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In collaboration with

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ASEAN AFTER THE GLOBAL CRISIS: MANAGEMENT AND CHANGE

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Venue: CITITEL Hotel, (Mid Valley) , Kuala Lumpur

Digitalpreneur as Indonesia's New Economic Pillar

Name of Corresponding Author	Jurry Hatammimi
Title & Position	Mr / Lecturer
Institution & Full Postal Address	Institut Manajemen Telkom Jl. Gegerkalong Hilir No. 47, Bandung 40152, West Java, Indonesia
E-mail Address	jurryhatammimi@gmail.com / jurry@imtelkom.ac.id

Theme	: After the Global Financial Crisis: ASEAN in a Changing World
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Author's Name	: Jurry Hatammimi
Affiliation	: School of Telecommunication and Media Management, Institut Manajemen Telkom
Work address	: Jl. Gegerkalong Hilir No. 47, Bandung 40152, West Java, Indonesia
Mobile Phone	: +62 81 111 1992
Fax number	: +62 22 2011387
Email	: jurryhatammimi@gmail.com ; jurry@imtelkom.ac.id

Program

Wednesday, June 27, 2012

5:30 – 8:30 pm **Cocktail/Reception Party, Orchard Hotel**

Thursday, June 28, 2012

8:30 – 8:55 am **Registration**

8:55 – 9:15 am **Welcome Session**

Euston Quah, Head of Division of Economics, Nanyang Technological University
Kar-yiu Wong, University of Washington and President, Asia-Pacific Economic Association

9:15 – 9:25 am **Speech by the Guest of Honour:**

Moderator: **Soon Beng Chew,** Nanyang Technological University

Mrs. **Yu-Foo Yee Shoon,** former Minister of State, Ministry of Community, SG

9:25 – 9:40 am **Photo taking**

9:40 – 10:15 am **Keynote Speech I:**

Moderator: **Euston Quah,** Head of Division of Economics, Nanyang Technological University

Jack Knetsch, Simon Fraser University, CA, "Evidence Based Policy Design and Behavioral Economics"

10:15 – 10:30 am **Coffee/Tea Break**

10:35 – 12:35 pm **Sessions 1A – 1E**

Session 1A. Development Economics

Moderator: **Thiraphong Vikitset,** National Institute of Development Administration, TH

Mulyanto, Universitas Sebelas Maret Surakarta, ID, and **Indah Susilowati,** Universitas Diponegoro (UNDIP) Semarang, ID, "The Village Development Index As An Indicator for The Progress of Development In Indonesia"
Discussant: **Jipeng Zhang,** Nanyang Technological University, SG

Biwei Su and **Almas Heshmati,** Korea University, KR, "Development and Sources of Labor Productivity in Chinese Provinces"
Discussant: **Shun-Fa Lee,** Tamkang University, TW,

Quang-Van Tran, University of Goettingen, DE, "Poverty Dynamics in Rural Vietnam"
Discussant: **Setyo Tri Wahyudi** Brawijaya, University, ID

Umi Karomah Yaumidin, The Indonesian Institute of Sciences, ID, "Aggregate Demand, Poverty, Unemployment, and Employment Policies in the Indonesia Industrial Sector"
Discussant: **Xiangzheng Deng,** Chinese Academy of Sciences, CN

Session 1B. International Economics in East Asia
Supported by JSPS Core-to-Core Program (B. Asia-Africa Science Platforms)

Moderator: **Chung Mo Koo,** Kangwon National University, KR

Hyun-Hoon Lee and **Hyung-suk Byun,** Kangwon National University, KR, and **Cyn-Young Park,** Asian Development Bank, PH, "Assessing the Internal and External Factors Influencing Foreign Direct Investment in Emerging

Countries: A Comparison between Mergers and Acquisitions and Greenfield Investment"
Discussant: **Shin-ichi Fukuda**, University of Tokyo, JP

Kornkarun Cheewatrakoolpong and **Danupon Ariyasajjakorn**, Chulalongkorn University, TH, "The Quantitative Assessment of Trade facilitation benefits in the ASEAN+6"
Discussant: **Nicolas Pistolesi**, Toulouse School of Economics, FR

Junji Yamada, University of Toyama, JP, and **Kansuke Miyazawa**, Kyushu University, JP, "Japanese Current Account: Why Does It Still Remain High?"
Discussant: **Junichi Nakamura**, Hitotsubashi University, JP

Tatre Jantarakolica, Thammasat University, TH, and **Porjai Chalermsook**, Ministry of Commerce, TH, "Test Forecast Performance using Leading Indicator: A Case Study of Thai Export"
Discussant: **Kornkarun Cheewatrakoolpong**, Chulalongkorn University, TH

Session 1C. Labor and Human Capital

Moderator: **Yuming Fu**, National University of Singapore, SG

Pak-Hung Mo, Hong Kong Baptist University, HK, "International Human Trafficking: Theory and Solution"
Discussant: **Yenchien Chen**, National Chi Nan University, TW

Arokiasamy Xaviersusairaj, Sacred Heart College, IN, "Problems And Prospects for Vocational Education in Tamil Nadu, India"
Discussant: **Nurul Badriyah**, University of Brawijaya Malang, ID

Devanto S. Pratomo, Brawijaya University, ID, "The Response of Hours Worked to Changes in Minimum Wage in Indonesia"
Discussant: **Joong-Ho Kook**, Yokohama City University, JP

Session 1D. Energy Economics

Moderator: **Malik Cahyadin**, Sebelas Maret University, ID

Martin Bodenstein, Asian Development Bank, PH, and **Luca Guerrieri**, Federal Reserve Board, US, "Oil Efficiency, Demand, and Prices: a Tale of Ups and Downs"
Discussant: **P. Siva Kumar**, Ranganathan Engineering College, ID

Fumiko Takeda, University of Tokyo, JP and **Shingo Kawashima**, University of Tokyo, JP, "The Effect of the Fukushima Nuclear Accident on Stock Price of Electric Power Utilities"
Discussant: **Tadahisa Ohno**, Kyushu University, JP

Siang Leng Wong, Youngho Chang, and **Wai-Mun Chia**, Nanyang Technological University, SG, "Panel Study of Energy Consumption, Energy R&D, Oil Prices and the OECD Economic Growth"
Discussant: **I Gusti Putu Diva Awatara**, Sebelas Maret University, ID

Session 1E. Public Economics and Public Policy
Sponsored by the **Korea Institute of Public Finance**

Moderator: **Toshihiro Ihori**, University of Tokyo, JP

Keisuke Kawachi, Mie University, JP, and **Hikaru Ogawa**, Nagoya University, JP, "Two-stage Competition in Tax and Public Investment"
Discussant: **Ping Gao**, Ritsumeikan University, JP

Young-Chul Kim, Keimyung University, KR, "Social Economy and its Implication on the Asian Economic Model"
Discussant: **Yiqin Xu**, National University of Singapore, SG

Gyungmin Kyang, Minhyeok Son, and Sungyoon Kim, Pusan National University, KR, "The Analysis on Inequality and Bi-Polarization : The Case of Income and Expenditure in Korea"
Discussant: **Sri Budi Cantika Yuli**, University of Muhammadiyah Malang, ID

12:35 – 1:55 pm **Lunch**

1:55 – 3:55 pm **Sessions 2A – 2E**

Session 2A. Domestic and External Investment

Moderator: **Leo H. Chan**, Utah Valley University

Dolly Sunny, and **Aditi Sawant**, University of Mumbai, IN, "Crowding-in and Crowding-out Impacts of FDI on Domestic Investment: An Indo-China Analysis"
Discussant: **Tony Cavoli**, University of South Australia, AU

Nathalie Aminian, University of Le Havre, FR, **K.C. Fung**, University of California, Santa Cruz, US, **Hitomi Iizaka**, Aoyama Gakuin University, JP and **Alan Siu**, University of Hong Kong, HK, "The Impact of German, U.S. and Japanese FDI on Intra-East Asian Trade"
Discussant: **Mohamed Aslam Gulam Hassan**, University of Malaya, MY

Kiheung Kim, Kyonggi University, KR, "The Trade Spillovers of Technology from Foreign Direct Investment in Korea"
Discussant: **Tadashi Inoue**, Hiroshima Shudo University, JP

Siti Aisyah Tri Rahayu, Sebelas Maret University, ID, "Analysis of Investment Decision In Micro, Small And Medium Enterprises (MSME) in Indonesia (2010)"
Discussant: **Jurry Hatammimi**, Institute Manajemen, Telkom, ID

Session 2B. Public Service and Regulation

Moderator: **Hongbo Cai**, Beijing Normal University, CN

Akio Kawasaki, Kagoshima University, JP, "Comparison of airport managing efficiency between national-ownership and local-ownership airports"
Discussant: **Keisuke Kawachi**, Mie University, JP

Thiraphong Vikitset, National Institute of Development Administration, TH, "Economic Efficiency of the Bus Rapid Transit (BRT) Project in Bangkok"
Discussant: **Alice Ouyang**, Central University of Finance and Economics, CN

Izza Mafruhah, Sebelas Maret University, ID, "The Policy of the Transfer of Business in Field of Tobacco Small Medium Enterprise in Ngawi"
Discussant: **Malik Cahyadin**, Sebelas Maret University, ID

Hsienming Lien, National ChengChi University, TW, **Shin-Yi Chou**, **James A. Dearden**, and **Mary E. Deily**, Lehigh University, US, "Provider Responses to a Global Budget System: The Case of Drug Expenditures in Taiwan Hospitals"
Discussant: **Hsiu-Li Chen**, Ming Chuan University, TW

Session 2C. International Capital Flows

Organized by **Thomas Willett**, Claremont Institute for Economic Policy studies, US

Moderator: **Jong Kyu Lee**, Bank of Korea, KR

Adri Poesoro, Claremont Graduate University, US, "Monetary Transmission Mechanisms and Capital Flows"
Discussant: **Apanard "Penny" Prabha**, The Milken Institute, US

Jie Li, Central University of Finance and Economics, CN and **Ramkishen Rajan**, George Mason University, US "Capital controls and Capital Flow Volatility"
Discussant: **Isriya Nitithanprapas Bunyasiri**, Kasetsart University, TH

Thana Sompornserm, Kasetsart University, TH, "Financial Liberalization and International Capital Flows"
Discussant: **Eiji Ogawa**, Hitotsubashi University, JP

Session 2D. Innovation and Skill Formation

Moderator: **Philip Inyeob Ji**, Monash University, AU

Bo Zhou and **Chin Man Chui**, Xiamen University, CN, "Process competition and incentive of innovation"
Discussant: **Hikaru Ogawa**, Nagoya University, JP

Tulus Tambunan, Trisakti University, ID, "Women Entrepreneurship in Indonesia: Determinants, Motivations and Constaints"
Discussant: **Papusson Chaiwat**, King Mongkut's Unversity of Technology Thonburi, TH

Thitima Puttitanun, San Diego State University, US, **Galina An**, Kenyon College, US, **Dilaka Lathapipat**, and **Jirawat Panpiemras**, Thailand Development Research Institute, TH, "Computer Usage and Student Performance in Thailand"
Discussant: **Danupon Ariyasajjakorn**, Chulalongkorn University, TH

Hunik Sri Runing Sawitri, and **Asri Laksmi Riani**, University of Sebelas Maret Surakarta, IN, "Creativity and Dimensions of Emotional Intelligence as A Predictor of Performance"
Discussant: **Vincy Fon**, The George Washington University, US

Session 2E. Macroeconomics in East Asia

Moderator: **Masayuki Otaki**, University of Tokyo, JP

Yan Zhang, Fukuoka Women's University, JP, "An Analysis of China's Price Fluctuation Using Structural VAR Model"
Discussant: **Jiadan Jiang**, University of Sydney, AU

Ping Gao, Ritsumeikan University, JP, "Using the Reduced-Form Model to Estimate Housing Supply in China"
Discussant: **David Kim**, University of Sydney, AU

Kwo Ping Tam, Macau University of Science & Technology, MO, "A re-examination of Hong Kongs and Singapores different exchange rate regimes in real exchange rate misalignment: considering the impact of entrepot trade"
Discussant: **Eiji Okano**, Chiba Keizai University, JP

Tuan Khai Vu, Seikei University, JP, "News Shocks to Government Spending and the Japanese Marcoeconomy"
Discussant: **Ta Ly I'**, Sogang University, AU

3:55 – 4:10 pm **Coffee Break**

4:10– 6:10 pm **Sessions 3A – 3E**

Session 3A. Economic Growth in Open Economies

Moderator: **Nathalie Aminian**, University of Le Havre, FR

Setyo Tri Wahyudi and **Maski Ghozali**, Brawijaya University, ID, "A Causality between Capital Flight and Economic Growth: A Case Study Indonesia"
Discussant: **Kwo Ping Tam**, Macau University of Science & Technology, MO

Shu-Hwa Chang, Shih-Hsin University, TW, and **Liang-Chou Huang**, Aletheia University, TW, "Trade and Economic Growth: Does the financial system mater?"
Discussant: **Rajeswari Sengupta**, Institute for Financial Management and Research, IN

Won Joong Kim, Kangwon National University, KR, and **Shawkat Hammoudeh**, Drexel University, US, "Impacts of Global and Domestic Shocks on Inflation and Economic Growth for Actual and Potential GCC Member Countries"
Discussant: **Siang Leng Wong**, Nanyang Technological University, SG

Kentaro Kawasaki, Toyo University, JP, "How does the Regional Monetary Unit work as a surveillance tool?"
Discussant: **Marie-Aimée Tourres**, University of Malaya, MY

Session 3B. Risk and Uncertainty

Moderator: **Tatre Jantarakolica**, Thammasat University, TH

Suryanto, Sebelas Maret University, ID, "Influence of Region Characteristics and Individual Risk Perception to Willingness to Pay (WTP) Disaster Insurance Study in Bantul DIY Indonesia"
Discussant: **Xinghe Wang**, University of Missouri-Columbia, US

Nicolas Pistolesi, Toulouse School of Economics, FR, "Income and consumption risk: Evidence from France"
Discussant: **Umi Karomah Yaumidin**, The Indonesian Institute of Sciences, ID

Quazi Shahriar, San Diego State University, US, and **Subhasish Dugar**, University of Calgary, US, "When Does Cheap-Talk (Fail to) Increase Efficient Coordination"
Discussant: **Edward M. Feasel**, Soka University of America, US

Leo H. Chan, Utah Valley University, US, **Chi M. Nguyen**, Tan Tao University, VN, and **Kam C. Chan**, Western

Kentucky University, US, "The Information Value of Excessive Speculative Trades on Price Volatility in Oil Futures Markets"
Discussant: **Lukman Hakim**, Sebelas Maret University, ID

Session 3C. Demography and Economic Development

Moderator: **Tuan Khai Vu**, Seikei University, JP

Shun-Fa Lee, Tamkang University, TW, "Fertility Rate and Economic Growth"
Discussant: **Akio Kawasaki**, Kagoshima University, JP

Papusson Chaiwat, King Mongkut's Unversity of Technology Thonburi, TH, and **Sawarai Boonyamanon**, Chulalongkorn Unversity, TH, "The Relationship between Demographic change and Income Inequality in Aging Society of Thailand"
Discussant: **Pasakorn Thammachote**, Prince of Songlka University, TH

Do-Tat Cuong, University of Canberra, AU, and **Greg Mahony**, University of Canberra, AU, "Gender and Differential Health Outcomes in Vietnam under the Era of Doimoi"
Discussant: **Pei Li**, National University of Singapore, SG

Almas Heshmati, and **Biwei Su**, Korea University, KR, "Analysis of Gender Wage Differential in China's Urban Labor Market"
Discussant: **Yiqin Xu**, National University of Singapore, SG

Session 3D. International Economic and Financial Issues, I

Organized by **Thomas Willett**, Claremont Institute for Economic Policy studies, US

Moderator: **Thitima Puttitanun**, San Diego State University, US

Bernard Kibesse, Central Bank of Tanzania, UK, "Tanzanian Exchange Rate Policy"
Discussant: **Alice Ouyang**, Central University of Finance and Economics, CN

Apanard "Penny" Prabha, Milken Institute, US, **James R. Barth**, Auburn University, US, and **Swagel Phillip**, University of Maryland, US "Just How Big Is the Too Big to Fail Problem"
Discussant: **Jack Knetsch**, Simon Fraser University, CA

Yonghoon Park, and **Jaekwan Lee**, Pusan National University, KR, "Stock price Fluctuations of Renewable Energy Company due to changes share holdings foreign in Korean stock market"
Discussant: **Mostafa AboElsoud**, Suez Canal University, EG

Sven Arndt, Claremont McKenna College, US, "Inflation in a Dual Exchange Rate Regime"
Discussant: **Brian Byongju Lee**, Bank of Korea, KR

Session 3E. International Finance and Open Economies

Moderator: **Junji Yamada**, University of Toyama, JP

Tatsuyoshi Miyakoshi, Hosei University, JP, "A Pragmatic Response on International Monetary Fund Quota and Credit limit is favorable?"
Discussant: **Hwee Kwan Chow**, Singapore Management University, SG

Chu-Hua Wu, Yuan Ze University, TW, and **Len-Kuo Hu**, National Chengchi University, TW, "Foreign Borrowing or Domestic Financing: A Dual Agency Perspective"
Discussant: **Yuki Takahashi**, International Christian University, JP

Kiyotaka Sato, Yokohama National University, JP, **Takatoshi Ito**, The University of Tokyo, JP, **Satoshi Koibuchi**, Chuo University, JP, and **Junko Shimizu**, Gakushuin University, JP, "Currency Invoicing Decision: New Evidence from a Questionnaire Survey of Japanese Export Firms"
Discussant: **Joshua Aizenman**, University of California, Santa Cruz and the NBER, US

Junko Shimizu, Gakushuin University, JP, and **Sanae Ohno**, Musashi University, JP, "Do the exchange rate arrangement and capital control influence international capital flow and housing price in Asia?"
Discussant: **Bernard Kibesse**, Central Bank of Tanzania, UK

7:30 – 10:00 pm Dinner

Friday, June 29, 2012

8:40 – 10:40 am **Sessions 4A – 4E**

Session 4A. Monetary Policy and Financial Integration – New Evidence

Moderator: **Martin Bodenstein**, Asian Development Bank, PH

David Kim, University of Sydney, AU, "There is Evidence that an East Asian Monetary Union is Closer than You Think"
Discussant: **Thomas Willett**, Claremont Institute for Economic Policy studies, US

Philip Inyeob Ji, Monash University, AU, "Half-bias Corrections: A Further Note"
Discussant: **Leo H. Chan**, Utah Valley University

Jiadan Jiang, University of Sydney, AU, "A VAR Model of Monetary Policy Transmission in China"
Discussant: **Yan Zhang**, Fukuoka Women's University, JP

Ta Ly I', Sogang University, AU, "An Empirical Analysis of Monetary Policy and Housing Markets in Korea"
Discussant: **Won Joong Kim**, Kangwon National University, KR

Session 4B. Industrial Organization

Moderator: **Izza Mafruhah**, Sebelas Maret University, ID

Xinghe Wang, University of Missouri-Columbia, US, **Lin Liu**, University of Southern California, US, and **Bill Yang**, Georgia Southern University, US, "Strategic Choice of Channel Structure in an Oligopoly"
Discussant: **Quazi Shahriar**, San Diego State University, US

Hsiu-Li Chen and **Hui-Wen Cheng**, Ming Chuan University, TW, "Optimal International Brand Licensing: A Perspective from Licensee"
Discussant: **Anjali Tandon**, National Council of Applied Economic Research, IN

Jurry Hatammimi, Institute Manajemen, Telkom, ID, "Brand Activation with Social Media-Based Game"
Discussant: **Hunik Sri Runing Sawitri**, University of Sebelas Maret Surakarta, IN

Vincy Fon, The George Washington University, US, "The Choice of Law and Forum in Merger Agreements: An Application of Bayesian Interpretation"
Discussant: **Shun-ichiro Bessho**, Keio University, JP

Session 4C. Regional International Trade

Moderator: **Shu-Hwa Chang**, Shih-Hsin University, TW

Françoise Nicolas, French Institute of International Relations, FR, "An updated analysis of intra-regional trade linkages in East Asia: a change of paradigm?"
Discussant: **Nathalie Aminian**, University of Le Havre

Mohamed Aslam Gulam Hassan, University of Malaya, MY, "ASEAN-S. Korea FTA: The Impact on ASEAN's Manufacturing Industry"
Discussant: **Hyun-Hoon Lee**, Kangwon National University, KR

Malik Cahyadin and **Guntur Riyanto**, Sebelas Maret University, ID, "Impact of The ASEAN-China Free Trade Agreement (FTA) to Indonesian Traditional Commodities"
Discussant: **Tulus Tambunan**, Trisakti University, ID

Danupon Ariyasajjakorn and **Kornkarun Cheewatrakoolpong**, Chulalongkorn University, TH, "The Quantitative Assessment of Trade Facilitation on Thailand's exports"
Discussant: **Brian Byongju Lee**, Bank of Korea, KR

Session 4D. Public Finance

Sponsored by the Korea Institute of Public Finance

Moderator: **Won Ik Son**, Korea Institute of Public Finance, KR

Myung Jae Sung, Korea Institute of Public Finance, KR, "Inference on the Life-cycle Income Paths under the Assumption of Preserved Expected Income Ranks by Age Groups"
Discussant: **Takero Doi**, Keio University, JP

Selim Jurgen Ergun, Middle East Technical University, Northern Cyprus Campus, TR, and **Tahir Öztürk**, Independent Consultant, ES "Local Public Good Provision in a Segregated Society"
Discussant: **Chung Mo Koo**, Kangwon National University, KR

Kazuyuki Ishida, University of Tokushima, JP, "Does the Reform of the Property Assessment Method Increase the Effective Tax Rate of the Property Tax in Japan?"
Discussant: **Joji Asahi**, Meikai University, JP

Yen Teik Lee and **Quoc-Anh Do**, Singapore Management University, SG, and **Dang Nguyen Bang**, University of Cambridge, UK "Political Connections and Firm Value: Evidence from Close Gubernatorial Elections"
Discussant: **Almas Heshmati**, Korea University, KR

Session 4E. Topics of Financial Markets
Organized by the Institute of Statistical Research (ISR)

Moderator: **Shin-ichi Fukuda**, University of Tokyo, JP

Yuri Sasaki, Meiji Gakuin University, JP, "Market Share and Exchange Rate Pass-Through in Japanese Automobile Trade"
Discussant: **Junichi Nakamura**, Hitotsubashi University, JP

Naoki Shinada, Development Bank of Japan, JP, "Japanese firm funding and cash holdings: Evidence from the recent financial crisis"
Discussant: **Heather A Montgomery**, International Christian University, JP

Kimie Harada, Chuo University, JP, **Takatoshi Ito**, University of Tokyo, JP, and **Shuhei Takahashi**, The Ohio State University, US, "Is the Distance to Default a Good Measure in Predicting Bank Failures? Case Studies"
Discussant: **Chu-Hua Wu**, Yuan Ze University, TW

Heather A. Montgomery and **Yuki Takahashi**, International Christian University, JP, "The Effectiveness of Bank Recapitalization Policies: Evidence from the United States"
Discussant: **Satoshi Koibuchi**, Chuo University, JP

10:40 – 10:55 am **Coffee Break**

10:55 - 12:55 pm **Sessions 5A – 5E**

Session 5A. Topics of Open Macroeconomics Economies

Moderator: **Juan Carlos Martinez Oliva**, Peterson Institute for International Economics, US

Hee-Won Jeong and **Sang-Mok Kang**, Pusan National University, KR, "The Impact of Main Macro-economic Variables on VKOSPI Index"
Discussant: **Dolly Sunny**, University of Mumbai, IN

Hui-Lan Piao and **Sang-Mok Kang**, Pusan National University, KR, "A Study on Regional Income Disparity of Rural and City after the 'China's Western Development Program' in China"
Discussant: **Bo Zhou**, Xiamen University, CN

Lukman Hakim, Sebelas Maret University, ID, **Mostafa AboElsoud**, Suez Canal University, EG, and **Jauhari Dahalan**, Nothern University of Malaysia, MY, "The Pattern of Macroeconomics and Economic Integration: Evidence on D-8 Economic Cooperation"
Discussant: **Devanto S. Pratomo**, Brawijaya University, ID

Junmin Wan, Fukuoka University, JP, "Bubbly Saving"
Discussant: **Myung Jae Sung**, Korea Institute of Public Finance, KR

Session 5B. Behavioral Economics and Human Capital

Moderator: **Yan Zhang**, Fukuoka Women's University, JP

M. Fernanda Rivas, Middle East Technical University, Northern Cyprus Campus, TR, **C. Perez-Dueñas**,

Universidad de Granada, ES, **Olusegun Oyediran**, University of Castilla-La Mancha, ES, **Alberto Acosta** and **Pablo Branas-Garza**, University of Granada, ES, "Words make people think, but pictures make people feel: The effect of negative vs. positive images on charitable behavior"
Discussant: **Pak-Hung Mo**, Hong Kong Baptist University, HK

Yenchien Chen, National Chi Nan University, TW, and **Jin-Tan Liu**, National Taiwan University, TW, "Parental income shocks and child outcome— Do parental divorce and displacement decrease child education?"
Discussant: **Naomi Miyazato**, Nihon University, JP

Nurul Badriyah, University of Brawijaya Malang, ID, **Sri Budi Cantika Yuli**, University of Muhammadiyah Malang, ID, and **Farida Rachmawati**, State University of Malang (UM) Malang, ID, "Work Participation By Women Entrepreneurs; Efforts to Increase Family Income Family Income and Community Economic Self-Sufficiency (A Case Study of Women's Small Business in Organic Salted Eggs in District Grati, Pasuruan, East Java, Indonesia)"
Discussant: **Mulyanto**, Universitas Sebelas Maret Surakarta, ID

Session 5C. Theoretical Analysis of International Macroeconomics

Organized by Tokyo Center of Economic Research (TCER)

Moderator: **Shin-ichi Fukuda**, University of Tokyo, JP

Masayuki Otaki, University of Tokyo, JP, "How a key currency functions as an international liquidity provision and insurance system."
Discussant: **Junji Yamada**, University of Toyama, JP

Eiji Okano, Chiba Keizai University, JP, and **Eiji Ogawa**, Hitotsubashi University, JP, "Optimal Monetary Policy in Currency Union with Sovereign Risk"
Discussant: **Kiyotaka Sato**, Yokohama National University, JP

Soon Beng Chew, Nanyang Technological University, SG, and **Shuntian Yao**, Nanyang Technological University, SG, "A Mathematical Model of a Macro-focused Union"
Discussant: **Kentaro Kawasaki**, TOYO University, JP

Tadashi Inoue, Hiroshima Shudo University, JP, "On the Global Stability of the Two Sector Endogenous Growth Model with Educational Investment Adjustment Costs"
Discussant: **Masayuki Otaki**, University of Tokyo, JP

Session 5D. International Economic and Financial Issues, II

Organized by Thomas Willett, Claremont Institute for Economic Policy studies, US

Moderator: **Apanard "Penny" Prabha**, Milken Institute, US

Pasakorn Thammachote, Prince of Songlka University, TH, "Mental Models and Bilateral Free Trade Agreements in Southeast Asia"
Discussant: **Sven Arndt**, Claremont McKenna College, US

Alice Ouyang, Central University of Finance and Economics, CN, and **Ramkishen Rajan**, George Masion University, US, "Real Exchange Fluctuations: Understanding the Relative Importance of Nontradables"
Discussant: **Thana Sompornserm**, Kasetsart University, TH

Tony Cavoli, University of South Australia, AU, "Are FDI inflows 'preferred'?: Evidence from the other capital inflows with reference to Asia"
Discussant: **Kiheung Kim**, Kyonggi University, KR

Hwee Kwan Chow, Singapore Management University, SG, "Can a Financial Conditions Index Guide Monetary Policy? The Case of Singapore"
Discussant: **Suryanto**, Sebelas Maret University, ID

Session 5E. Economic Interaction, Loan sales and Licensing a Patent

Supported by The Korean Economic and Business Association (KEBA)

Moderator: **Kazuyuki Ishida**, University of Tokushima, JP

Young-Jae Kim and **Soo Nam Park**, Pusan National University, KR, "Economic Interaction of the Northeast Asian Countries: A Global VAR Approach"
Discussant: **Jie Li**, Central University of Finance and Economics, CN

Sang-Ho Lee, Chonnam Natioanal University, KR, and **Ram Kumar Phuyal**, Tribuvan University, Nepal, "Minimum Quality Standards and Limit Quality"
Discussant: **Aditi Sawant**, University of Mumbai, IN

Kapje Park, Daegu Haany University, KR, and **Young-Jae Kim**, Pusan National University, KR, "Loan Sales and Optimal Credit Risk Transfer"
Discussant: **Adri Poesoro**, Claremont Graduate University, US

Edward M. Feasel, Soka University of America, US, "Economic ties and their influence on perceptions of foreign governments: Evidence from international survey data"
Discussant: **Soo Nam Park**, Pusan National University, KR

12:55 – 2:15 pm **Lunch**

2:15 – 2:50 pm **Keynote Speech II**

Moderator: **Kar-yiu Wong**, University of Washington, US

Joshua Aizenman, University of California, Santa Cruz and the NBER, US, **Brian Pinto**, The World Bank, US, and **Vladyslav Sushko**, University of California, Santa Cruz, US "Financial Sector Ups and Downs and the Real Sector: Up by the Stairs and Down by the Parachute"

2:50 – 3:15 pm **Coffee Break**

3:15 – 5:15 pm **Sessions 6A – 6D**

Session 6A. Fiscal Problems in Japan and Korea (organized session)

Moderator: **Toshihiro Ihori**, University of Tokyo, JP

Takero Doi, Keio University, JP, "Controlling Fiscal Deficits under Federal and Unitary Systems"
Discussant: **Yen Teik Lee**, Singapore Management University, SG

Shun-ichiro Bessho, Keio University, JP and **Yoko Ibuka**, Hitotsubashi University, JP, "Impart of Subsidy on Community-wide Health Outcomes: An Example of Influenza Vaccination"
Discussant: **Naomi Miyazato**, Nihon University, JP

Joji Asahi, Meikai University, JP and **Joong-Ho Kook**, Yokohama City University, JP, "Comparative Study of Regional Differences of the Burden of Inheritance Tax in Japan and Korea"
Discussant: **Selim Jurgen Ergun**, Middle East Technical University, Northern Cyprus Campus, TR

Session 6B. Exchange Rates and Economic Integration
Sponsored by the **Bank of Korea**

Moderator: **Won Joong Kim**, Kangwon National University, KR

Brian Byongju Lee, Bank of Korea, KR, "Exchange rates and Fundamentals"
Discussant: **Tatsuyoshi Miyakoshi**, Hosei University, JP

Marie-Aimée Tourres, University of Malaya, MY, "Why condemning capital controls when it can work? Case of China and India"
Discussant: **Yuri Sasaki**, Meiji Gakuin University, JP

Juan Carlos Martinez Oliva, Bank of Italy and Peterson Institute for International Economics, US and **Andrew Hughes Hallett**, George Mason University and the University of St Andrews , US, "Origins and evolution of the European financial crisis. Fear of integration?"
Discussant: **Tuan Khai Vu**, Seikei University, JP

Rajeswari Sengupta, Institute for Financial Management and Research, IN, and **Joshua Aizenman**, University of California, Santa Cruz, US, "The Financial Trilemma in China and a Comparative Analysis with India"
Discussant: **Kapje Park**, Daegu Haany University, KR

Session 6C. Environment and Energy Economics

Moderator: **Hsienming Lien**, National ChengChi University, TW

P. Siva Kumar, Ranganathan Engineering College, ID, "An economic assessment of solid waste management –a case study Coimbatore"
Discussant: **Kazuyuki Ishida**, University of Tokushima, JP

Tadahisa Ohno, Kyushu University, JP, "Should the Government Privatize Polluting Firms?"
Discussant: **Sang-Ho Lee**, Chonnam Natioanal University, KR

I Gusti Putu Diva Awatara, and **Mugi Raharjo**, Sebelas Maret University, ID, "Economic Valuation of Water Resouces Conservation Area in Surakarta City"
Discussant: **Martin Bodenstein**, Asian Development Bank, PH

Anjali Tandon, National Council of Applied Economic Research, IN, "India's Changing Energy Hallmark: An Input-Output Approach"
Discussant: **Arokiasamy Xaviersusairaj**, Sacred Heart College, IN

Session 6D. Urbanization, Land Market, and the Economic Geography of Firms (organized session)

Moderator: **Pak-Hung Mo**, Hong Kong Baptist University, HK

Jipeng Zhang, Nanyang Technological University, SG, **Jianyong Fan**, Fudan University, CN, and **Jiawei Mo**, Fudan University, CN, "Land Policy, Housing Supply, and Urban Development: Evidence from China's Prefecture-Level Cities"
Discussant: **Quang-Van Tran**, University of Goettingen, DE

Xiangzheng Deng and **Jikun Huang**, Chinese Academy of Sciences, CN, "Impact of Urbanization on Cultivated Land Changes in China"
Discussant: **Junmin Wan**, Fukuoka University, JP

Yiqin Xu and **Yuming Fu**, National University of Singapore, SG, "Knowledge Spillover, Credit Constraints and Rural Urban Migration in China"
Discussant: **Young-Chul Kim**, Keimyung University, KR

Pei Li, Wen-chi Liao, and **Almas Yongheng Deng**, National University of Singapore, SG, "Firm Productivity: Interaction of Agglomeration Benefit and China's Fiscal Reform"
Discussant: **Do-Tat Cuong**, University of Canberra, AU

5:20 pm Closing Remarks

Euston Quah, Head of Division of Economics, Nanyang Technological University
Kar-yiu Wong, University of Washington and President, Asia-Pacific Economic Association
Kenzo Abe, Osaka University

Digitalpreneur as Indonesia's New Economic Pillar

By

Jurry Hatammimi

School of Telecommunication and Media Management,

Institut Manajemen Telkom

jurryhatammimi@gmail.com

ABSTRACT

One of impact of the global financial crisis in Indonesia is the high number of unemployment. Although human resource is the Indonesia's native resource that have not been processed properly to this day, large numbers, and renewable. Refer to the availability of unlimited real-time access to information as one of the characteristics of globalization and huge potential of human resource, open opportunities for Indonesia to become a producer of professional manpower in the field of Information and Communications Technology, especially the content business. Therefore it can also emerge new entrepreneurs in the content business, which known as digitalpreneur.

This paper provides a descriptive research with objectives to describe the reasons to develop digitalpreneur as a new promising entrepreneurship field. Considering the conditions, Indonesia was ranked as the 11th world and 5th Asia's largest internet user with 30 million users in 2009, grow 1.150% from year 2000. The penetration is 12,3% from country total population. Indonesia also ranked as the 8th world's largest mobile internet user with 500% growth from 180 million mobile phone subscribers by mid 2010. Furthermore, the author also analyzes the scope of digitalpreneur, the role of stakeholders in the digitalpreneur development, the benefits of digitalpreneur for Indonesia, and the digitalpreneur competitive landscape.

Considering the various potentials, Indonesia is expected not only as user of the Internet but also as Internet-based business player. Business content with creative and dynamic young people as the driver is expected to become Indonesia's new economic pillar. Not for the future, but soon in the upcoming days.

Keywords:

Digitalpreneur, ICT, content business, economic pillar

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INTRODUCTION

One of impact of the global financial crisis in Indonesia is the high number of unemployment. National Labor Force Survey (*SAKERNAS*) of Badan Pusat Statistik shows the numbers of educated unemployment in Indonesia is on rising trendline, it is escalating from 701,651 on august 2009 to 710,128 on august 2010. Meanwhile, graduate diploma unemployment are increasing from 441,000 to 443,222 headcount. While the employment offered by government and private sectors are limited, there is no other way to make unemployment to get a job, unless they become an entrepreneur.

On the other hand, Indonesia was ranked as 4th largest internet user in Asia based on Internet World Stats data, released March 31st, 2011. Indonesia was under China (477 million), India (100 million), and Japan (99.2 million), it was a progress, considering on December 2010 Indonesia still on 5th position, below South Korea. Total number of Indonesia internet user are 39.6 million, growing 1,880 percent from year 2000. World ranked, indonesia position now is in 11th largest.

From 39.6 million user based, Yahoo South East Asia shown 48 percent are coming from mobile internet user, which rising from only 22 percent on year 2009. The numbers bring Indonesia on 8th world's largest for mobile internet user. Meanwhile, Indonesia Cellular Association data also shown growing number of cellular subscriber, from 52 million on 2007 to 91 million on 2008, and 117 million on 2010. All numbers represent how big and potential internet practise in Indonesia.

The urgency of entrepreneur initiate will seen from the fact that Indonesia entrepreneur is only 400 thousand people or in percentage is 0.18% from total population. To raise 10 percent economic growth, ideally Indonesia need 2% entrepreneur proportion from total population, or about 4.8 million people.Refer to the availability of unlimited real-time access to information as one of the characteristics of globalization and huge potential of human resource, open opportunities for Indonesia to become a producer of professional manpower in the field of Information and Communications Technology, especially the content business. Therefore it can

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METHODOLOGY

The research uses qualitative method with descriptive analysis technique which is utilizing literature to describe digitalpreneur as one of new Indonesia's economic pillar. Qualitative paradigm preference in the study based on the research goal to get a holistic perspective and understanding, therefore the phenomena which linked with research focus could be describe and understood detail and naturally.

LITERATURE REVIEW

1. Digitalpreneur

The fast growing of Technology, especially with the emergent of internet medium, bring in the new generation of entrepreneur, as called digital entrepreneur, or shortly said digitalpreneur. Pamudi (2010) a digital entrepreneur is an individual who uses the internet as a tool to create commercial opportunities, disseminate information, and collaborate with clients and partners.

The most difference from digitalpreneur is internet as the tools. Digitalpreneur is a part of technopreneur, the entrepreneur who are work with technology. Even though, digitalpreneur business model is more virtual on their media distribution. Basically, technopreneur in wider description still could use conventional media such as physical stores, although they also use online store. "Digitalpreneur" start exist after internet phenomena which unseparately from modern human life in the last decade.

2. Creative Industry

The coverage of digitalpreneur are part of sub sector creative industry. Creative industry definition based on United Kingdom Government - Department for Culture, Media, and Sport Task Force (1998) : "Creative's Industries as those industries which have their origin in individual creativity, skill & talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property and content".

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The classification of Indonesia creative industry are based on Indonesia Creative Industry Study 2007. The root of Indonesia creative industry itself come from creative industry mapping held by UK - DCMS, which adjusted by Indonesia Standard Classification of Business Field (*Klasifikasi Baku Lapangan Usaha Indonesia* (KBLI)) on 2005. Creative Industries classification are as follow:

1. Advertising: creative activities related to commercial creation and production, among other things are: market research, advertising communication planning, outdoor advertising, advertising material productions, promotional activities, public relation campaigns, display ads in print and electronic media.
2. Architecture: creative activities that are related to building blueprints and production information, such as: landscape architecture, urban planning, construction cost planning, heritage buildings conservation, tender documentation, etc.
3. Art and antiques market: creative activities that are related to creation and trade of antiques work and decorative products through auctions, galleries,shops, supermarkets, and internet.
4. Hand made : creative activities relate to the creation and distribution of craft products such as handicraft made of: stones, accesories, gold, silver, wood, glass, porcelain, fabric, marble, limestone, and iron.
5. Design: creative activities that are related to graphic design creation, interior, product, industries, packaging, and corporate image consultancy.
6. Fashion Design: creative activities that are related to clothing creation design, footwear design, and other fashion accessories design, fashion apparel and accessories production, fashion product line consultancy, and distribution of fashion product.
7. Video, Film and Photography: creative activities that are related to the creation of video production, film, and photography services, and distribution of video recordings and films. Also included script writing, films dubbing, cinematography, soap operas, and film exhibitions.
8. Interactive Games: creative activities that are related to creation, production, and distribution of computer and video games which are entertainment, agility, and education.

9. Music: creative activities that are related to creation, production, distribution, and retail of sound recordings, recordings copyright, music promotions, lyrics writer, songwriter or music writer, musical performances ,singers, and musical composition.
10. Art on stages: creative activities that are related to content development, performance show production, ballet performances, traditional dance, contemporary dance, drama, traditional music, musical theater, opera, also include ethnic music tour, stage costumes design and production, stage setting, and lighting exposure.
11. Printing and Publishing : creative activities that are related to content writing and publishing of book, journal, newspaper, magazine, tabloid, digital content and also news agency activity.
12. Computer service and software: creative activities that are related to the development of information technology, include computer services, software development, system integration, system design & analysis, software architecture design, software & hardware infrastructure design, and also web design.

    Some key activities are included in the group include management information systems development, database solutions, geographic information systems, computer networks development, software computation, web application design, multimedia development, information network security, and animation.

13. Television and radio: creative activities related to creative business, production and packaging, broadcasting, and television and radio transmissions.
14. Research and Development: creative activities that are related to the business of offering science and technology invention and application for product improvement and new product creation, new processes, new materials, new tools, new methods, and new technologies that can meet market needs.

As for the creative industry sub-sectors that are run by digitalpreneur, the author restrict to the computer service and software and interactive games.

3. Micro, Small and Medium Enterprises (MSMEs)

Digitalpreneur carries on business in the form of Micro, Small and Medium Enterprises. Criteria for micro-enterprises in Indonesia are governed by the Regulation of the Minister of

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Table 1
Micro, Small and Medium Enterprises Criteria

Criteria	Micro	Small	Medium
Asset	-	< IDR 200 M	IDR 200 M – 10,000M
Total Sales/year	< IDR 100 M	≤ IDR 1,000 M	>IDR 1,000 M
Man Power	1-4 persons	5-19 persons	20 -99 persons

Source: Regulation of the Minister of Finance No. 40/KMK.06/2003, Law no. 9 year 1995, and Presidential Instruction No. 10 of 1998

Indonesia's economy is supported by four pillars of economic drivers, namely: state-owned enterprises, cooperatives, private sector, and MSMEs. Digitalpreneur as a branch of entrepreneurs are doing business in the form of groups of MSMEs. Based on the characteristics and economic activities undertaken by the MSMEs business group, then this group is a pillar of national economy in light of:

1. The value of Gross Domestic Product (GDP)
2. The number of workers absorbed
3. The amount of business
4. Export capability

"Economy building" will be strong because of supported by high quality pillars. A strong economy building will strengthen national competitiveness to compete at the global level, and expected to give impact on the community level of prosperity.

ANALYSIS

1. The development of digital content

The more equal the distribution of technology development has made the technology as the domain of all people. Not just as a user, but also as a developer for the technology itself. The

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ANALYSIS

1. The development of digital content

The more equal the distribution of technology development has made the technology as the domain of all people. Not just as a user, but also as a developer for the technology itself. The existence of the Internet has created such a rapid transfer of knowledge throughout the world. Internet also made the content industry is growing rapidly.

As voice, text, images, video, software or a combination of these elements are created in order to communicate in electrical way, currently the content is very dynamic and interactive. Previously, the content industry is the domain of developed country and uses a relatively expensive and complicated technology. Nowadays, the seamless flow of information and technologies for learning content development is more economical and easy to learn. This condition will bring through the creation of local content developer contributed to the global content industry. The tight competition of hardware industry also supports the positive development of content industry. There are so many platforms made by different vendors to offer to anyone who is interested in creating a software/content that is creative, innovative, and useful for its users.

This growth was supported by the development of access network technologies such as ADSL, WIMAX, 3G, and fiber optics. The new network described as a wide and smooth highway, which is very suitable to be passed by the advanced and faster content 'vehicles' in large numbers. Therefore, an advanced content creation has become a potential business opportunity to run.

At this time, the development of digital content such as computer animation, digital games, edutainment programs, mobile applications and services, interactive television, and other multimedia applications have become new economic growth area.

Indonesia has experienced content business booming just before and a few years after the reform period in 1998. However this era did not last long because after that only a few companies are able to survive and successfully categorized. One of the booming products is premium service call. Initially the service is so popular, but because many advertisements featuring women dressed in skimpy, the service is gradually abandoned. Other products are premium SMS. Although many consumers also abandoned this service as more and more naughty content providers that deplete the consumer pulse. Further development of the content industry is a multimedia content that can be accessed via mobile phone or the existence of the Internet has created such a rapid transfer of knowledge throughout the world. Internet also made the content industry is growing rapidly.

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Internet, ranging from ring tones, dial tones, wallpapers, games, quizzes, news, product information, greeting cards, video footage, to films.

The chances of the content industry are greater as the development of platforms technology, especially mobile platforms are increasingly diverse. Starting from Symbian, Windows Mobile, iPhone OS, BlackBerry OS, Android, and Nokia OS. Supported by the increasingly the needs of business, social, and entertainment, has caused business opportunities in the field of content is getting bigger. Availability of media that makes it easy for developers to sell their content to consumers around the world, namely the android market, i-store, blackberry apps world, ovi market, are other potential in the progressive development of content industry.

2. Indonesia's current digital content industry

Content industry in Indonesia today can be likened to conditions similar to Silicon Valley in the United States at the time of developing, where many new companies (start-ups) are still looking for financing (venture) for product development. It happened about 20 years ago. With the Internet and the latest access technology developments, it is expected this Indonesia version of Silicon Valley can be further accelerated.

Awakening content industry in Indonesia actually can see from some of the things, namely several content competitions, international awards received by the local content developers, acquisition and cooperation among global investors with local content developers, as well as the emergence of start-up community with variety of regular activities.

1. Digital Content Competition

   Current content competition are followed by large quantities participants, big prizes, and resulting a lot of innovative work. Examples are:

   1. Indigo Fellowship held by Telkom Indonesia as an annual program that gives appreciation to individuals or groups who considered successfull make digital creative work and give benefits to the wider community, as well as encourage the growth of new digitalpreneur in the digital industry. Indigo Fellowship launched since 2009 with the aim of building the creative industry entrepreneurs as well as a

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start up business incubation in the field of ICT. Indigo program is a strategic initiative from Telkom Indonesia that was launched in late 2007, as a Indonesia creative industry forum that utilizes digital technology and to build a healthy and healthful creative industries.

2. IMULAI (*Indonesia Mulai*) held by Microsoft Indonesia and USAID that has lasted three times with a total prize of USD 250,000. Even for the implementation of the third year, the winners will be met directly with investors.
3. IM2 Android Application Contest 2010 held by Indosat as an Android platform-based application development competition. It is supported by Android Bootcamp IM2 activities as a vehicle for transfer of knowledge about making Android applications.
4. SWAstartup is an annual training program that was launched by SWA magazine for three months for selected start-ups. The purpose of this program is to give birth entrepreneur who has fresh brilliant ideas based on internet & mobile technology that can deliver many benefits to society, feasible to implement, and attractive to investors.
5. Yahoo Mobile Development Award (YMDA) 2009 managed to capture 80 teams which signed up to compete to create mobile applications for the five corporate sponsors such as BNI, Yamaha, Viva News, CodeJawa and XL and will get a prize of USD 10,000.
6. Indonesia ICT Award (INAICTA) is a competition event for creativity and innovation in information technology and communication with a mission to enhance the contribution of the perpetrators of the Creative Industries Technology (CIT) in improving the national economy, by producing products and services that able to move the economy for various communities in all Indonesia regions. The event that fully supported by the Republic of Indonesia - Ministry of Communications and Information was started since 2007. For implementation in 2011, the event followed by 1765 registrants.

2. International Awards

International awards received by local developers such as received by the 'Love Indonesia' application developer who won Blackberry 'Super Apps' Developer Challenge

2010 in Asia Pacific Region and Ramadhan Pocket Guide made by Veelabs Indonesia as the finalists. In addition, there is an iPhone application produced by PT. Global Dinamika Informatika, namely iWriteWords that chosen as the Best App Ever Awards Winner in Best App for Pre-schoolers in 2009 and was awarded as the Best iPhone Apps for Kids by The New York Times. Moreover, there are 15 local startup creation that fall into Asia's Top 50 Apps 2010, such as Adadiskon, BukuQ, Eevent, Gantibaju, Kaskus, Kayakarya, Koprol, LewatMana.com, MainMusik.com, Movreak, Tokobagus, Tokopedia, TweetDeck and Urbanesia.

3. Acquisition and Cooperation

   International recognition also can be seen from the intertwining of business cooperation such as the acquisition of a local social network applications, Koprol by Yahoo whose the value is estimated at USD 1 million. Besides, there were the East Venture, Singapore company who has also invested in several local start-ups such as e-commerce sites Tokopedia, a lifestyle portal/local businesses directory Urbanesia, PriceArea shopping search engines, and also analytic social media Scraplr.

   The emergence of start-up is considered as a profit potential as well, giving rise to interest from local investors. One is Merah Putih Inc, which make positioning as a digital and technology incubator that is currently incubating local content such as Lintas Berita, Krazy Market, Info Kost, Ads On It, Daily Social, and Gantibaju.com. Even one of the largest local cigarette manufacturers are now smell the profit from the content industry by the acquisition of the largest Indonesian community forum, Kaskus.

4. Local Start-Up Communities

   The development of local start-up also shown with the emergence of various start-up communities in several major cities. StartupLokal community is a community that gathers startup founders, digital/tech world enthusiasts, investors and media to meet and find a chance to collaborate. This community started since April 2010 and has been growing exponentially. StartupLokal community has 3 different events which is StartupLokal Meetup that being held on first Thursday of the month, StartupLokal Echo is an event following up many#StartupLokal meetup held on the following Saturday and

2010 in Asia Pacific Region and Ramadhan Pocket Guide made by Veelabs Indonesia as the finalists. In addition, there is an iPhone application produced by PT. Global Dinamika Informatika, namely iWriteWords that chosen as the Best App Ever Awards Winner in Best App for Pre-schoolers in 2009 and was awarded as the Best iPhone Apps for Kids by The New York Times. Moreover, there are 15 local startup creation that fall into Asia's Top 50 Apps 2010, such as Adadiskon, BukuQ, Bevem, Gantibaju, Kaskus, Kapanlagi, Koprol, LewatMana.com, MainMusik.com, Movreak, Tokobagus, Tokopedia, TweetDeck and Urbanesia.

3. Acquisition and Cooperation

International recognition also can be seen from the intertwining of business cooperation such as the acquisition of a local social network applications Koprol by Yahoo whose the value is estimated at USD 1 million. Besides, there were the East Venture, Singapore company who has also invested in several local start-ups such as e-commerce sites Tokopedia, a lifestyle portal/local businesses directory Urbanesia, PriceArea shopping search engines, and also analytic social media Sebangsa.

The emergence of start-up is considered as a profit potential as well, giving rise to interest from local investors. One is Merah Putih Inc, which make positioning as a digital and technology incubator that is currently incubating local content such as Lintas Berita, Kamy Market, Info Kost, Ads On It, Daily Social, and Gantibaju.com. Even one of the largest local cigarette manufacturers are now smell the profit from the content industry by the acquisition of the largest Indonesian community forum, Kaskus.

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StartupLokal Storm held together with a chosen partner of StartupLokal. StartupLokal Meetup & Echo is open for public and it's free.

5. Local Application

   Lots of investment enthusiast in the content business today is not really surprising. This is due the elderly content developers and local start-up were able to produce a wide range of content in various categories:

   - News aggregator applications such as Koran Droid made by GITS Indonesia working on android platform and Indonesia on the Go (Ingo) made by Penta Media.
   - Religious as the Quran, Islamic Pocket Guide and Christian Pocket Guide produced by PT. Veelabs Indonesia, which one of the application is Ramadhan Pocket Guide became a regional finalist in the Blackberry Super Apps Developer Challenge 2010.
   - Discount and shopping such as disdus.com, tokobagus.com, Caripromo, yuktravel, and Love Indonesia.
   - Culinary such as Menoo! produced by Elasitas Technologies which become a winner in Indosat Wireless Innovation Contest 2010
   - Social networking such as Friendzip developed by i-Moov
   - Instant messaging as 12Frenz developed by Mobafone Indonesia
   - Games as Football Saga, Ponporon, Lilocity, Nyanyi yuk made by Agate Studio. Since 2007 they has produced 50 games which form Flash Games, Xbox360 Games, Online Games, Silverlight Games, Social Games, and Mobile Games. In addition, Agate Studio also became the winner for several competitions such as INAICTA Award in 2009 and IMULAI in 2011.
   - Business solutions such as 40 modules for reservation services, Warehouse Management, Project Management, Invoicing, Customer Base, Product Base, Accounting, Timekeeping, Salary, CRM, eCommerce, and CMS are produced by Empatix Indonesia.

3. Digitalpreneur as part of Indonesia creative industry

Based on the field work, digitalpreneur included to the creative industry sub-sectors, which is computer services and software and also interactive games.

From the data of Indonesia Creative Industry Study 2009, the growth of creative industries from 2003 to 2008 showed a significant figure. With the growing number of businesses by 14.39%, growth in the amount of workers absorbed reaches 14.71%, and contribution to GDP are 115.51% or increase IDR 193,308 billion. Complete figures shown in table 2.

Table 2

Contribution of Indonesia Creative Industry Sector in 2003 and 2008

Indicator	2003	2008
Contribution to GDP x IDR 1M current value added (national contribution)	167,355,000 (8.31%)	360,663,000 (7.28%)
Number of Labor (national contribution)	6,700,589 (7.38%)	7,686,410 (7.53%)
Number of Business (national contribution)	2,623,965 (6.3%)	3,001,635 (6.4%)

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

Compared to the sectoral national GDP contribution based on current prices in 2008, Creative Industry sector gives contribution to GDP in the rank 7, by 7.3% or IDR 360,663 billion, higher than the contribution of the Financial, Real Estate and Business Services Sector; Transport and Communication Sector; and Electricity, Gas and Water Supply Sector. Complete figures shown in table 3.

A very dominant contribution comes from the Fashion and Crafts sub-sector, reaching nearly 70% of the total Gross Added Value creative industry. However, the Fashion sub-sector average growth in 2002-2008 showing a negative figure of -0.7%. This negative number indicates that the growth of Fashion subsector has experienced stable point (stagnant), even it is not impossible to decline in subsequent years. In addition, the average growth of Crafts sub-sector is showing not too big numbers that is 3.17%. Both the average growth rate of Fashion and Crafts sub-sector are become a warning to the national creative industry development so that the national development not too dependent to both sub-sector.

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Table 2
Contribution of Indonesia Creative Industry Sector in 2002 and 2008

Indicator	2002	2008
Contribution to GDP x IDR 1 in current value added (national contribution)	167,555,000 (8.31%)	[illegible] (7.28%)
Number of Labor (national contribution)	6,700,589 (7.58%)	7,686,410 (7.53%)
Number of Business (national contribution)	2,623,965 (6.[illegible]%)	3,001,635 (6.4%)

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Table 3

Comparison of GDP Contribution of Indonesia Industry Sector in 2003 and 2008

No.	Industries Sectors	2003	2008
1	Manufacturing	24.6%	24.4%
2	Agriculture, Livestock, Forestry and Fishery	15.2%	14.4%
3	Trade, Hotel and Restaurants	13.0%	11.3%
4	Mining and Quarrying	8.3%	11.0%
5	Services	9.7%	9.6%
6	Construction	6.2%	8.5%
7	Creative Industry	8.3%	7.3%
8	Finance, Real Estate, and Business Services	7.9%	6.5%
9	Transport and Communication	5.9%	6.3%
10	Electricity, Gas and Water Supply	1.0%	0.8%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

Particular sub-sectors where digitalpreneur are in it turned out to have great potential for achieving 2 digits average growth. Computer Services and Software sub-sector by 16.87% and 13.88% for Interactive Games. Both subsectors are the highest growth, far above the national GDP average growth in 2002-2008 which only at 5.56%. Complete figures shown in table 4.

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Comparison of GDP Contribution of Indonesia Industry Sector in 2005 and 2008

No.	Industries Sectors	2005	2008
1	Manufacturing	24.6%	27.1%
2	Agriculture, Livestock, Forestry and Fishery	15.2%	14.4%
3	Trade, Hotel and Restaurants	15.0%	11.3%
4	Mining and Quarrying	8.3%	11.0%
5	Services	9.7%	9.6%
6	Construction	6.2%	8.5%
7	Creative Industry	8.3%	7.5%
8	Finance, Real Estate, and Business Services	7.0%	[illegible]
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Table 4
Comparison of Gross Value Added Contribution of
Indonesia Creative Industry Subsector

No	Sub Sector	2003	2008	Average GVA 2002 – 2008 (x IDR 1M)	Average Growth GVA 2002 – 2008
1	Fashion	49.77%	43.48%	107,870	-0.70%
2	Handycraft	23.76%	24.59%	57,088	3.17%
3	Design	7.03%	6.38%	15,487	0.35%
4	Advertising	5.28%	7.58%	15,122	13.42%
5	Publishing and Printing	4.35%	5.01%	12,010	5.73%
6	Music	3.47%	5.23%	11,438	13.42%
7	Architecture	2.25%	2.59%	5,750	6.43%
8	TV and Radio	1.40%	1.64%	3,562	7.57%
9	Computer Service and Software	0.66%	1.19%	2,249	16.87%
10	Research and Development	0.63%	0.75%	1,605	6.20%
11	Film, Video, and Photography	0.56%	0.63%	1,392	5.19%
12	Art Market and Goods	0.55%	0.47%	1,174	3.24%
13	Interactive Games	0.22%	0.36%	670	13.88%
14	Show Art	0.09%	0.10%	217	7.67%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

Based on the absorption of the workers in 2008, Creative Industry Sector ranked fifth among 10 major sectors, with the contribution of labor as much as 7,686,410, or approximately 7.53% from the total national workforce. Average worker absorbed growth of Creative Industry Sector from 2004 to 2008 is well worth that is about 3%, is above the national average of 1.82%. The largest worker absorbed contribution is still given by the Agriculture, Livestock, Forestry and Fishery, followed by Trade, Hotel and Restaurant Sector, Services

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10	Research and Development	0.65%	0.75%	1,605	6.20%
11	Film, Video, and Photography	0.56%	0.65%	1,592	5.19%
12	Art Market and Goods	0.55%	0.47%	1,174	5.74%
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Sector and Manufacturing Sector. In terms of worker absorbed, Creative Industry Sector still has a better position compare to Transport and Communication Sector, Construction Sector, Financial, Real Estate and Business Services Sector, Mining and Quarrying Sector, and also Electricity, Gas and Water Supply Sector. The complete figures shown in table 5.

Table 5

Comparison of Worker Absorbed Contribution of Indonesia Industry Sector 2003 and 2008

No	Industries Sectors	2003	2008
1	Agriculture, Livestock, Forestry & Fishery	46.26%	41.83%
2	Trade, Hotel and Restaurants	14.88%	16.76%
3	Services	10.54%	12.29%
4	Manufacturing	8.67%	8.53%
5	Creative Industry	7.38%	7.53%
6	Transport and Communication	5.47%	5.88%
7	Construction	4.52%	4.64%
8	Finance, Real Estate, and Business Services	1.30%	1.29%
9	Mining and Quarrying	0.80%	1.04%
10	Electricity, Gas and Water Supply	0.17%	0.20%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

Interactive Games is a subsector with the highest worker absorbed growth and is the only subsector with an average two-digit growth in the amount of 14%. While worker absorbed growth in the Computer Service & Software subsector amounted to 5.61%. Both subsectors are growing well above the average national employment that is worth 1.82%. Complete figures shown in table 6.

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Table 5
Comparison of Worker Absorbed Composition of Indonesia Industry Sector 2005 and 2008

No	Industries Sectors	2005	2008
1	Agriculture, Livestock, Forestry & Fishery	46.26%	41.83%
2	Trade, Hotel and Restaurants	14.88%	16.73%
3	Services	10.54%	12.29%
4	Manufacturing	8.67%	8.53%
5	Creative Industry	7.38%	7.53%
6	Transport and Communication	5.47%	5.88%
7	Construction	4.52%	4.64%
8	Finance, Real Estate, and Business Services	1.30%	1.29%
9	Mining and Quarrying	0.80%	1.04%
10	Electricity, Gas and Water Supply	0.17%	0.26%

Source: *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

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Table 6
Comparison of Worker Absorbed Contribution of Indonesia Creative Industry Sub Sector 2003 and 2008

No	Sub Sectors	2003	2008	Average Growth 2002 – 2008
1	Fashion	53.30%	54.77%	-0.26%
2	Handycraft	32.52%	31.07%	-0.89%
3	Design	5.24%	5.32%	-0.17%
4	Publishing and Printing	2.14%	2.37%	0.93%
5	Music	2.17%	1.51%	-1.87%
6	TV and Radio	1.80%	2.13%	5.87%
7	Advertising	0.95%	0.83%	9.38%
8	Art Market and Goods	0.57%	0.63%	4.83%
9	Architecture	0.41%	0.39%	7.36%
10	Film, Video, and Photography	0.33%	0.38%	4.50%
11	Computer Service and Software	0.28%	0.27%	5.61%
12	Research and Development	0.15%	0.13%	4.39%
13	Show Art	0.11%	0.13%	5.08%
14	Interactive Games	0.04%	0.05%	14.00%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

The occurrence of high fluctuations in the creative industry number of businesses could be caused by the size of the creative industry businesses which are usually small, so that barriers to entry and exit from this industry is small. Business actors are easier to decide to enter or exit the industry than larger businesses. Compared with the number of businesses in 10 major sectors, the number of Creative Industry Sector in 2008 is ranked fourth, with a contribution of 6.4% of the total number of businesses in Indonesia, or about 3 million businesses. This position indicates that Creative Industry sector is one important sector in the national economy. Complete figures shown in table 7.

Table 6

Comparison of Worker Absorbed Contribution of Indonesia Creative Industry Sub Sector 2003 and 2008

No	Sub Sectors	2003	2008	Average Growth 2003 - 2008
1	Fashion	53.30%	54.77%	-0.[illegible]%
2	Handycraft	32.52%	31.[illegible]7%	-0.[illegible]%
3	Design	5.24%	5.52%	-0.1[illegible]%
4	Publishing and Printing	2.14%	2.57%	0.8[illegible]%
5	Music	2.17%	1.51%	-1.57%
6	TV and Radio	1.20%	2.13%	[illegible].87%
7	Advertising	0.75%	0.83%	[illegible]
8	Art Market and Goods	1.57%	0.63%	-4.83%
9	Architecture	0.41%	0.39%	[illegible]
10	Film, Video, and Photography	0.33%	0.38%	[illegible]
11	Computer Service and Software	0.28%	0.27%	[illegible]
12	Research and Development	0.15%	0.13%	-4.30%
13	Show Art	0.11%	0.15%	5.05%
14	Interactive Games	0.04%	0.05%	14.00%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

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Table 7

Comparison of Total Business of Indonesia Industry Sectors 2003 and 2008

No	Indutries Sectors	2003	2008
1	Agriculture, Livestock, Forestry and Fishery	51.9%	45.8%
2	Trade, Hotel and Restaurants	21.6%	25.0%
3	Transport and Communication	8.0%	8.3%
4	Creative Industries	6.3%	6.4%
5	Manufacturing	5.4%	6.3%
6	Services	4.3%	5.5%
7	Construction	1.7%	1.6%
8	Mining and Quarrying	0.6%	0.7%
9	Finance, Real Estate and Business Services	0.2%	0.4%
10	Electricity, Gas and Water Supply	0.0%	0.0%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

Creative industry sub-sectors that grew most rapidly in terms of the number of businesses are Interactive Games. This sub-sector has an average growth in the number of businesses by 38% in 2002-2008. While the Computer Service and Software sub-sector has the growth rate of 6.2%. Both are well above the average growth of 0.73% of the national number of business. Complete figures shown in table 8.

The exports total value of the Creative Industry sector has always experienced an increase trendline from 2002 to 2008, except in 2003. Even the export values in 2008 amounting to IDR 114.9 trillion, was close to doubling the export values in 2002 that is amounted to IDR 58.4 trillion. The increasing exports is an exciting indication especially for 2007 and 2008, which at the time the global crisis was hitting the international market. The export values of creative industry sector had far exceeds the import values, so the Net Trade / Net Export always showed positive value during the year 2002-2008. Even the import value of creative industries is never greater than 10% of the export values annualy.

Table 7

Comparison of Total Business of Indonesia Industry Sectors 2002 and 2008

No	Industries Sectors	2002	2008
1	Agriculture, Livestock, Forestry and Fishery	51.0%	45.8%
2	Trade, Hotels and Restaurants	21.0%	25.0%
3	Transport and Communication	5.0%	[illegible]
4	Creative Industries	6.7%	[illegible]
5	Manufacturing	5.4%	[illegible]
6	Services	4.3%	[illegible]
7	Construction	1.7%	1.6%
8	Mining and Quarrying	0.0%	0.7%
9	Finance, Real Estate and Business Services	0.2%	[illegible]
10	Electricity, Gas and Water Supply	0.0%	0.0%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study, 2009)

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Table 8

Comparison of Number of Business in Indonesia Creative Industry Sub Sectors

No	Sub Sectors	2003	2008	Business Avg Growth 2002 – 2008
1	Fashion	50.28%	51.97%	0.4%
2	Handycraft	38.01%	35.16%	-1.2%
3	Design	7.20%	7.13%	0.3%
4	Publishing and Printing	2.77%	3.68%	4.1%
5	Music	0.33%	0.47%	7.8%
6	Art Market and Goods	0.40%	0.39%	3.4%
7	Film, Video, and Photography	0.31%	0.23%	-12.0%
8	Computer Service and Software	0.28%	0.30%	6.2%
9	Advertising	0.17%	0.26%	20.0%
10	Architecture	0.07%	0.14%	20.5%
11	TV and Radio	0.08%	0.13%	10.4%
12	Show Art	0.06%	0.06%	4.0%
13	Research and Development	0.03%	0.04%	10.9%
14	Interactive Games	0.01%	0.03%	38.0%

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

The huge differences between export and import values of Creative Industry Sector implies that this sector does not have great dependence on imports. The recorded export value does not include sub-sectors such as Television and Radio sub-sector, Software sub-sector, Research and Development sub-sector, and the Performing Arts sub-sector. Even though the national software products already consumed in overseas, but the intangible creative industry sub-sectors or the digital based are not yet have a fairly good export documentation. Documentation difficulties may caused by many things, such as transactions conducted

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5	Music	0.33%	0.47%	7.8%
6	Art Market and Goods	0.40%	0.59%	5.4%
7	Film, Video, and Photography	0.31%	0.22%	-12.[illegible]%
8	Computer Service and Software	0.25%	0.40%	6.2%
9	Advertising	0.17%	0.26%	20.0%
10	Architecture	0.07%	[illegible]	[illegible]
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Source : *[illegible]* (Indonesia Creative Industries Study 2009)

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Table 9
Comparison of Net Trade of Indonesia Creative Industry Sub Sector

No	Sub Sectors	2003 (x IDR 1000M)	2008 (x IDR 1000M)
1	Fashion	34,605.77	69,314.49
2	Handycraft	17,659.25	35,605.84
3	Music	972.92	(62.36)
4	Publishing and Printing	27.75	143.56
5	Art Market and Goods	23.33	67.84
6	Interactive games	(14.98)	75.06
7	Computer Service and Software	-	-
8	Research and Development	-	-
9	Show Art	-	-
10	TV & Radio	-	-
11	Architecture	(0.54)	(1.85)
12	Advertising	(29.16)	64.74
13	Design	327.83	(636.55)
14	Film, Video, and Photography	(35.17)	(87.62)

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

4. Digitalpreneur as Micro, Small and Medium Enterprises (MSMEs)

Digitalpreneur is part of MSMEs group. The data show that MSMEs play an important role in Indonesia economy both in terms of the number of business and also terms of employment with the creation of the business field. Firdausy (2003) disclose the results of a survey conducted by Statistic Indonesia and Ministry of Cooperative and Small Medium Enterprises. Essential role played by MSMEs indicate that MSMEs are the dominant business sector to absorb work force.

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7	Computer Service and Software	-	-
8	Research and Development	-	-
9	Show Art	-	-
10	TV & Radio	-	-
11	Architecture	(0.54)	(1.85)
12	Advertising	(29.16)	54.74
13	Design	327.83	(636.55)
14	Film, Video and Photography	(33.17)	(87.62)

Source : *Studi Industri Kreatif Indonesia 2009* (Indonesia Creative Industries Study 2009)

4. **Digitalpreneur as Micro, Small and Medium Enterprises (MSMEs)**

Digitalpreneur is part of MSMEs group. The data show that MSMEs play an important role in Indonesia economy both in terms of the number of business and also terms of employment with the creation of the business field. Firdausy (2003) disclose the results of a survey conducted by Statistic Indonesia and Ministry of Cooperative and Small Medium Enterprises. Essential role played by MSMEs indicate that MSMEs are the dominant business sector to absorb work force.

Table 10

Comparison of Indonesia MSMEs Contribution with Large Enterprises in 2003

Type of business / Indicator	Small Enterprises (include Micro)	Medium Enterprises	Small & Medium Enterprises	Large Enterprises	Total
Contribution to GDP x IDR 1M current value added (national contribution)	450,415,060 (41.9%)	187,825,282 (17.5%)	638,240,342 (59.4%)	436,901,970 (40.6%)	1,075,142,312 (100.0%)
Number of Labor (national contribution)	57,965,368 (88.7%)	7,009,393 (10.7%)	64,974,761 (99.4%)	364,975 (0.6%)	65,339,736 (100.0%)
Number of Business (national contribution)	36,761,689 (99.85%)	51,889 (0.14%)	36,813,588 (99.99%)	1,831 (0.01%)	36,816,400 (100.0%)

Source: Firdausy (2003)

CONCLUSIONS

1. Digitalpreneur developments through various competitions, international awards, acquisition and cooperation, start-ups communities and various categories of local digital content. It is expected to prove that Indonesia is not only great as the Internet users, but also become a dominant player in Internet-based business.
2. Based on the indicator of national economic pillar, that is the Gross Domestic Product (GDP), number of worker absorbed (employment), number of business, and the amount of international trade, so the Creative Industry sector particularly digitalpreneur Indonesia experienced a significant increase in 2008. Although as a new industrial sector in Indonesia, the creative industry sector which includes digitalpreneur had contributed GDP in the rank 7 of the 10 sectors in 2008. This indicates the creative industry as an important sector of Indonesia economy.

In addition, although the two subsectors of digitalpreneur (Computer Service & Software and Interactive Games) still give small contribution to national GDP, but the average growth of Gross Value Added is very encouraging and the value tend to above the average of 14 sub-sectors. Even Computer Service & Software showed the hugest growth rate with 16.87% followed by Interactive games with 13.88%. For labor indicators, Interactive Games sub-sector is the highest number of worker absorbed (employment) growth, which is the only subsector with two-digit average growth in the amount of 14%. For indicators of international trade, seen the import values of the creative industries are never above than 10% of export value annually. Therefore, digitalpreneur should be developed more serious as it can really rely on the strength of the nation itself.

3. The importance of digitalpreneur as a new pillar of Indonesia's economy has been recognized by the Republic of Indonesia Government. Namely by issuing Presidential Decree number 28 year 2008 on the National Industry Policy which is mentioned in chapter 2 about priority for the creative industry, and Presidential Instruction Number 6 year 2009 on the Development of Creative Economy.
4. Digitalpreneur development is expected to have a major impact on Indonesia economy. The continued growth of digitalpreneur contributions as the creative industry sub-sectors and as well as the subject of MSMEs, eventhough when the global financial crisis happen, provide optimism among concerns of other sectors decline. The creation of more work fields including the increasing number of local human resources with specific skill, the entry of large investment and the great numbers of export earnings are the positive impact of digitalpreneur developments. As well as the economic side, digitalpreneur was expected to keep preservating the national culture identity by creating a content that is interesting, entertaining, educating, and generating smart society.
5. The digital content business sector could be included as one sector that was developed in ASEAN countries cooperation in order towards the ASEAN Economic Community (AEC) in which the flow of goods, services and investments will be 'flowing free' in 2015.

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