research was designed by using a study method with a qualitative descriptive method and a survey. The data required for this activity were from primary data sources and secondary data. Primary data were obtained from experts and stakeholders related to the development of the creative industries, whose opinion on the condition of HR competence and strategic HRM in the creative industry was asked. Secondary data were in the form of reports, statistic data, bulletins or other materials obtained from related SKPD, such as the Cooperative Office of SME, Regional Secretariat of Economic Section Bandung, Kadin (Commission of Trade and Industry), BPS (Central Bureau of Statistics) offices and other relevant agencies. Data collection can be conducted via questionnaires, direct observation, interviews or library studies.

The population in this research was composed of creative industry actors in Bandung. This study was directed to the mapping. Thus, samples would be taken as much as possible with systematic clusters that represent sub-districts in the city of Bandung via the technique of snow-bowling sampling. A total of 88 samples of creative industry players were obtained. After the dissemination of questionnaires, interviews, observations, document studies and literature studies, another important step in this research was data processing and analysis. Sugiyono (2010) affirmed that 'Data analysis is the process of systematically searching and organizing the data that have been obtained by organizing data into categories, describing into units, synthesizing, arranging into patterns, choosing which is important and will be studied and making conclusions that can be easily understood by self and others'. Miles and Huberman (in Sugiyono, 2010) argued that the activity in qualitative data analysis was conducted interactively and lasted continuously until complete. Activities were conducted in data analysis, such as data reduction, data presentation and conclusion and verification.

5. FINDINGS AND DISCUSSION

A. Formulation of the Company's Strategic Plan

A 'good' company is one that possesses not only a short-term plan but also a long-term plan contained in the revelation of the vision and mission of the company. However, sometimes, the vision and mission of the company is also difficult to realize. Such a situation generally occurs because the statement has not been socialized and understood by all members in the company. The result of the responses of respondents as regards the implementation of vision-mission in their respective companies. The majority of the respondents (62.5%) answered 'agree' that their creative industry companies already use

a vision–mission statement that has been understood by employees. Subsequently, if the total of these results is projected to the range of implementation levels, then the total results of this score can fall in the ‘good’ range. These calculations indicate that the implementation of vision and mission in the creative industries in Bandung has been classified as ‘good’. This result is consistent with the results of interviews with certain respondents who said that they consistently attempt to understand and remind the company's vision–mission to their employees via written posters and by meetings or trainings of HRs that they conduct independently.

B. Implementation of HR Recruitment

An important step in the function of other HRM is the process of the procurement of HR, in which the company seeks to select and recruit HRs in accordance with the needs of the company in quantity and quality. Well-recruited HRs will be an important asset for the company. By contrast, if the recruited HRs are wrong, then the company will spend considerable money to select and then dismiss the wrong HR. As regards the implementation of HR recruitment in the creative industries of Bandung, half of the respondents ‘agreed’ that their company has been conducting HR recruitment in accordance with the needs of their company. Subsequently, if the result of the total score is projected to the implementation level table, then the result that the total figures obtained from the questionnaire data is in the range of the ‘good’ category. Thus, the implementation of HR recruitment in general in the creative industry companies in Bandung is ‘good’. This result is supported by interviews with creative industry players, who are generally highly concerned about the integrity and technical capabilities of recruited employees. In quantity, the players choose to hire few employees at a high cost as opposed to hiring many employees with low salaries.

C. Implementation of Human Resource Organization Structure

After employing HRs with quality and quantity in accordance with the needs, the next step is to organize them in the form of organizational structure. Thus, HRs can clearly understand the work patterns, authority lines and responsibilities. As regards the implementation of the HR organization structure in their company, the majority of the respondents (56.8%) ‘agreed’ that the organizational structure has been effectively implemented in their company. Furthermore, if the total score of the results of these responses is projected on the range of the implementation level of the organizational structure, then the total score is in the category “good”. Thus, in general, the creative industries in Bandung have effectively implemented their organizational structures. This result is consistent with interviews with creative industry actors who say that, although they basically work as a team, they maintain an organizational structure that can show the work patterns, authority lines and responsibilities of each employee. This is important for a clear division of labour and avoiding overlapping work or authority at work.

D. Implementation of Human Resource Information

Work will be effective when used by the right HRMs. This situation will occur if the company implements guidance contained in the information of HR work in the form of job description and specification. The former contains a detailed description of the work entailed in a position, whereas the latter focuses on what HR competencies are needed for the relevant HRs to properly conduct the job description. As regards the implementation of position information in the creative industries in Bandung, the majority of the respondents (56.8%) ‘agreed’ that they have conducted the description and

specifications of good work. Furthermore, if the total score is projected to the range of the implementation level diagram, then the total score is in the 'good' category. Thus, the creative industry players have used job description and job specification effectively. Interestingly, this result is slightly different from interviews with creative industry actors, who claim that they rarely have formal job information, such as job descriptions or written job specifications. A common practice is explaining tasks to employees in meetings. Later on, in practice, whether employees will match to the job is apparent. Although written guidelines are available, a simple list of job forms for every job division will be sufficient, thereby avoiding the overlap of each employee.

E. Existence of Company SOP

Operational work in a company needs standard guidelines such that its implementation can guarantee the quality of the outcome of the work itself. Thus, the standard guidelines are generally in the form of a standard operating procedure (SOP). Given a clear and solid SOP, HRs possess guidance in working, step by step, on an ongoing basis to produce planned output. The majority of the respondents (55.7%) 'agreed' that their company was already using a sufficient SOP. If the total score is projected to the range of the implementation level diagram, then the total score fell in the 'good' category. Thus, the creative industries in Bandung already possess an adequate SOP. This result is in line with interviews with creative industry actors who affirm that they understand the importance of job quality results and that quality work will only result from an effective operating process. In this case, the actors consistently strive to provide a SOP for the company's operation process such that the employees of each section can run the process of operations effectively although they are also aware that, at certain times, employees are advised to not follow the SOP until the results of the work are achieved.

F. Aspects of Corporate Leadership

The entire potential of the company will be harmonized to achieve the goal effectively if the company is helmed by a competent leader. Constraints and challenges are also relatively anticipated under this situation. Thus, the leadership aspect in a company is an important aspect in business implementation and development. As regards the aspects of leadership in the creative industry in Bandung, the majority of the respondents 'agreed' that leadership aspects in the company are operating effectively. Furthermore, the total score of the respondents are in the 'good' category. Thus, the general aspects of leadership in the creative industries of Bandung are running effectively. This result is consistent with those of interviews with creative industry players who stated that one important aspect that sustains their company the good leadership aspect, in the sense of being able to foster and guarantee the basic needs of their employees. In addition, granting sufficient authority in creating every job is also an item that is needed by employees at every level.

G. Implementation of HR Training

The development and improvement of competition in business require the company to consistently improve the competence of its HR. The pattern of education and training of HRs inevitably becomes important if the company intends to remain competitive and survive amidst the rapid development of business in its sector. As regards the implementation of training, the majority of the respondents (52.3%) 'agreed' that the implementation of HR in their company is good. Furthermore, the total score of the

responses of the respondents are in the 'good' category. Thus, the implementation of HR training in creative companies in Bandung, in general, has been operating effectively. This result is also in line with interviews with industry actors who state that they commonly attend trainings, either independently or by outsiders, in the private and government sectors. Nevertheless, they argue that the training organized by the government is generally not good and just memorable about the budget obligations only.

H. Implementation of Compensation System and Company Facility

Maintaining the spirit and performance of HRs must be supported with a compensation system and other supporting facilities within the company. When the HRs have fulfilled their life needs, they will be highly focused in doing their work, especially if the supporting infrastructure is also adequate. In this case, usually, internal and external factors must be considered by the company in applying a fair compensation system for all of its elements. In assessing the compensation system and facilities in the company, the majority of the respondents (54.5%) 'agreed' that the salary system statement and the company's facilities are good. The level of implementation and the total score of the respondents are in the 'good' category. Thus, in general, the implementation of the compensation system and company facilities is effective. This result is in line with observations and interviews with creative industry players who stated that they have generally implemented a monthly basic salary system. This system is still equipped with a commission system and bonuses when the project is completed effectively. In addition, company facilities such as vehicles, Wi-Fi and table tennis tables also help employees feel at home at the workplace.

I. Designing the Company Career Path

A basic need of HRs is to know that they possess the opportunity to grow in the company. Therefore, the company must design and provide a clear career path for its employees such that it can maintain employee morale and that employees possess a clear career plan for working in the company. As regards the implementation of career paths in the company, the majority of the respondents answered 'less agree' to the statement that the career path in the company is clear. If the total score is projected to a range of the levels of implementation, then the total score of the respondents in the 'less good' category. Thus, in general, the creative companies in Bandung indicate a less apparent career path. This phenomenon is in line with the results of observations and interviews with creative industry players who stated that their companies do not clearly describe their career paths. One reason is because their company, as well as the number of employees, generally remains to be small. Thus, career paths are not as clear as those in big companies in general.

J. Aspect of the Legality of Human Resources

To effectively ensure the sustainability of the business, every company must meet the legal elements of the local government. In addition, legality can also support the level of corporate legitimacy when dealing with its stakeholders. In HR aspects, the general HR legislation applied is the level of the salaries of UMK, recruitment procedures and employment contracts until the termination of employee relations. As regards the legality of HRs in the company, the majority of the respondents (40.9%) answered 'agree', and the respondents who answered 'less agree' comprised 33%. If the total score of the respondents is projected to the range chart, then the total score is in the 'less good' category. Generally, the creative industries of Bandung adhere less to the aspects of the

legality of HRMs. This situation is confirmed by interviews with some industry players because they believe that their companies remain to be small. In addition, they also believe that the legal aspects of the local government inhibit the process of creativity in their work.

K. Summary of the Result of the Measurement of the Human Resource Management Aspect in the Creative Industry of Bandung City

The majority of the respondents (52.6%) 'agreed' with the specific description of the implementation of the aspects of HRM in their companies. The level of implementation can be seen in the projection of the total score of the responses of the respondents with the diagram range in the 'good' category. Thus, in general, the implementation of the HRM aspects in industrial enterprises in Bandung is effective. The results of observation and interviews are also generally good. Only in the aspects of a clear career path and of the legality of HRs is implementation not good because of the small sizes of the companies.

6. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Several conclusions can be drawn from the analysis of the aspects of HRM in the creative industry sector Bandung.

- a. Generally, the implementation of the aspects of HRM by creative industry players in Bandung has been effective.
- b. The best HR aspect implemented by the creative industry is the understanding of the company's vision and mission by its employees and its recruitment process that is in accordance with the company's needs. The most unfavourable aspects are the legality of HRs and the presence of a clear career path.
- c. The 'integrity' competency is the priority related to creative industry business development. The second and third priorities are 'entrepreneurship' and 'innovation'.

Recommendations

Some recommendations that can be proposed on the basis of the conclusions are as follows:

- a. Good strategic management capability is needed to manage the creative industry such that the vision–mission plan that has been prepared can be described aligned at the operational level well.
- b. Creative industries should be supported by HR training that is appropriate to the company's needs, especially on the aspect of the legality of HRs, the determination of clear career paths, integrity competence, entrepreneurship and innovative capabilities.
- c. Support is required from all parties in supporting the development of the creative industry business, such as via HR training, facilities–infrastructure, access to capital at a low cost, and that support the presentation or networking efforts of the creative industries in Bandung.

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