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MAPPING THE POTENTIAL OF CULINARY INDUSTRY IN MALANG MUNICIPALITY

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Abstract

Culinary industry is the last group recognized by the government as part of the creative industries has not received much attention in the scientific study of particular types of industries which are the basis of economic growth. This study fills the gap, especially in Malang, with the aim of mapping the potential types of culinary industry per district. Data obtained from the Offoce of Industry and Trade and the Central Statistical Agency of Malang then analyzed by Location Quotient (LQ), productivity, multiple linear regression, and contributing sub-sectors in the Gross Regional Domestic Product (GRDP). The analysis showed: (1) the culinary industry was concentrate in Klojen and Blimbing, (2) bread and pastry was a type of industrial base in Klojen and Blimbing, (3) the productivity of enterprises was highest in the District of Sukun and lowest in Klojen, the highest productivity employment was in Lowokwaru District and the highest was in Klojen, while the highest productivity of capital was in Sukun district, which is almost two times higher than other districts; (4) factors that significantly influence the production value of the culinary industry is the raw material; and (5) the culinary industry contributed the second largest in the manufacturing industry, while the processing industry also provides the second largest contribution to the GDP Malang after the Wholesale and Retail and Automobile Repair Motorcycle.

Keywords: culinary industry, creative industry, industry basis, productivity, Location Quotient.

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ABSTRACT

Culinary industry is the last group recognized by the government as part of the creative industries has not received much attention in the scientific study of particular types of industries which are the basis of economic growth. This study fills the gap, especially in Malang, with the aim of mapping the potential types of culinary industry per district. Data obtained from the Offoce of Industry and Trade and the Central Statistical Agency of Malang then analyzed by Location Quotient (LQ), productivity, multiple linear regression, and contributing sub-sectors in the Gross Regional Domestic Product (GRDP). The analysis showed: (1) the culinary industry was concentrate in Klojen and Blimbing, (2) bread and pastry was a type of industrial base in Klojen and Blimbing, (3) the productivity of enterprises was highest in the District of Sukun and lowest in Klojen, the highest productivity employment was in Lowokwaru District and the highest was in Klojen, while the highest productivity of capital was in Sukun district, which is almost two times higher than other districts; (4) factors that significantly influence the production value of the culinary industry is the raw material; and (5) the culinary industry contributed the second largest in the manufacturing industry, while the processing industry also provides the second largest contribution to the GDP Malang after the Wholesale and Retail and Automobile Repair Motorcycle.

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INTRODUCTION

The creative industries play an important role in the national economy because most of its businesses included a category for Micro, Small and Medium Enterprises (MSMEs). Data of the Ministry of Cooperatives and SMEs (2016) showed SMEs in Indonesia in 2013 as many as 57.9 million or 99.9 percent of total business units, absorbing 114.1 million people or about 97 percent of the workforce, accounted for about Rp5.440.007, 9 billion, or about 60 percent of Gross Domestic Product (GDP).

Creative industries previously consisted of 14 sub-sectors (Ministry of Commerce, 2008) but since 2011 the Ministry of Tourism and Creative Economy adds culinary as one subsector in the creative industries. Culinary industry is defined as an activity related to the manufacture of foods that have characteristics such as a characteristic of a region (Department of Commerce, 2012). Characteristic of regionalism is what makes the culinary part of the tourism industry and is better known as a culinary tourism.

Facts show that Malang as one of the educational city in East Java, and even national, and became one of the culinary tourism destination. Community visits to Malang travel at the

same time enjoy a unique culinary Malang. The results of the culinary industry are also used as souvenirs when tourists will return to their home areas. The number of tourists who come to Malang in recent years have increased. In 2014 as many as 5.8 million domestic and foreign tourists visiting Malang increased to 6.4 million in 2015 and mostly to Kota Batu (Suryamalang.com, 2016). It shows the great economic potential of the creative industries, especially culinary.

Culinary subsector contributed the largest revenue for the creative industry in Indonesia, approximately 32.2% of the total contribution of the creative industries to GDP in 2011, or about Rp169,62 trillion. The next largest contributor is fashion and advertising (Investor Daily, 2012). The entry of the culinary industry into a part of the development of the creative industry in Indonesia is the realization of the government will be much potential in it. In addition to the population of Indonesia as a huge domestic market, Indonesia is also rich in local culture gives a taste diverse types of food ranging from traditional foods and typical of the region according to their respective areas up to the creativity of the development of food and drinks from various regions.

Culinary industry has a major role in the economy, but a study of the economic potential of the culinary industry is still very limited. Research by Sunaryanto et al. (2014) found that food and beverage MSME clusters in Malang has not been formalized and still as a center. Ramadan et al. (2014) formulate a model of agent-based simulation system for the culinary industry, but based on data and assumptions hypothetical so it is advisable to further research using real data to make it more accurate. Princess et al. (2015) examined the strategies for coping with the culinary industry competition but the approach is a case study in the food business in Singapore so that the results can not be generalized. Similarly Sancoko (2015) examines the business development strategies of business meals and drinks at the depot time to eat Surabaya case study approach so it can not be generalized. Studies of the culinary industry has yet to reveal the culinary industry mapping to find the type of business base, productivity, and the factors that determine the production of culinary industry on which to base the development of the culinary industry in the region.

This study was conducted to fill that gap with the aim of providing information about the culinary industry map in the city of Malang. Specifically, this study provides information on the potential of the culinary industry and its productivity per districts, identify the type of product base, the factors that determine the production of culinary industry, and the contribution of the culinary industry to the gross regional domestic product (GRDP) Malang.

Mapping the culinary industry is expected to support the development of creative industries nationwide, mostly Micro, Small and Medium Enterprises (MSMEs) that play a big role in the national economy. In particular the results of this mapping provides information to the government of Malang in development of Malang municipality as a culinary destination and supports Malang toward smart city.

THEORETICAL REVIEW

Creative Industry and Culinary Indonesia

The concept of creative industries emerged in Australia in the early 1990s and definitions developed in the late 1990s (Howkins, 2005). The UK Government through the Department of Media, Culture and Sport (DMCs) defines creative industries as " those activities which have their origin in individual creativity, skill and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (Roodhouse, 2011). The fields of activity are included in the concept are advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software, television and radio. In

Indonesia, in the legislation in force does not use the term creative industries but rather the creative economy (Antariksa, nd). Creative economy in Presidential Instruction No. 6 of 2009 concerning the development of the Creative Economy is "economic activity is based on the creativity, skills and individual talents to create the creativity and inventiveness of individuals who have economic value and impact on the welfare of the Indonesian people".

Culinary has the characteristics of the definition of the creative industries and the creative economy. Evolving culinary variety does not make the culinary business becomes saturated, because it turns the businessmen culinary creativity to produce attractive products continue to emerge. The strategic reason among other culinary business establishment is still as good a chance of doing business in Indonesia which is marked by the rise in gross domestic product (GDP) of 5.78 percent from 2012 to 2013. Industry trade, hotels and restaurants are also growing at a growth rate 5.93 percent. The tourism industry as a supporter of the culinary industry is predicted to grow 3.3 percent from 2010 to 2030 (UNWTO, 2012).

However, as a business that is in the stages of starters, many of the challenges faced are, among others, fluctuations in demand, competitors are almost always using a strategy of price wars, the variant menu that continues required to always be innovative and unique, up accuracy and carefulness in selecting a location strategic with good prospects. Osterwalder and Yves (2012) applies Generation Business Model to map nine critical success factors of a business, namely customer segmentation, value propositions consumer, networking, consumer relations, source of income, the primary power source, the activity key, key partners, and the cost structure.

Sectors/Product Base Areas

Business development faced resource constraints. Therefore, the development of the culinary industry must operate effectively and efficiently by developing the type of industry that has a comparative advantage. Location Quotion (LQ) is one method used to identify the commodity or product that has a comparative advantage in the region (Miller & Wright, 2001; Hood, 2008). LQ technique is one approach that is commonly used in the economic model base as a preliminary step to determine the sectors of activity that triggers the growth of economy (Hood, 2008).

Rusastra et al. (2002) explain that the definition of a base is an activity in the community to be exported out of the neighborhood community or outward-oriented, regional, national, and international. The concept of technical and economic efficiency are critical in the growth of a region basis. While the activities of non-base is a community activity that results in the form of goods and services intended for the public in the area of community economy itself.

Economic model basis explains that the direction and growth of a region defined by the region's exports. Exports are not limited to goods and services but also in the form of spending foreigners for immobile goods (Budiharsono, 2001). In practice, the use of LQ techniques extends not limited to the study of the economy but also to determine the distribution of the commodity or to identify areas based its potentials.

RESEARCH METHOD

The study was conducted in Malang on consideration of Malang as one of tourist destinations including culinary tourism in East Java, and even national. In addition, in 2015 the city of Malang is declared as a smart city by Malang government with a commitment that the creative industries as key drivers for the development of Malang as a smart city. For that, they need information such as mapping potential culinary industry, identify the type of industrial base, and the important factors that affect the production of the culinary industry in Malang.

To achieve these objectives, the data collected from the Office of Industry and Trade and

the Central Statistics Agency (BPS) Malang. Data collected from BPS Malang is the Gross Regional Domestic Product (GRDP) Malang and processing industries as well as subsektornya, over the last five years. Data from the Office of Industry and Trade Malang covers, the number of food industry, the number of employment, type of product produced, the number and value of raw materials, the number and value of production, and marketing orientation.

The data obtained and analyzed as follows. First, potential maps by district seen from the number of industries. Second, identify the type of industrial base using Location Quotion (LQ) with the following formula (Hood, 2008):

$$LQ = (X_{ij}/X_i)/(X_{ij}/X_j)$$

Information:
Xij = production of all kinds of commodities j in the District
Xi = total production of the culinary industry Subdistrict
Xj = total production of all kinds of commodities j Malang
X = the total production of the culinary industry Malang

If the value of LQ> 1, meaning that a concentration of production types culinary industry in a subdistrict in relative terms compared with the total in Malang or occurring concentration of activity in these districts. In other words, there is a surplus production in an industrial kind and type of the food industry is a sector basis in the districts concerned. If the value of LQ = 1, then the districts concerned have activity similar to the culinary industry Malang. If the value of LQ <1, then the districts concerned have a relatively smaller share than the culinary industry activity Malang, which means also that there was a deficit of culinary industrial production in the district concerned.

Third, business productivity, labor, and capital. Productivity is the ratio of output and input, which is calculated by dividing the value of production by the number of business units, the amount of labor and capital per district. Culinary industry is said to be potential if giving high productivity. Fourth, estimate the effect of venture capital, labor, and raw materials to the production of the culinary industry, using multiple linear regression in the form of the natural logarithm as follows:

$$LnNP = \alpha + \beta_1 lnMU + \beta_2 lnTK + \beta_3 lnBB + \mu$$

Where:
NP: culinary industry production value (US $)
MU: venture capital (USD)
TK: workforce (people)
α: constant
β1, β2, β3: regression coefficient
μ: the element of residual (error term)

Effect of venture capital, labor, and raw materials seen on the significance of each regression coefficient. Before the interpretation, first performed an examination of the classical assumptions (multicollinearity, autocorrelation, and heteroscedasticity).

Fifth, the contribution of the creative industries to the GDP Malang and culinary industry's contribution to the processing industry. The goal was to determine the role of manufacturing in the GDP and contribution to the culinary industry in the processing industry in Malang.

RESULTS AND DISCUSSION

Results

1. Map of Potential Culinary Industry in Malang

Map of potential culinary industry in Malang analyzed by potential culinary industry types have been identified in each district. This analysis aims to find a map of the potential of small and medium food industry seen from the number of enterprises, production value, the value of an investment or venture capital, employment, and the scope for marketing.

Culinary industry in Malang registered in 2015 as many as 180 business units and the majority (65 units or 33.6%) were in Klojen, then successively followed by the District, Sukun, Blimbing, Lowokwaru, and the least in the District Kedungkandang (Figure 1).

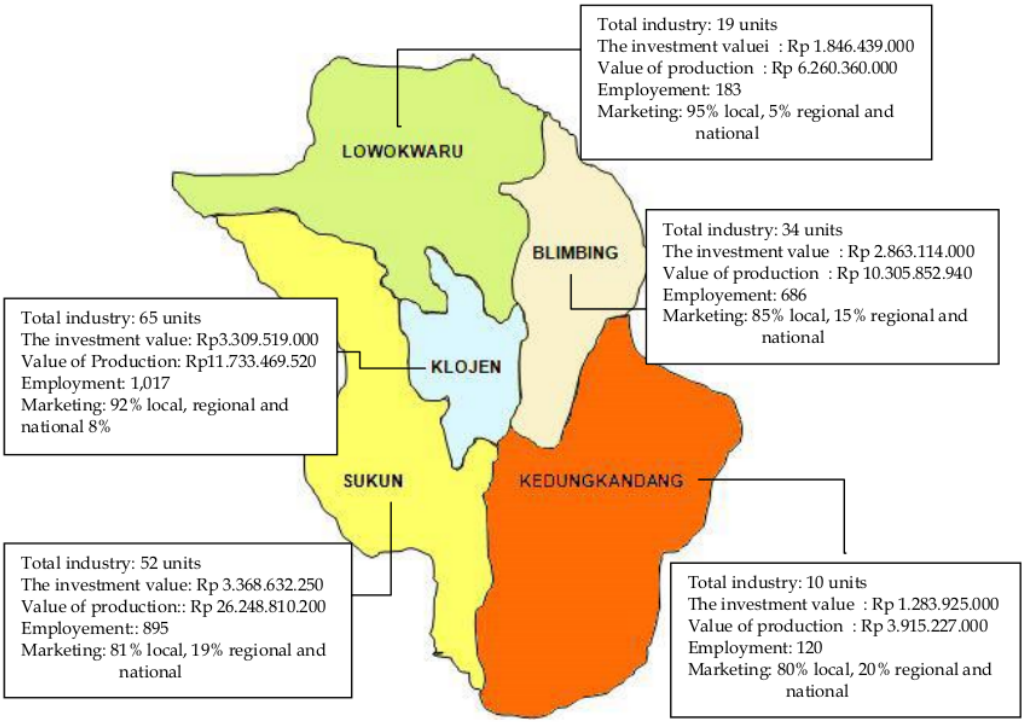

Figure 1. Map of Potential Food Industry in Malang

2. Type Industrial Base

Bread, cake, and pastries are the dominant industry in all districts in Malang, but most are most numerous in Klojen (65 units) and least in the District Kedungkandang (10 units). The results of the analysis Location Quotion (LQ) show bread, cake, and cookies as an industrial base in Klojen and Blimbing (Table 1), while in other districts of bread, cake, and cookies is not a sector basis.

Table 1. Values of Location Quotient Type of Industrial Baking and Pastry in Malang According to the District

No.	DIstrict	LQ value	Information
1	Klojen	1,083	The type of industry base
2	Sukun	0,260	Non-base industry type
3	Lowokwaru	0,556	Non-base industry type
4	Blimbing	1,019	The type of industry base
5	Kedungkandang	0,865	Non-base industry type

3. Productivity

Table 2 shows that the highest productivity of culinary business is the District of Sukun, followed by Kedungkandang and Lowokwaru. On the contrary the lowest productivity of businesses was in Klojen and Blimbing where bread, cake, and cookies were the manufacturing base sector. The highest labor productivity was in Lowokwaru District, followed by the district of Kedungkandang and Sukun. As with any business productivity, labor produktivias also the lowest in Klojen and Blimbing district. Capital productivity was the highest in Sukun (7.792), meaning that each unit issued capital is able to provide a production value of about 8 (eight) times.

Table 2. Business Productivity, Labor and Capital Food Industry in Malang According to the District

No.	District	Productivity		
		Enterprise (Rp/unit)	Labor Force (Rp/labor)	Capital (Ratio)
1	Klojen	180.514.915,692	11.537.334,828	3,545
2	Sukun	504.784.811,538	29.328.279,553	7,792
3	Lowokwaru	329.492.631,578	34.209.617,486	3,391
4	Blimbing	303.113.321,764	15.023.109,242	3,600
5	Kedungkandang	391.522.700,000	32.626.891,667	3,049

4. Factors Affecting the Production of Food Industry

Multiple linear regression of the natural logarithm, to determine the influence of capital, labor, and raw materials on the production of culinary industry in Malang. The results of the analysis are presented in Table 3.

Table 3. Effect of Capital, Raw Materials, Labor and Production Industry Investment on Culinary industry in Malang

Independent Variables	Coefficient	Significany	Information
Venture Capital (X_1)	.010	.496	Not significant
Labor (X_2)	.017	.596	Not significant
Raw material (X_3)	.905	.000	Significant
Constant (C)	2.316	.000	Significant
Correlation Coefficient (R)	.963		
Coefficient of determination (R^2)	.928		
Adjusted R-squared (R^2)	.927		
F-statistic	758.414; Significancy: .000		
Durbin-Watson (DW)	1.999		

Regression analysis is a good predictor of the culinary industry production in Malang. The indicator is the determination coefficient of 92.8%. That is the business capital, labor, and raw materials are able to explain the variation in industrial production amounted to 92.8% culinary, and only 7.2% is explained by other factors in addition to three factors. This model is also stable, meaning that the results obtained will be relatively the same shown by the coefficient of determination adjusted (adjusted R-square) amounted to 92.7%, differing only 0.01% of the coefficient of determination. The last indicator is the value of the F-statistically significant at α = 1%, shows the independent variables simultaneously significant effect on the production value of the culinary industry as the dependent variable. The regression model has also been inspected and meets the classical assumption of multicollinearity, autocorrelation, and heteroscedasticity.

Regression analysis showed that the raw material, which in this study was measured by the value of raw materials, a significant effect on the production value of the culinary industry in Malang. Average capital and labor is not a significant influence on the culinary value of industrial production in Malang.

5. Contributions of Industry Culinary toward the GRDP of Malang

Culinary industry included in the processing industry in the structure of Gross Regional Domestic Product (GRDP). Processing industry contributed the second largest in Malang for five (5) years (Table 4), after the wholesale and retail trade and repair of cars and motorcycles.

Table 4. Contributions To The Business Sector Gross Domestic Product in Malang, 2010-2014 (Percent)

	Business Field	Year				
		2010	2011	2012	2013	2014
A	Agriculture, Forestry, and Fisheries	0,33	0,32	0,31	0,30	0,31
B	Mining and excavation	0,14	0,13	0,11	0,10	0,11
C	**Processing industry**	**28,85**	**28,68**	**28,64**	**28,24**	**27,14**
D	Procurement Electricity and Gas	0,04	0,04	0,04	0,03	0,03
E	Water Supply, Waste Management, Waste and Recycling	0,22	0,21	0,20	0,20	0,20
F	Construction	11,57	11,78	12,00	12,12	12,56
G	**Wholesale and Retail Trade; Car Repair Motorcycles**	**29,81**	**29,87**	**29,19**	**28,87**	**28,47**
	1. Trade Cars, Motorcycles and Repair	9,02	8,99	8,62	8,46	8,17
	2. Wholesale and Retail, Non Cars and Motorcycles	**20,79**	**20,88**	**20,57**	**20,41**	**20,30**
H	Transportation and Warehousing	2,39	2,28	2,24	2,27	2,40
I	Provision of accommodation and Food and Drink	3,89	3,93	4,14	4,37	4,88
J	Information and Communication	4,05	3,96	3,95	4,00	3,94
K	Jasan Keuangan dan Asuransi	2,34	2,42	2,63	2,80	2,92
L	Real estate	1,40	1,40	1,37	1,38	1,36
M,N	Company services	0,70	0,70	0,72	0,74	0,75
O	Administration, Defence and Compulsory Social Security	1,79	1,76	1,79	1,68	1,58
P	Educational services	6,94	7,08	7,40	7,68	8,01
Q	Health Services and Social Activities	2,06	2,15	2,20	2,27	2,44
R,S, T,U	Other services	3,48	3,30	3,07	2,93	2,92
	Total	100	100	100	100	100

Source: Adapted from Malang in Figures 2015.

Processing industry consists of 16 sub-sectors, including the food and beverage industry. Food and beverage industry contributed the second largest in Malang, about 17-18% during the years 2012-2014 (Table 5). Largest contributor in the manufacturing industry is the tobacco processing industry, which contributes more than 50% of total GDRP manufacturing sector.

Table 5. Contributions of Food and Beverage Processing Industry to GRDP category in Malang, 2012-2014 (%)

No	Subsector in the Manufacturing Industry	Year		
		2012	2013	2014
1	Coal Industry and Manufacturing	0	0	0
2	Food and Beverage Industry	**17,37**	**16,85**	**17,78**
3	Tobacco Processing Industry	**61,61**	**63,04**	**61,49**
4	Textile and Garment	1,30	1,27	1,32
5	Leather, leather goods and Footwear	0,22	0,23	0,24
6	Manufacture of Wood, Articles of Wood and Cork and Woven Goods from Bamboo, rattan and the like	3,45	3,37	3,57
7	Industry Paper and Paper Products; Printing and Reproduction of Recorded Media	2,65	2,49	2,52
8	Chemical, Pharmaceutical and Traditional Medicine	0,13	0,13	0,13
9	Rubber Industry, Manufactures of Rubber and Plastics	3,55	3,31	3,27
10	Excavation instead Metal Goods Industry	0,60	0,58	0,62
11	Basic Metal Industries	0	0	0
12	Metal Goods Industry; Computers, Electronics, Optics; and Electrical Equipment	1,25	1,24	1,28
13	Industrial Machinery and Equipment	0,16	0,16	0,18
14	Industrial Transport Equipment	2,20	2,11	2,06
15	Furniture industry	3,33	3,24	3,51
16	Other Processing Industry; Repair and Installation of Machinery and Equipment	2,16	2,00	2,04
	Total	100	100	100

Source: Adapted from Malang in Figures 2015, Malang Regency in Figures 2015; and Kota Batu in Figures 2015

Discussion

The food industry in the structure of national income, based on the Standard Industrial Classification of Indonesia (KBLUI), included into Group C, namely Manufacturing. Manufacturing consists of 16 sub-categories, one of which is food industry (CBS, 2009). Manufacturing plays an important role in the economy of the city of Malang. Processing industry over the last 5 years has consistently contributed to the second largest (about 28 percent) of the Gross Regional Domestic Product (GRDP) Malang after the wholesale and retail trade, repair of cars and motorcycles (Table 4). In practice, SMEs that do not produce their own food but the market of food products from small and medium industries are also included in the wholesale and retail trade subcategories. Thus, the greater the role of Manufacturing for nearly 50 percent of total GDP Malang contributed by Processing Industry.

Manufacturing consists of 16 sub-categories, one of which is the food and beverage industry or culinary. Culinary industry became the second largest contributor to the processing industry in Malang after the tobacco processing industry (Table 5). In Malang recorded about 70 cigarette factory before as many as 370 units. The decline in the number of cigarette factories due to Government Regulation No. 109/2012 on the Control of Tobacco Products, which include an increase in excise bands, change the terms factory building area requirements, determination of local tax cigarettes by 10%, and restrictions on cigarette advertising (Bisnis.com, 2015) , Government regulation has resulted in the closure of many small cigarette factories are inefficient and do not meet the requirements. The role of the cigarette factory in

the economy is very large, especially in employment, tax revenue for the government, and the cigarette factory also has a huge multiplier effect in the national economy.

Food and beverage industry as a sub category of the second largest manufacturing industry in Malang continue to evolve over time, especially a culinary one part of the creative industries. Enterprises of processed food or culinary generally done in the form of private enterprise (individual). For example, the development of individual business registration of business almost 12 thousand units in 2010 and growing to nearly 15 thousand business units in 2014 (Office of Industry and Commerce of Malang, 2016). Judging from the business sector, trade is the most business registration during 2010-2014. Small and Medium Businesses food is generally included in the trade sector and is an individual business. The amount of food businesses are much more than what are listed as the registration was at the initiative of employers or business owner. The absence of strict sanctions on actors and procedures as well as the cost of registration details are quite expensive seems to be the cause of the businesses that do not register their business to the Department of Cooperatives and SMEs or the Department of Industry and Trade.

Productivity is one indicator of comparative advantage (Mankiw, 2007), so that the culinary industry who have demonstrated high productivity of the industry have a high comparative advantage. Culinary industry comparative advantage made possible because of the raw materials and labor available locally so that it can be obtained at any time required by a relatively low cost. The raw materials of bread and anek cake (dry and wet), as a kind of culinary industry most in Malang, is agricultural, livestock, and fisheries such as flour (wheat, rice, potatoes), eggs, sugar (cane, palm), milk, salt, and spices spice results. Tropical countries, such as Indonesia, have higher comparative advantage in agricultural production, animal husbandry, and fisheries (Yue and Wilson, 2009).

Enterprises productivity is highest in the District of Sukun and the second highest in the District of Kedungkandang. Enterprise productivity is closely related to the marketing area for 20 percent of industrial products culinary District of Sukun and Kedungkanang marketed outside Malang, East Java in the area of regional and national. Instead of industrial products culinary of Klojen district the lowest productivity of only 8 percent of its products are marketed to the outside of Malang. Marketing areas indicate the orientation of the market, namely corporate culture that emphasizes aspects such as customer orientation, competitor orientation, coordination management across functions, and power as the key date of the company's success (Kohli and Jaworski, 1990; Narver and Slater, 1990). Several studies have found a positive relationship between market orientation and the performance of SMEs (Becherer et al., 2003; Kara et al., 2005; Raju et al., 2011). SME performance seen from several indicators such as changes in sales and profits, revenue growth, market share, and the acceptance of investment.

Labor productivity is highest in the district and sub-district Lowokwaru Kedungkandang, conversely the lowest in Klojen. Labor productivity in the two districts are about three times higher than the productivity of labor in Klojen. While most high capital productivity in Sukun district, almost two times higher compared to other regions. Although the labor productivity of businesses and culinary industry in Malang higher than the productivity of SMEs (USD 86 million) and labor (USD 45.2 million) nationwide (Hartanto and Muhajir, 2013), but still lower than the productivity of the ASEAN countries others such as Singapore, Malaysia, Thailand, and the Philippines (ILO and ADB, 2014). Low labor productivity of businesses and SMEs in Indonesia caused partly by a lack of education and skills of the workforce. The education level of Indonesian workers in 2014 as much as 47.1 percent, overall 90.2 percent of primary school graduates until the Senior High School, and only 9.8 percent of college graduates. Research Afrooz et al. (2010) found that labor productivity in the food industry Iran is influenced by the level of education and skills of workers.

Factors that significantly influence the culinary industry output value is the value of raw materials. Value of raw materials containing two things namely the quantity and quality that is reflected through the selling price of raw materials. Although the price of raw materials is more expensive is not always better quality but reflects the economic value of such scarcity. In the culinary industry raw material quality will determine the quality of the final product. Wardhani research results and Agustina (2014) found two factors affecting the competitiveness of traditional foods in Pangkalpinang, Bangka, that the first factor consists of working capital and business development, and the second factor consists of packaging products and network. Wardhani and Agustina measure product packaging with the following indicators: product innovation, the number of workers, the appeal of the product, labor, raw materials used, and the barrier mandapatkan raw materials. Thus, the raw materials determines the value of production and the competitiveness of the food industry.

Bread and cakes (wet and dry) are the manufacturing base in Klojen and Blimbing. Two of these districts are in the center of Malang that are geographically close to business centers, hotels, offices, educational institutions ranging from elementary schools to the universities. In Malang, in 2016, there were more than 50 Universities. All these institutions are consumers of bread and cakes for various activities such as seminars, workshops, training, graduation, and others. The city center is also a place of shopping souvenirs for domestic and foreign tourists. Thus, the bread and pastry industry (wet and dry) have the potential to trigger economic growth in Malang, especially in Klojen and Blimbing.

One of the consumer industry or organization for bakery products and pastries (wet and dry) is the hospitality sector. Bread and cakes are often traditional and typical regional and hotel is one of the places that became traditional food information center for foreign and domestic tourists. However, the research of Ismail et al. (2013) showed that the traditional food marketing in hospitality having some problems. First, the hotel prefers superior service as luxury accommodation and hospitality. Second, the attitude and awareness of the younger generation who do not understand the value contained in the traditional food practices. Therefore, knowledge sharing and dissemination of information among caterers or chefs required for traditional food market effectively.

Potential industry of bread and pastry can be enhanced if it has a superior performance. The performance is possible if the culinary business run by a competent businessman. Kusumastuti and Nur (2014) identify factors difference competency profiles culinary entrepreneurs with superior performance and culinary entrepreneurs with average performance. Competence factors are achievement orientation, thinking and problem solving, maturity in the work, direction and control, orientation to the attention of others and can affect. Employers competent culinary possible to produce innovative products, such as grilled meatballs developed into a kebab grilled meatballs (Wulandari and Zubaidah, 2016). Service to customers is also a critical success factor culinary industry. Andreani (2010) found five service attributes as pendogkrak highest satisfaction to the consumer, namely the employee courtesy, cleanliness of the restaurant/café, taste delicious food and beverage, precision serving food and drinks, and the friendliness of the staff.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the analysis it can be concluded that the culinary industry in Malang has potential as a driver of economic growth, but is concentrated in two districts (Klojen and Blimbing). It was found that bread, cake, and cookies to be an industry base that can drive economic growth in Klojen and Blimbing.

There is no correlation between the concentration of the culinary industry and sector

basis culinary industry productivity in Malang. The highest productivity of enterpriese in the district of Sukun, while the lowest in Klojen. While the highest labor productivity was in Lowokwaru and the lowest one in Klojen district. Capital productivity highest in the District of Sukun which is about twice as high compared to other regions.

Factors that significantly influence the culinary value of industrial production in Malang is the value of raw materials. Higher values of raw material indicates a better quality of raw materials, it will increase the production value of culinary industry.

Recommendations

Government should optimize the culinary industry sector basis, which is the type of industrial bread and cakes in Klojen and Blimbing district. Productivity of enterprises, labor, and capital in the two districts is still lower than other districts. Business management training and workforce skills as well as improving the competence of culinary entrepreneurs are some practical steps that can be done to improve productivity and optimize the culinary industry of bread and cakes as a basis sector that triggered the economic growth in Malang.

Culinary industry registered in the Office of Industry and Commerce less than the truth. Simplifying licensing and socialization about the importance of registering businesses to access government resources and facilities still need to be improved. Related topics simplifying licensing and socialization can be done through a variety of print media as well as social media and utilize the community service activities of the highter educational institutions.

Government can facilitate partnerships with suppliers to obtain high quality of raw materials and the continuous need to do. Partnerships can also be done by large companies for the promotion of products outside the region of Malang, both at the regional, national, and international levels.

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