

POLICY BRIEF

GLOBAL INTERCONNECTEDNESS AS THE STEP FOR SMART ECONOMY IN SURABAYA



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Smart city is a fast growing concept as a solution to the low competitiveness between developed and developing countries today. One of these areas; Surabaya which was chosen to be a pioneer or reference in implementing smart city concept in Indonesia, where the application of concept of smart city in Surabaya has been implemented since 2002 ago. One of the important indicators in the fulfillment of the concept of smart city in Surabaya is the aspect of the smart economy, which has been done various efforts from the Surabaya city government that is empowered people of productive age who are unemployed by giving trainings targeted villages and then creating many centers of SMEs in Surabaya, Surabaya city government also provides facilities for SMEs who already have a certified products are able to sell its products in the portal provided by the government of Surabaya. However, even though the city of Surabaya can not be classified as a successful area to implement the concept of smart city or more specifically the smart economy. Thus given advice as an effort to improve the concept of smart economy in Surabaya through; 1) Giving Stimulus to the Economy of SMEs; 2) Collaborate, coordinate and cooperate with each stakeholder; 3) and improve the network with multinational companies.

What's the issues?

Nowadays, there is a developing concept that appears as a solution of the low competitiveness between developing countries and developed countries, especially in the economic sectors. The concept is known as Smart City, according to Harrison et al. The concept of smart city is a city that connects the physical infrastructure; technology infrastructure, social infrastructure and business infrastructure to take the advantage of collective intelligence owned by the city.¹ According to another definition of the smart city declared by Marsal Llacuna et al. (2014) the initiative of smart city is trying to improve the performance of the city by using data, the information and technology to provide services more efficient to the community, supervise and optimize infrastructure owned by the moment, improve collaboration between various economic actors, and to encourage business model of innovative to an innovative sector and private sector.

Thus, it could be concluded that the smart city is basically a utilization of collective intelligence owned a city by utilizing data, the information and technology (IT) could be able to suit in a variety of community activities, businesses, as well as the government in a city.

Indonesia as one of developing countries with the largest population of the fourth largest in the world (263 million in 2016)² which is still bears the status as developing countries has a high interest that would be the application of the smart city concept as a solution of a variety of the problem. It could seen from the fact that the country Indonesia is a state that have been an independent during the 72 years but still bears the status of developing countries. The other facts could be seen from the number of the area in Indonesia which applies the concept of smart city that is Jakarta, Bandung, Makassar and Surabaya³. From a lot of the area Surabaya then be elected one of the pioneer of the implementation of smart city in Indonesia,

¹ Vito Albino, et.al.2015. *Smart Cities: Definitions, Dimensions, Performance, and Initiatives*. Journal of Urban Technology, Vol. 22, No. 1, 3-21,

² <http://www.worldometers.info/world-population/>

³ <http://www.wantiknas.go.id/2016/11/07/ta-hukah-kamu-kota-terdepan-dalam-penerapan-smart-city-di-indonesia/>

this is because Surabaya since 2002 has made breakthroughs and innovation that could simplify the public access to be able to manage public information (transparency) whether it through the implementation of Information and Communication Technology (ICT) or other innovations in the form of conventional.

Almost no difference with other concept, that smart city has particular criteria or indicator that should be fulfilled in order to have effective implementation process. The indicators are consisting of smart economy, smart mobility, smart environment, smart people, smart living, and smart governance. But in this paper, the researcher will analyze in depth of important component in smart city that is: how is the lack application of smart economy in Surabaya. According to Lombardi et al. (2012) the indicators component of smart city consisting of some points includes the research and expansion of public consuming, public consuming for education purposes, GPD population and unemployment rate.⁴ However, in the recent studies it is found that smart economy indicators by government have different point from Lombardi in which consisting of entrepreneurship and innovations, productivity, interconnectivity of local and global.

The implementation of smart economy that is applied in Surabaya city can be seen and started with the existence of certain targeted village area in Surabaya, in which the intention is that the government of Surabaya provides such training to the Surabaya residents in a productive age but still unemployed, to be able to have skill and utilize local commodity in Surabaya so that they can produce products that has value. The existences of the targeted village, for example, just like the bag production village in Gadukan that produces any kinds of women bag, school bag, even seminar bag. Also the embroidery village in Kedung Baruk district that is providing embroidery service for kebaya or any other clothing. The cake village in Penjaringanari district which is a group of 23 business units that produce birthday cake, cakes and cookies. There is also dressmaking village in Kertajaya district, cracker production village, shoes production village, and tempe production village.



It is not just about providing such training and giving special skill for the unemployed Surabaya resident, but the trained residents is then given such facilities by Surabaya government such as UKM center to improve the effectiveness of the product marketing. In which, nowadays, there has been an UKM center in four different area in Surabaya, such as in Mall City of Tommorrow (CITO), International Trade Center (ITC), Siola, and the center in Ir Soekarno Hatta(Merr) area. Besides the UKM center that is facilitated by Surabaya government, there are also portal sites as a result of IT utilization so that the perpetrators of UKM that already has a product certificate can market its products.



Even though there are various commitments and innovations produced by the government of Surabaya, this city still cannot be considered as successful in implementing the concept of smart city, especially smart economy. By this, the purpose of this study is to explain the deficiencies of smart economy implementation in Surabaya and give some recommendations of alternative policies which can be used by the government to be able to complete the implementation of smart economy in Surabaya.

Technique of Data Collection

To comprehend how the process of the implementation of smart city, especially smart economy in Surabaya, the writer collected the data by using two instruments, including interviewing 3 keys of apparatus in the Department of Trade and Industry of Surabaya that are as follows:

⁴ibid, hlm 14

1. Mr. Archy (the staff of IT Department of Trade and Industry of Surabaya).
2. Mrs. Ferrida Widyastuty S.Pi, MM (the Head of Promotion Facility Processing Section of the Department of Trade and Industry Surabaya).
3. Mr. Heri (Promotion Facility Processing Section Staff Department of Trade and Industry, Surabaya).

The second instrument was done by participating in general lectures held in the Planning Agency of Surabaya by some lecturers:

1. Alvian (the Apparatus of the Department of Planning Agency, Surabaya)
2. Ivan (the Apparatus of the Department of Planning Agency, Surabaya).

Findings

From the results of data collection conducted by researchers, found that in implementing the concept of smart city, especially the smart economy of Surabaya city government to provide guidance to the community to be more productive and encouraged to move in the entrepreneur sector. Then after that the city government of Surabaya provides facilities for the targeted community to be able to take care of the rights of certification of the products that he sells, with the provisions in accordance with current or applicable international standards. Thus it can be implied that not all trained communities trained by the central government are able to certify their products due to the incompatibility of the business product's criteria with what are international or global standards

Secondly, in applying the concept of smart economy in Surabaya city, for business actors of SMEs that have certified product, they can register their product in portal or website managed by Surabaya government that is pahlawanekonomi.com. But found that the portal is still based on the Indonesian language. Thus it can be implied that the market increase obtained by these UMKM business actors will only grow in the domestic sector only and can not compete globally or in the free market. Thus the aspect of global interconnectivity in the aspect of smart economy adopted by Surabaya city still cannot be fulfilled

Third, in addition to discovery of the village built business or discipline labor of Surabaya city government could be only equipped with knowledge to be able to make a product whether it is food and artwork course, without followed by teaching about the language and marketing play is further. So that SMEs sectors are not having knowledge to be able to improve its business.

Policy Recommendations

1 Give more stimulus +
Every stakeholders who participate in the implementation concept of smart city have an important role in order to every indicators in smart economy can be fulfilled. In this case, the government should have not stop only in giving knowledge to UKM, but also must be followed by stimulus, whether in the form of gift or fund, in which this act can support the trained worker to increase their business and can market their product overseas.

2 Increasing The Networking
Technically the government is not a stakeholder that can have the excellence in all life sectors, therefore to implement the smart economy concept perfectly, the government needs to cooperate and collaborate with the private sector especially multi-national company so that the trained worker can develop themselves in international market. Besides doing cooperation with private sector, another alternative can be done by doing cooperation between government agencies (government to government).

3 Need Support From Another Stake holder
The problems of smart city implementation are not the responsibility of a party or a government institution only. Another aspect that is needed to be correlated with the problems of smart economy in order to be effectively implemented is by involving NGO, the government as the financial, the facilities and infrastructure facilitator.

Further Readings:

Coccia, Annalisa. 2014. *Smart City And Digital City : Systematic Literature Review*. Page 31

Current World Population, <http://www.worldometers.info/world-population> (accessed on June 27,2017)

Kusnandar Arie,2016, "Mengintip Penerapan Smart City di Surabaya", <https://telko.id/4777/mengintip-penerapan-smart-city-di-surabaya> (accessed on June 27,2017)

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