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**IMPACT OF THE FASHION AND DESIGN INDUSTRY ON
SOCIAL ECONOMIC DEVELOPMENT IN INDONESIA**

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Impact of the Fashion and Design Industry on Social Economic Development in Indonesia



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Abstract

Purpose: The study sought to analyze impact of the fashion and design industry on social economic development in Indonesia

Methodology: The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive's time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library.

Findings: The results show that the greatest perceived socio-economic impacts of the hospitality sector are increased employment, improved living standards, greater tax revenues to State and local governments and growth in local retail sales. The hospitality industry generates substantial direct and indirect revenues for local and regional economies.

Unique Contribution to Theory, Practices and Policies: The Development theory and Export theory may be used to anchor future studies in the fashion and design sector. The study results will also benefit other stakeholders such as the policy makers as well as researchers and scholars from different parts of the world. The top management of fashion industries in the country will also use the study findings to improve development performance in all their activities and programs. The study recommends that the adoption of effective social protection development policies in the fashion and design sector will help to improve efficiency in their major operations and activities.

Keywords: *Hospitality, Tourism, Industry, Social Economic Development.*

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INTRODUCTION

According to the Cambridge Dictionary, fashion means style that is popular at a particular time, especially in clothes, hair and make-up. Fashion can change and change rapidly over time. The study of fashion is not only about clothing, but also the meaning and role of clothing in social action. Fashion can be interpreted as a social skin that carries the message and lifestyle of a particular community and even a part of social life and in principle fashion cannot be separated from people's taste factors which are influenced by certain socio-cultural developments (Chollisni, 2022). Fashion is a form of freedom to express thoughts, feelings and is also a sign language and symbols that nonverbally communicate about an individual or group. Then, fashion is one of the things that distinguish one individual from another because clothes, accessories and other body decorations are very easy to be noticed by others in an instant. At first, a fashion trend must get a positive response from the community, then the fashion trend can become epidemic and be imitated by everyone because of the competition that has indirectly been raised by the fashion (Agustina, 2020). Examples of fashion trends that are currently being enjoyed in Indonesia are hijabers, where they create their hijabs with an attractive appearance. Every individual who consumes fashion needs to be able to merge with the society where he is located, and on the other hand, individuals who consume fashion also need to be or appear different in their community group. People need to be social and individual at the same time, and fashion and clothing are ways of negotiating complex desires or demands (Bustamante, 2022). Creative economy has become an economic growth booster in many countries, and is unique in that it is created from some unlimited resource ideas. Everyone loves to wear clothes that accomplish more than the utilitarian purpose of covering the body. From the posh window displays on Rodeo Drive to the highly rated network programs like Project Runway and Fashion Star, people love to wear clothes that are both artistically-creative and well-fitting.

The same is true for Indonesia, where extremely talented fashion designers are looking to sell their products both at home and abroad (Sidharta, 2021). These Indonesian designers highlight the opportunities that fashion has created for many individuals living in poverty stricken areas. As the economy continues to grow and evolve, one of the many bright spots of the new creative economy is the fashion industry. With numerous high-value jobs that pay high wages, fashion is now having a big economic impact not only in fashion centers on the coasts, but also in smaller cities around the country (Burhanudin, 2020). Fashion is a more than \$1.75 trillion global industry. Fashion is a structurally diverse industry, ranging from major international retailers to wholesalers to large design houses to one-person design shops. The industry employs people across occupations including fashion designers, computer programmers, lawyers, accountants, copywriters, social media directors and project managers. As a country that has a lot variety cultures, Indonesia has a lot of potential in the creative industries. One of them is Batik. Batik is one of the Indonesian heritages that still exist in the life of Indonesian people. This happened because Batik represented the history of Indonesia (Fahmi, 2017). Some of them also represented the customs of Indonesian community. Initially, Batik industry is a small industry that is done by the people around the palace. At that moment, this cloth only by aristocratic class. In the journey of the process, it became one of everyday cloths, and these was not only done by the people around palace but spread in several other areas.

Today, it is easy for us to find batik. We can find it in traditional market, modern market, supermarket, and boutiques. However, it's price also ranging from the cheaper one to the expensive one. It depends on the place or store, the craftsmen or designer, materials, and the techniques. About the key strategies for survival, those also can be followed by small creative industry to reach higher profit and make their industries bigger (Phelps, 2016). According to the Ministry of Trade of the Republic of Indonesia, a Creative economy is an industry that originates from the utilization of individual creativity, skills, and talents to create prosperity and employment opportunities by generating and empowering the creative power and creativity of the individual. Creative and intellectual capital are the primary inputs in the production and distribution of products and services. The creative industry is made up of a diverse field of activity-based knowledge that produces real and non-real intellectual goods or artistic services with creative content ranging from traditional arts and crafts publishing, music, visual and art formation to the extensive use of technology and group-based services like film, television, and radio broadcasting, as well as new media and design (Septina, 2020). The although the creative economy and the creative industry are closely related, the creative economy has a greater reach than the creative industry. The creative economy is an ecosystem in which the creative value chain, development environment, market and archiving are all interdependent. Because the fashion industry as a whole is worth so much, it is able to employ many people. Jobs and the economy go hand in hand, and this is true in the fashion industry. When more jobs are created, the economy does better. The job in the fashion industry that may be most well-known is being a fashion designer. A fashion designer can specialize in any area of fashion, from handbags to children's clothing or womenswear.

As a fashion designer, you might even be inspired to start your own fashion line! But before that, you might start off as an assistant to a fashion designer (Maloney, 2015). Another job in the fashion industry that might not be as well-known is the job of the fashion photographer. This professional works closely with fashion designers to see how the clothes they create look in pictures. This involves coming up with concepts for photoshoots. A fashion photographer also directs models and chooses the best images or videos from the photoshoot. As a fashion photographer, you will most likely be working as a freelancer. Also, you might work either in a studio or from anywhere in the world. Society and the fashion industry are more and more talking about Fast fashion. It has a huge impact on the economy (England, 2021).

It is responsible for both the recent and future growth of the apparel industry. In fact, as of 2017, the market expected to grow by 5.91 percent. It also predicted to reach 1,652.73 billion dollars by 2020. However, the pandemic may have affected that number. It is important for consumers to know about the impact of fast fashion. It has a great impact on the economy, and the environment as well. We have spoken about fast fashion and its social and environmental impact before. Even though it is not sustainable for the environment, the industry expects fast fashion to reach 713 billion dollars in 2022. According to the Ellen McArthur Foundation, clothing production has approximately doubled in the last 15 years, driven by a growing middle-class population across the globe and increased per capita sales in developed economies. An expected 400 percent increase in world GDP by 2050 will mean even greater demand for clothing (Todeschini, 2017). This could be an opportunity to do better. One report found that addressing environmental and social problems created by the fashion industry would provide a \$192 billion overall benefit to the global economy by 2030. The annual value of clothing discarded prematurely is more than \$400 billion. As the

economy continues to grow and evolve, one of the many bright spots of the new creative economy is the fashion industry. With numerous high-value jobs that pay high wages, fashion is now having a big economic impact not only in fashion centers on the coasts, but also in smaller cities around the country. Fashion is a more than \$1.75 trillion global industry chain

Statement of the Problem

Fashion industry is a highly competitive industry, where product life cycles are short, economies gained by Product differentiation are built on brand image and product styling can be quickly imitated. As companies grow to be bigger, the challenge is for the creative person who want to be a business person. In the companies who were trading successfully, this had been recognized and there were strategies in place but in some, another person looked after staffing, invoicing customer demands, suppliers and PR, leaving the designer-entrepreneur free to be creative; while in others there was a partnership where one person had assumed the “business development role”, while the other retained a purely creative role. Beside the innovation that the business has to obtain, there were also some strategies to keep the business survive. The national fashion industry faces problems with the flood of imported fashion products and the smuggling of used clothes. These problems have threatened the sustainability of the domestic fashion industry which has an impact on the decline in utility, market share, and competitiveness in the domestic market. The creative industry in the fashion sector in the MSME sector is still not maximally able to establish industrial cooperation with various relevant stakeholders because there are still many who do not have a clear legal entity. Inflation causes goods produced by the fashion industry being unable to compete in the global market. It is because the price of domestic goods has increased so that producers are not able to produce optimally

Numerous studies on fashion have been conducted, Isika (2015), conducted a study to Identify competencies of fashion design teachers and establish the influence of learning resources in Kenya. Wamukhuma (2014) conducted a study to understand the current policies of design in Kenya. Mbugua (2013) conducted a study to analyze on reports on the different views collected from the employers in fashion and clothing industries who include, clothing factory managers, tailors, designers and trainers in Gatundu and Thika districts. However all these studies presented both conceptual and geographical gaps that our study intends to bridge by investigating the impact of the fashion and design industry on social economic development in Indonesia.

LITERATURE REVIEW

Theoretical Review

This study will benefit from the Development theory which was proposed by Rostow (1960), Export theory by Morgan D. Thomas (1964).

The Development Theory

The development theory was proposed by Rostow (1960). Theory states that development in developing worlds can be attained through modernizing and facilitating sustainable development in those countries that are less developed This means that for development to occur in underdeveloped countries there is need for developed countries provide aid to developing countries to enable them learn from their own progress. It looks at the state to be the central actor in bringing about modernization in societies that are backward. The theory also believes

that underdeveloped countries could grow faster than developed countries and catch up and that it was possible for equal development to be reached between the underdeveloped and developed countries (Maloney, 2015). A country is able to develop economically by focusing on the resources that are in short supply in order to expand beyond local industries to reach global market and finance the country's further development to bring about economic growth. The theory will help shed some light on the impact of the fashion and design industry on social economic development in Indonesia

Export Theory

The export theory was developed by Rostow (1960). Export is defined as the removal of items from within and beyond a country while adhering to all applicable restrictions. The gains received from overseas trade interactions are what drive a country's exports. Trade may also help a country's consumption capacity grow, as well as assist various firms in developing and expanding the role of sectors that have a comparative advantage due to efficiency in production component. The customs area is defined as the territory of the Republic of Indonesia which includes land, waters, and air space above it, as well as certain places in the exclusive economic zone and continental shelf in which Law concerning Customs applies (Asmoro, 2020).

This theory states that exports are one of the foremost factors of Gross National Product (GNP), so that with changes in the value of exports, people's incomes will directly experience changes. On the other hand, the high exports of a country will cause the economy to be very delicate to shocks or fluctuations that occur in the international market and the world economy. As for what is not included in the export category, among others, clothing, personal items and jewelry belonging to passengers traveling abroad, goods sent for representatives of a country abroad, goods for expeditions/exhibitions, containers to be refilled, money and securities, and goods for example. Adherents of an open economic system, international trade traffic plays an important role in the economy and development in Indonesia is how far the role of foreign trade can be seen from the ratio between exports plus imports to GDP (Garcia, 2000). Exports are international trade activities that provide a stimulus to grow domestic demand which leads to the growth of large manufacturing industries, along with a stable political structure and flexible social institution. Many economists consider international trade as a balance of internal production capabilities with domestic demand. If the people of a country demand more of a certain product than their production capacity, then the shortage will be filled by importing it. Likewise, the occurrence of exports, if the amount of consumption of the product produced is smaller, it means that the excess is an exported product. Thus it can be concluded that export is one of the economic activities carried out by selling or removing goods from within the country and sent to other countries. Usually, this trade is carried out when a country produces these goods in large quantities (Emerson, 2016).

Empirical Review

Iwan (2021) investigated the employees' innovative behavior which is assumed to be influenced by intellectual capital. This survey-based research studied the creative industry employees for four months in data collection and four months for analysis and interpretation of data processing results. This study used a quantitative method to answer the proposed hypothesis. The samples were 243 employees of the creative industry in Bandung, Cimahi, Bandung Regency, and West Bandung Regency, Indonesia. The results show that there is a compelling effect on human capital, structural

capital, and relational capital on innovative behavior. The R-squared value of 0.46 indicates the overall impact. This research suggests some aspects that escalate the innovative behavior. The first aspect is skill enhancement, which leads to the raising of human capital.

Otieno (2017) described the patternmakers' demographic profile, describe the categories of clothes produced in the fashion houses and to establish the relationship between patternmakers' professional qualification and patternmaking practices. Structured questionnaires were used to collect the data from each patternmaker. Statistical Package for Social Sciences aided in data analysis. The results revealed that the majority of the patternmakers (90.9%) were below 45 years, and had tertiary education and above. Most were female (76%) and more than half of them (69.7%) were earning below 40,000 Kenya shillings per month. All of the fashion houses made dresses; pattern drafting was the most frequently used method of patternmaking, followed by freehand cutting while CADD was the least used. Majority of these patternmakers had at least a diploma or a degree. More than half of the respondents had less than 10 years of experience in patternmaking.

Isika (2015), identified competencies of fashion design teachers and establish the influence of learning resources in Kenya. A cross-sectional survey research design was employed. The data was collected using questionnaires and interview schedules. Both qualitative and quantitative data analyses were used. The results revealed that very few public institutions of higher learning using „real“ fabric draping for design. Majority of the teachers (respondents) in this study were not trained in the area of fashion design. Most of the fashion designers used „real“ fabric draping for design and recommended all fashion design students to be taught. The absence of body forms, draping manuals posed a challenge learning „real“ fabric draping for design. Chi-square results yielded a fairly strong relationship between use of „real“ fabric draping for design and pattern development technique taught ($V = 0.646$; $p < 0.0001^*$), sources of curriculum ($V = 0.623$; $p < 0.0001^*$). Use of „real“ fabric draping for design had a weak association with teachers' area of training ($V = 0.018$; $p < 0.006$).

Wamukhuma (2014) investigated the current policies of design in Kenya. Research findings show that suppressive design policies carried on from colonial era still influence post-colonial design industry. Attempts to formulate public policies to improve innovation standards have not been successful. Design is loosely hinged to science and technology where it loses its significance. Design policies are uncoordinated and scattered in various policy documents and responsibility falls under various institutions. The following impeding factors to national design policy formulation are: Policy makers lack knowledge on design values to the country; most public policies do not attract and exploit the potential of local design industry; the public and private sector design initiatives are not appropriately linked; lack of national oversight body to streamline and set design standards; inappropriate design education; design industry alienation to policy organizations and the public.

Mbugua (2013) analyzed reports on the different views collected from the employers in fashion and clothing industries who include, clothing factory managers, tailors, designers and trainers in Gatundu and Thika districts. A questionnaire was used to collect responses from 30 respondents selected through stratified random sampling. The questionnaire sought responses from the stakeholders on the competencies required for the Youth polytechnic fashion and garment making trainees to fit appropriately into the job market. The data obtained were qualitative in nature and exposed gaps in occupational skills - interpersonal, empowerment and critical thinking. The

findings of the study are likely to benefit curriculum developers for youth polytechnics (YPs) and Vocational training centers (VCTs) programs, the teachers, students and the fashion and textile industries who are the main employer

METHODOLOGY

The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive's time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library.

RESULTS

The results were grouped into various research gap categories namely as conceptual, contextual, and geographical.

Conceptual Gaps

Studies by Iwan (2021), Otieno (2017), Isika (2015), Wamukhuma (2014) and Mbugua (2013). In addition, all the mentioned studies did not establish the challenges and opportunities of the Fashion and Design Industry on Social Economic Development in Indonesia. The studies did not outline the challenges and opportunities in a clear manner. Therefore, the current study seeks to address these conceptual gaps.

Contextual and Geographical Gap

Studies by Otieno (2017), Isika (2015), Wamukhuma (2014) and Mbugua (2013). Had geographical gap because they were not conducted in Italy. This implies that the results may be inapplicable in Italy since the social economic environment of Italy and other countries differ. The current study seeks to address this gap

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study found out that creative economy has become an economic growth booster in many countries, and is unique in that it is created from an unlimited resource ideas Indonesia has a soft power to build a national image that the development and success of Indonesian government in encouraging creative fashion will obtain admiration and imitation of other countries on steps taken by Indonesia. The dynamics of Indonesia fashion industry continues to develop, creates trends and shape a variety of creations in contemporary time.

Recommendations

Local budget alignment support is required to achieve a creative economy roadmap that can create regional capacity based on local wisdom. In addition, there is also a need to improve human capital, both the apparatus, the innovative economic actors and the culture, in order to promote the revival of local practices, which would later have an impact on regional activities. In addition, it is important to carry out research that analyzes the sustainability of the creative economy sector, including those involved in rural areas with quantitative analysis estimates, in order to identify the

growth of the creative economy sector in rural areas with more accurate data. In addition, debates on the creative economy sector in rural areas in other areas also need to be examined, including mapping, thus the advantages of the creative economy can be progressively felt by the rural communities. National governments can also review various programs and policies related to the creative industries in Indonesia, particularly in financing aspects and can provide options or recommendations to advance and improve access to financing the creative industries in Indonesia

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