

Ethics Marketing Creative Industry in Indonesia: Exploration Study

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ABSTRACT

This study focuses on the problems of business practices in the creative industry in terms of business ethics. This study is a qualitative exploratory study. Problems in this study include how are the practices of business ethics in the creative industry in Indonesia, what are the factors that were the antecedent of business ethics in the creative industry in Indonesia, how ethics business impact on consumer behavior in purchasing decisions of the creative industry in Indonesia. The study was conducted with in depth interview on 8 entrepreneurs in the creative industry. The results of this study are 5 propositions which are the relevancy between the antecedent variables and the consequences of the implementation of marketing ethics.

INTRODUCTION

In the creative industry contributed an average of 7.13 percent of Gross Domestic Product during the period 2010-2014 (Indonesian Business). The fashion and craft industry has a large, most prominent, and dominant contribution in the national creative industry sector. The highest growth of creative industries nationwide is still in Jakarta, Bandung, Jogjakarta and Bali. While Surabaya is still below, a little lower.

In facing global competition, customer value is the key to the success of the company. Many factors that are determinants of customer value, in example, business ethics. Business ethics will have an impact on emotional value as well as on the company's image. Companies with high product quality will be abandoned by consumers when they do unethical actions in their business.

The economic sector that entered the creative industry consists of the sectors of advertising, architecture, art, crafts, design, *fashion*, film, music, performing arts, publishing, also computer software and *video games*. In addition, business activities in the fields of radio, television and the research industry.

Creative industries prone to unethical marketing activities. Companies tend to focus on creative product creation, so that business ethics issues are ignored. Film industry focuses on creating creative story content that made the target audience interested, without realizing that the film teaches unethical behavior in society.

This study aims to improve the performance of creative industries to compete in the global market. In the global market. The quality of products or services is not the only reason for purchasing decisions. Consideration of the company's business ethics is one reason for purchasing decisions. In high competition, products or services become commodities, when the products quality or services is relatively the same, the business ethics of the company becomes the key to win the competition.

This study focuses on the problems of business practices in the creative industry in terms of business ethics, especially the ethics in marketing activities. The marketing strategy includes four main activities, namely the product strategy, pricing strategy, place strategy and promotion strategy. Among these four marketing activities, the ones which intersect with ethics are product strategy and promotion strategy. In the product strategy, often occurs in product content, that doesn't concern or is in opposite with the values in the community, the occurrence of information deceptive from the product. In promotion strategy, often occurs information given is excessive or incorrect, this deceptive advertising is one of the unethical marketing actions because it misleads people's minds.

Profit is the main objective of all companies including creative industries. In the global market, business ethics is an important factor for companies to win consumer preferences. High consumer preference for products / services increases purchases which will ultimately increase company profits. This study focuses on the business ethics practice in the creative industry, antecedent business ethics, and the impact of the behavior of corporate ethics on consumer purchasing decisions.

LITERATURE REVIEW

Creative Industry in Indonesia

Indonesia with its enormous wealth potential, both natural resource potential, cultural diversity, and human resources, needs to prioritize creativity and innovation in national development to optimize the various potentials of its wealth. Creative economy based on the capital of human resource creativity has the opportunity to encourage the competitiveness of Indonesian people in the future. If Indonesia's vast human resources have the ability to be creative to create innovation and added value, then that creativity will become an endless renewable resource.

Creativity will encourage the production of innovative products and services and high added value so that Indonesia will no longer depend on the export of raw materials, but will also be able to export products with high added value. Creativity and innovation will also make local cultural heritage and wisdom contribute greatly not only for the national economy but also to improve the image of Indonesian people in the eyes of the international community.

Creative industries face high competition, with the entry of AEC, more competitors from abroad are entering the Indonesian market. In the creative industry, for example, more films and music are entering Indonesia and have high rating, such as the entry of dramas from Korea, Turkey, India, etc. Many creative industries only think about winning the competition, how consumers like their products and decide to choose / buy their products, using a variety of unethical strategies, such as deceptive advertising, how to convey deceptive information that is different from the product offered, such as product labels, advertisements that mislead consumers. Many creative industries are doing imitations on product designs offered (product counterfeith). This ethical action will have a bad impact on the long term.

Marketing strategic

Marketing strategies are oriented toward creating added value for customers and building relationships with customers, creating added value by understanding market needs including customer desires, conducting customer and market research, managing marketing information and customer data, building integrated marketing methods and providing added value, building relationship that is mutually beneficial in creating customer satisfaction.

Marketing strategy implementation through *Market Segmentation*, setting the target market and positioning. Market segmentation is the act of dividing the market into different groups of buyers with different needs, characteristics, or behaviors that may require a separate product or marketing mix. Determination of Market Target (*Market Targeting*) is the process of evaluating the attractiveness of each market segment and choosing one or more segments to be served, market targeting consists of designing a strategy to build the right relationship with the right customer, or a large company may decide to offer a complete range of products in serving all its market segments, most companies enter new markets by serving a single segment, and if this proves successful, they add segments. At the time of positioning, the company must decide how to differentiate its market offerings for each target segment and what position it wants to occupy in the segment, the product position is a place occupied by relative product toward its competitors in the minds of consumers, marketers want to develop unique market positions for their products. If a product is considered exactly the same as other products on the market, consumers have no reason to buy it.

After the marketing strategy settled, the company is expected to implement and plan the details of the marketing mix consists of "four P's" are: *Product*, the combination of goods and services offered by the company to the target market including: variety, quality, design, features, brand names, and packaging. *Price*, is the amount of money that must be paid by customers to obtain products including: price lists, discounted price discounts, payment periods, and credit requirements. *Place*, company activities that make products available for targeted customers including: location, distribution channels, inventory, transportation and logistics. *Promotion*, means activities that convey product benefits and persuade customers to buy them including: advertising and sales promotions.

Before building and implementing the 4P above, marketers should first consider "four C". *Customer Solutions*, products can help and solve consumer problems. *Customer Cost*, the price paid by consumers to buy the product in accordance with their needs and desires. *Convenience*, the product is able to please the consumer because it is easily obtainable everywhere. *Communication*, manufacturers communicate products to consumers correctly and right on target.

Business ethics

Business ethics is a reference in conducting business activities. Where in the procedure, covers all kinds of aspects, both from individuals, institutions, policies and business conduct. It should be noted several things such as self-control, social accountability, making competition healthy, the application of a sustainable concept, can maintain their beliefs, being consistent with a rule that has been agreed upon, the growth of awareness and ownership with what has been agreed upon, creating an attitude to trust each other among business groups, also a part of business ethics must be held, to be included in the law which can be in the form of legislation. Basically the purpose of business ethics is to run and create a business as fair as possible and adjust the laws that have been made. This business ethics is a broader level if compared to the provisions that have been regulated under the applicable law, even when compared to the minimum standards of legal provisions, business ethics become a higher standard or measure. This is

because, in the course of doing business, it is not uncommon for us to find a gray section and not be regulated. In general, an unethical company action will make consumers become provoked and in the end comes an act of retaliation. As an example, a prohibition of the circulation of a product, boycott movement and anything related to it, then what happens is a decrease in selling value and also the company. Companies that value business ethics will definitely get a higher satisfaction rating.

In Indonesia, consumer rights are protected by the Law on Consumer Protection No. 8 of 1999. Article 2 of the UUPK which states that consumer protection is based on benefits, justice, balance, security and consumer safety and legal certainty. Whereas consumer rights according to article 4 of the UUPK are: The right to comfort, security and safety in the collection and/or service; The right to choose goods and/or services and obtain goods and/or services according to the exchange rate and the conditions and guarantees promised; The right to correct, clear and honest information about conditions and guarantee of goods and/or services; The right to hear opinions or complaints about the goods and services used; The right to get advocacy, protection, and solution to a dispute over consumer protection efforts; The right to get consumer educations; The right to be treated or served correctly and honestly and not discriminative; The right to get compensation.

Business-mans are prohibited from offering, promoting or advertise an item and or service in a way of promising they will give gift in the form of goods and/or other services free with the intention of not giving it or giving it not as promised. Contract theory explain the relationship between consumers and producers seen as kind of contract and obligation producer to consumers who are based on the contract.

Heath and Heath (2008) examine the reflections, attitudes, and perceptions of consumers around marketing activities. In this study explained that marketing activities are not seen as a creative process but also have negative associations in the eyes of consumers such as misleading/deceiving and manipulative in addition to the content of the messages that are negatively associated. Direct marketing is also stated as a form of annoying advertising and many sales promotions are considered misleading/deceiving.

Darda and Premananto (2015) in their study entitled the influence of the perceived deception and credibility of a company on one's attitudes and intentions to take part in the lottery proves that perceive deception has no effect on corporate credibility, and negatively affects consumer attitudes.

Related to the implementation of business ethics, Tsalakis and Lassar (2009) measure consumer perceptions, using the BEI Ethics Index Indexes. Business ethics is measured in Turkey and Egypt and USA. The study uses open question with face to face interview. Un-ethics actions in the USA and in Egypt on the issue of pricing and detective quality products.

Belak and Milfener (2011) measure business ethics in non-formal and formal institutions, linked to the company's life cycle in 40 managers who are owners of the company. The results of the study indicate that there are differences in business ethics in formal institutions and in non-formal institutions. Schawarts and Weber (2006) measure the business ethics of a country using 7 dimensions, they are: academic, business, social or ethical investment, business ethics organization, government activity, social activity groups and media coverage.

RESEARCH METHODS

Research design

This research is a basic research aims to develop a theory to explain the relationship between variables. This research was conducted with qualitative approaches. A qualitative approach is carried out with exploratory studies. Exploration studies are carried out with in-depth interviews regarding marketing activities in creative industries related to business ethics, important factors on which to base these activities and the impact on the performance of the creative industry. This study is devoted to the exploration and investigation of consumer behavior using *grounded theory*. The development of theory is the goal of the researcher in accordance with the relevance that arises from the data. The advantage of using this method is a researcher can see the problem beyond what is seen on the surface, allowing interpretation before developing the final concept, and can show explanations with supporting data. This study aims to explore and identify how creative industry behavior is related to business ethics activities, especially marketing.

In in-depth interview, the selected respondents were chosen as the selected interview technique, this technique is more flexible and dynamic depending on the quality of the data provided by the respondent. Data retrieval is carried out continuously until the researcher reaches theoretical saturation, in which no additional data can be found that will be added to the categories developed and tested (Pace, 2003).

The advantages of using semi-structured in-depth interview techniques include researchers can investigate, ask many additional questions, and explore as deep as possible the subject so that the information obtained is very rich, deep and contains a lot of information. The weakness of this technique is less structured so that the response can be very diverse. For this reason, the researcher needs a question guideline to focus the interview with the respondent. The nature of qualitative research commonly referred to as participants here is actors in the creative industry and creative industry consumers.

The variables used in this study are *marketing ethics*, business performance, and consumer response. Marketing ethics is brand equity from the customer's point of view which is formed from customer response to brand marketing, where this customer response can depending on the knowledge the customer has about the brand. The Purchase Decision Process is the stage through which the consumer decides the use of a product, the stages include: a) identification of needs, b) seeking information to meet those needs, c) evaluating various possible alternatives and d) selecting alternatives/purchasing decisions, e) *Post Consumption*. Consumer Response is consumer's response to marketing activities related to business ethics in the creative industry. Responses can be cognitive, affective, conative, and behavioral.

Analysis technique

In a grounded theory approach, theory is derived from data using the constant comparative method with four stages. *Open coding*, is the first stage of data analysis, which in this stage involves identifying categories and properties in the data. A category is an element that represents something important that emerges from the data. Categories and traits are formed by comparing incidents in data and visible patterns. *Theoretical coding*, is the next step in which the researcher takes the concepts that arise during open coding and combines with the problem of the relationship. *Selective coding*, after the theory is developed, identification of the initiation category is done by selective coding, where the process of limiting the code is only for concepts related to the core category, data retrieval becomes increasingly focused, producing a theory with a higher level of concept. *Sorting memos and writing theory*, data collection and

analysis will occur when the theoretical saturation is reached, where no new information appears and no additional data needs to be added.

RESULT AND DISCUSSION

This study focuses on discussing how organizational behavior is related to business ethics, especially marketing activities carried out by the company. Researchers conducted interviews to 8 people managing the creative industry, including creative industries show that “Raminten” Cabaret Show in Yogyakarta. The cabaret show form is where transsexual wears vulgar outfits and ludruk which supposed to be rolled by woman, is rolled by men; culinary/food creative industries namely Pulpy ice cream—an ice cream with closet space, “rawon setan” and “nasi goreng Jancuk’—using swear words for their brand names, creative fashion industry using “indiclothe and cosmic”, which produces t-shirts with brand names and writings using dirty language (impolite), creative industry making digital comics with vulgar cartoon images and tattoo making, customer in the creative industry and academia / experts in the field of law and ethics.

The researcher then analyzes the results of the interviews by finding patterns from the transcripts of the interviews and formulating them in the report. Adopting the opinion of Gremler (2008), reliability testing is done by focusing on inter judge reliability, namely the extent to which one or two judges agree with the way researchers classify and code in a particular way. One jury was brought in and witnessed the researcher coding.

Validity test in this study adopted the opinion of Corley (2006) which is to extend the observation time, triangulation of data sources, the results of the interviews were examined by the subjects. In this study, the validation is achieved with triangulation in the form of data collected from more than one source, they are business managers engaged in the creative industry, academia and consumers, interviews were conducted continuously and stopped when the data obtained is in the same outline. The data obtained were also strengthened by peer debriefing, by discussing the research problem with questions and answers to colleagues who adequately addressed the problem.

Assessment of business ethics in the creative industry in Indonesia

Businessman and consumer thinks relatively the same regarding unethical behavior and behavior, in the sense of business people understand that the products offered morbidly containing ethical elements, therefore its consumers both in the process of delivery and output of products offered. Ethical and unethical assessment of a product is assessed from the existing cultural values in the community, law and religion, such as some opinions expressed by participants who said *...his name damages the gift of Lord Allah, yes it is not good, given good skin but why cross it with ink, that is sin, not good to do... sin, a giving from Lord Allah* is related to the beliefs of participants based on religious understanding. Likewise about the use of the name Satan, participants said that Satan is a demon who is cursed.

Values of decency that exist in the community also determine whether an act of ethical judgment is ethical, as example, ice cream with closet. *Closet is supposed to be a place for dirty things, how could we drink an ice cream in such container? That's inappropriate. But I'm also curious, I think people who dares to eat that is slob people, so that they can't feel horrified when drinking an ice cream with a closet container.* This shows a measure of right and wrong in society both as producers and consumers are seen universally, based on what values in society.

But for evaluating whether it is ethical, there are participants who say *we can't conclude this, is true or not easily. But I think it depends on my friends, so it's relative. I see their opinion. If many say it's ethically, just follow it, what's wrong with a show which the men actors wearing female clothes that are inappropriate? They are also human beings, their performances do not harm others. If no one blames them, it means okay, right? No one is harmed. In fact, it is useful because it is a job for the roles, so I will call it the right action. Finding a job nowadays is difficult, you know.* Based on the description above, it can be arranged

Proposition 1: evaluation of business ethics is determined by the level of religiosity, subjective norms and propriety values that exist in the province.

Reasons for ethical / unethical behavior in business activities in the creative industry

Participants in this study stated that the main reason they do the business is profit, meanwhile high competition, businessman are looking for a form to survive/increase sales with products differentiation. It is expected that giving a unique name such as "Jancuk" fried rice, rawon "Setan" shirt with "Berak" brand can make consumers curious so that the intention to buy is arising.

As of what participants said, *basically anything we do is for benefit, if the brand name is slob or the slob writings that are attached to the product but familiar in the eyes of the community, we will do it to gain their attention.*

It can be concluded that the purpose of corporate profits, is to win in competition and consumer desires is a key reason for ethical behavior from the viewpoint of producers. Besides that, some producers say that their business is just a hobby. *Because my main goal is only to channel talent.* Based on the description above can be compiled

Proposition 2: Profit, competitive advantage, personal satisfaction is the company's main goal of behaving unethically

Impact of ethical / unethical behavior in business activities on creative industry performance

Participants, especially business managers, realize that marketing strategies always have a positive and negative side. Therefore, the use of intrinsic and extrinsic unethical product attributes such as the use of unethical brand names, serving food with unethical places, etc. Participants in this study knew that it would have a positive and also negative impact. The company must continue to maintain/anticipate the emergence of these negative impacts, based on the description above, the following composition is prepared

Proposition 3.a.: Unethical behavior will have a negative impact on the company's performance in the long run otherwise it will have a positive impact in the short term.

CONCLUSION AND SUGGESTION

There are three propositions as a result of this study, they are: 1) evaluation of business ethics is determined by the level of religiosity, subjective norms and propriety values that exist in the community; 2) profit, competitive advantage, personal satisfaction becomes the main goal of the company behaving unethically; 3) unethical behavior will have a negative impact on the company's performance in the long run otherwise it will have a positive impact in the short term.

The results of this qualitative research are three propositions related to business practices related to ethics in the creative industry. In the next study, it is suggested that an empirical test of these propositions be carried out with quantitative research, that is based on the

propositions produced, in this first phase the hypothesis will be prepared. On further research needs to be done in a separate penguran on different types of creative industries.

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