

# Social capital for knowledge management system of the creative industry

Knowledge  
management  
system

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## Abstract

**Purpose** – The purpose of this paper is to represent the role of social capital for the knowledge management system (KMS) in the kind of literature which is related to the topics in the creative industry.

**Design/methodology/approach** – This paper uses conceptual and literature study with empirical quantitative and qualitative investigation to validate. As some literature states that KMS is an organizational process and tool for acquisition, conversion, application and protection of existing knowledge as a way to use, develop and manage it which comes from internal and external organizations.

**Findings** – Literature shows that for some organizations, knowledge is gained through research and development (R&D) of the internal organization. In contrast, the creative industry requires knowledge that is derived from social capital such as social environment and community. The social environment and community (social capital) will provide knowledge that is required for the existence of the creative industry in producing the creative product that may represent the social context in which the creative industry exists. This study uses a meta-analysis as a tool of analysis to classify previous research and studies regarding the roles of social capital for KMS in the creative industry that were used as the cornerstone of the research.

**Originality/value** – Studies in the creative industry previously show that knowledge is a collaboration of tacit knowledge and explicit knowledge which is gained from various the creative classes within the industry. As a renewable resource-based industry, creativity, skill and talent are resources that are used to be commercialized to gain wealth for not only big industries but also for micro, small and medium economies (UMKM) that mostly done by communities, to create employment through the exploitation of intellectual property. Therefore, the creative industry can be meant as a knowledge-based industry that requires the application of KMS in its operation.

**Keywords** Social capital, Knowledge management system, The creative industry, Meta-analysis

**Paper type** Research paper

## 1. Introduction

Currently, the creative industry is focused on being a driver of economic growth and regional development. Social capital which is based on territorial capital is the determinant for the existence of the creative economy which grows as a representation of the regional context based on geography economics. Not only in rural areas, the creative industries which exist and grow in urban areas can accelerate the creation of the creative products that are sourced from economic value and the potential of the territories and regions. European Creative Industries Summit state that the creative economy tends to be concentrated in large cities than in a small territorial area (ECIS, 2015).

From the economic point of view, territorial assets that include the potentials of cultural, social and natural environment potential can be used for regional economic progress.



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[Camagni \(2008\)](#) said these territorial assets can have an impact on economic growth, especially if it is supported by the professionalism of local government institutions and social cohesion. Indonesian national policy regarding the creative industry has begun to go toward that through the presence of the Badan Ekonomi Kreatif (Bekraf), which is an independent institution that directly coordinates with the President, trying to collaborate with the Ministry of Tourism to see the territorial potential as a guide for the presence of superior the creative industries in each the territory of the Republic of Indonesia.

Infographics Summary of Indonesia's Creative Economy Statistics Data show us the contribution of the creative industry to GDP that grows from year to year. In 2010, the contribution of the creative economy to GDP was Rp. 525.96tn; in 2011 was Rp. 581.54tn; in 2012 was IDR 638.38tn; in 2013 was IDR 708.27tn; in 2014 was IDR 784.87tn; in 2015, the contribution of the creative economy to GDP was Rp. 852.56tn; and in 2016, the contribution of the creative economy to GDP was Rp. 922.56tn. Then based on sub-sector division shows that some sectors create different nominal GDP in 2016, namely, 41.40% of the culinary sector; 18.05% of the fashion sector; 15.40% of the craft sector; 8.27% of the television and radio sectors; 6.32% of the publishing sector; 2.34% of the architectural sector; 1.86% of the application and game developer sector; 0.81% of the advertising sector; 0.48% of the music sector; 0.46% of the photography sector; 0.27% of the performing arts sector; 0.25% of the product design sector; 0.22% of the visual arts sector; 0.17% of the film, animation and video sector; 0.16% of the interior design sector; and 0.06% of the visual communication design sector.

Some regions in Indonesia have prioritized the creative economy a major contributor to regional revenues. However, some regions are still not maximally paying attention to this sector and are still supported by the results of non-renewable natural resources and agricultural sectors. It is noted that from the distribution of Indonesia's creative economy business in 2016 obtained from the Infographics Summary of Indonesia's Creative Economy Statistics Data, the distribution of the creative economy businesses was the largest in Java, 65.37% followed by Sumatra Island, 17.79%; the islands of Sulawesi, Maluku and Papua, 6.53%; Bali and Nusa Tenggara Island, 5.21%; and Kalimantan Island, 4.95% (Bekraf and Badan Pusat Statistik, 2016).

Several studies argue that cluster systems can be a solution in the effort to develop the creative industries ([Chuluunbaatar et al., 2004](#)) because clusters can increase innovation and creativity ([Gwee, 2009](#); [Zhao et al., 2009](#)), creation and transfer of knowledge ([Maskell and Lorenzen, 2004](#); [Watson, 2008](#)). The existence of the creative industries besides empowering the potential of nature (geographic economy) must also support the activities of other sectors. Therefore, the creative industry must also be able to collaborate with other industries or sectors.

The empowerment of potentials of territorial assets is determined by the human collectivity contained in it, namely, how the community can be skilled at empowering this potential to produce tradeable products. In the context of continuity, a rule is needed for this. Social capital has long been discussed and connected with sociology, political science and economics since the 1980s. Social capital is related to relationships, social norms as collective sources. Social capital influences the level of social cohesion, horizontal relations and the nature of relationships with institutions and refers to the spontaneous division of a value system that establishes and determines the quality of civil society and the relationships between its members are reflected directly in the quality of ethical institutions and networks ([Abbafati and Spandonaro, 2011](#)).

The creative industry is expected to be a bridge that connects territorial assets, the community and the social community to the organization's knowledge management in

creating the creative products obtained from the knowledge management system (KMS) implementation. So that in the implementation of KMS, the role of social capital on a territorial basis will be very important in creating organizational knowledge.

#R1.2 This study used qualitative investigations to validate based on [Dana and Dana \(2005\)](#). Dana stated that if we accept that entrepreneurs are influenced by culture, then the simplest possible unit of research for understanding entrepreneurship is not the entrepreneur. Nor is it a laboratory study of individuals nor even a field study comparing entrepreneurs, but rather it is useful to have a case study in which the important aspects of environment are analyzed and understood. It is doubtful, then, that a mail survey or even interviews could be sufficient for a researcher to truly gain a holistic understanding of the entrepreneurial process.

The composition of this paper begins with an introduction, then examines the creative industry literature, followed by the literature regarding social capital in the creative industry. Exposition regarding social capital and KMS is also elaborated, and in the end, it is ended with conclusion and direction for future research.

## 2. The creative industry

The terminology of the creative economy was firstly introduced in 1998 in the UK and was initiated by the Department of Culture, Media and Sport (DCMS), England by dividing the classification of 13 the creative industrial sectors derived from creativity, individual skills and talents and has wealth potential and field creation work through generation and intellectual property (Intellectual property) (DCMS, 1998).

The creative economy can support economic development and also innovation based on the potential of the region or city which is then referred to as a smart city including urbanization, planning and creativity ([Scott, 1997](#); [Landry, 1995](#); [Lazzeretti and Francesco, 2016](#)). In line with Richard Florida who has described the role of human capital and the creative class in regional development and urbanism. Florida bridges between the creative classes and cities ([Florida, 2002](#)). Furthermore, the explanation is further developed by Howkins who explains that the creative economy comes from creativity, development and competition that comes from cultural industries. According to Howkins, the creative economy is an economic activity in which input and output are ideas ([Howkins, 2001](#)). The essence of creativity is an idea. The idea in question is original and can be protected by Intellectual Property Rights (IPR). [Howkins \(2001\)](#) further argues that at this time the wave of the creative economy has begun and is running. The basis of his argument is related to the fact that in 1996, for the first time, the export value of US copyrighted works had exceeded the export value of other commodities such as automotive, agriculture and others.

Other studies develop the creative economy as the creative industries and clusters and territories. ([Santagata, 2006](#); [Mommas, 2004](#); [O'Connor, 2010](#); [Branzanti, 2015](#)). The creative economy is a policy that aims to generate new growth through economic operations that encourage creativity, convergence of cutting-edge scientific knowledge and technology based on coordinate learning, thus creating new markets and new jobs ([Sung, 2015](#)).

In the case of Indonesian and according to the Badan Ekonomi Kreatif (Bekraf), the creative economy is defined as the creation of added value based on ideas that are born from the creativity of human resources (the creative people) and based on science, including cultural and technological heritage (Badan Ekonomi Kreatif - Bekraf). The creative economy becomes important because it is based on creativity which is a renewable resource. Especially in this non-renewable resource is increasingly scarce. Creativity has changed the economic concept that usually leads to limitations (scarcity) changes to a center or leads to abundance/abundancy (BEK and NCESD, 2016). #R1.1 Based on [Dana \(2014\)](#), within

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Indonesia, the Balinese are more tolerant of Chinese entrepreneurs than are the orthodox Muslims of Sumatra. Among the indigenous hill-tribes of Sumatra, women are in charge of possessions, and traditionally a man's assets were passed on to a sister rather than to a spouse.

Based on the creative Economy System District/City, the creative Ranking Guide that has been made by the *Badan Ekonomi Kreatif* (Bekraf) state that the creative economy is expected not only to produce the creative creation that consumed by end consumers but also to impact other sectors. Besides giving contributes to the growth of the Indonesian economic, the creative economy also has a positive impact on social, cultural and environmental aspects. In Indonesia, there is city of Bandung that has been recognized as an icon of creative city in the country and known as a center of creative industries and MSMEs (micro, small and medium enterprises). It has a rich culture as there are immigrant communities who have been settling in Bandung and brought a clear cultural diversity. Moreover, Department of Cooperatives and SMEs of Bandung (Depkop UKM Bandung) has discovered an the steady increase of the number of entrepreneurs annually ([Anggadwita et al., 2017b](#)). #R1.1 In Indonesia, the government defines small industries as units of production with five to 20 workers ([Dana, 2014](#)).

Culture and the creative industry began with the commercialization of cultural production in the nineteenth century, and from the 20th century, and it strengthened the advance of industrial society. Initially, the first literary compilers on this issue developed the idea of a "cultural industry", which was intended to attract important attention to the commodification of art ([Adorno and Horkheimer, 1979](#)). In the second half of the 20th century, the growth of the cultural industry increased. This is due to the increased level of literacy and free time, which leads to consumerism and the importance of cultural hardware such as; hi-fi, TV, VCR, and personal computer ([Hesmondhalgh and Pratt, 2005](#)).

In 1997, the British Government decided to revitalize the Department of National Heritage into a Department of Culture, Media and Sport (DCMS). They then form a creative industry work unit and publish the creative Industry Mapping Document with the classification and definition of thirteen sub-sectors that are no longer called the cultural industry as before. Chris Smith, head of the DCMS, said at the time that it was a pragmatic step to get some major expenditure plans through the Ministry of Finance, where the word culture should be avoided because it was too reminiscent of art so it was not related to the economy at all ([O'Connor, 2007](#)).

The term "the creative industry" was first used by the Australian Prime Minister in 1994 in the opening speech of the "The creative Nation" project. He showed the opportunity to promote the national economy based on local culture related to digital media technology in response to the globalization movement ([ACN, 2004](#); [Schiray et al., 2017](#)). In 2007, with a different perspective to empower national economics, the British Department for Culture, Media and Sport analyzed market trends and the national competitive advantage of the creative industry in UK economic GDP, based on the use of individual creativity, skills and talents as a production input. The British Government through the Department of Media, Culture, and Sport (DCMS) defines the creative industry. The definition given is as activities that originate from the creativity, skill and talent of an individual, which has the potential to create jobs and wealth through exploitation and mobilization of intellectual property.

Furthermore, the Indonesian Government has decided to adopt the definition of the creative industry of the British DCMS in 1998, namely, the creative industry as "an industry derived from creativity, individual skills and talents and which has the potential for wealth and job creation through the generation and exploitation of intellectual property. DCMS publishes the Creative Industry Mapping Document, which was updated in 2001, which

mentions thirteen industrial sectors, namely advertising, architecture, art and antiques market, handicrafts, design, fashion designers, films, interactive entertainment software, music, performing arts, publishing computer software and services and television and radio. The phenomenon that occurred in Indonesia was mostly like the type of SMEs that imitate, innovative, a repetitive business. And currently creativity is the key for entrepreneurs to get more success (Anggadwita and Dhewanto, 2016).

Peraturan President (PP) Number 92, December 21 2011, the Ministry of Tourism and Creative Economy has been formed with a vision to realize the welfare and quality of life of the Indonesian people by moving tourism and the creative economy. The sub-sectors which are creativity-based industries are Advertising, Architecture, Market of art goods, Crafts, Design, Fashion, Film, video and photography, interactive games, music, performing arts, publishing and printing, computer and software services, radio and television, research and development.

PP Number 72 of 2015 concerning amendments to PP Number 6 of 2015 concerning the reclassified the creative industry sub-sectors by Badan Ekonomi Kreatif Indonesia (Bekraf) to 16 sub-sectors, consisting of: Applications and Games, Architecture, Interior Design, Visual Communication Design, Product Design, Fashion, Film, Animation and Video, Photography, Craft, Culinary, Music, Publishing, Advertising, Performing Arts, Fine Arts, Television and Radio.

### 3. Social capital in creative industry

The existence of the creative industries is expected to have an impact for alleviating poverty and improving the economic welfare of the community in the context of regional territories. So that community empowerment by using local potential, local wisdom, local norms and habits will play a role in presenting the creative industry. Some various types of capital (physical, financial, human, cultural and social) share two properties, they are storability and mutual metamorphosis (Nikolopoulos and Dana, 2017). Strong social capital will be useful in building networks that can bring organizations closer to accessing knowledge, resources, technology, markets and business opportunities. Social capital normally appears in the developed world in tandem with supportive cultural capital (Light and Dana, 2013).

Social capital in the creative industry can be a network bond between one organization and another, between the creative industry and the private sector or with public institutions, and lastly between the creative industries and customers. When the interaction between companies or between parties increases, it will build a stronger and better social capital which will benefit the organization. However, when supportive cultural capital is in place, it will promote entrepreneurship more sufficient than itself alone (Light and Dana, 2013).

Social capital is a source of knowledge for the creative industry to create different knowledge and advantages. Social capital gives some benefits which leads to the creation and acquisition of knowledge, knowledge transfer both between and within two or more organizations, and create an effectiveness in condition of exchange information and resources. So that the role of the creative industry in enhancing the regional economy is based on each regional territorial asset that is empowered by the community through ideas and ideas into valuable products.

The term social capital was first discussed in the sociology literature which highlights the importance of strong networks, personal relationships built from time to time which are the basis for the growth of trust. Social capital is the same moral source. Putnam (1993) said social capital as knowledge and organizational resources used to increase the potential for individual and collective action in the human social system. McElroy *et al.* (2006) said social capital is a resource that can be accessed by actors through social ties and can influence

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individual actions that are directed based on the social structure in which the action is embedded through the history of relations between actors (Bourdieu, 1986; Coleman, 1998; Putnam, 1993). Social capital is an actual or virtual resource that an individual or group obtains through a long-lasting network of relationships that are more or less institutionalized than mutual recognition and recognition (Bourdieu and Wacquant, 1992).

Furthermore, social capital is considered an important factor to help create value in organizations. According to Light and Dana (2013), social capital's apparent efficacy is promoting entrepreneurship actually depends on a number of understudied and usually ignored boundary conditions that must be in place for the social capital to have that effect. Social capital represents the value of human relationships, collaboration and is considered a key factor in additional knowledge (Cohen and Prusak, 2001), because it encourages collaboration and sharing ideas, information, and expertise throughout the organization (Subramaniam and Mark, 2005). Basically social capital provides a means to combine or exchange knowledge among members of social relations. Social capital places knowledge in action to build distinctive organizational capabilities and the productivity of knowledge and innovation can be undermined in the absence of social capital (Bueno *et al.*, 2004). Through social capital, a communication channel will be created that encourages the exchange, creation and recombination of knowledge between individuals, business groups and business partners (Tsai and Ghoshal, 1998).

The creative industry consists of a variety of the creative classes within which it collaborates with knowledge to achieve common goals, namely, organizational goals. Relations and social interaction not only occur in one the creative community classroom but also involve interactions outside the creative class community. So that the social capital not only established limited to the internal environment but also involved external organization environment, which is related to the presence and existence of the creative industries such as consumers, suppliers, partners and regulators (policymakers).

Besides, the existence of the creative industries aims to achieve prosperity in territorial coverage, so social capital in the creative industry which is a knowledge-based industry is related to the process of knowledge exploration through relationships and interactions with the community and the social environment of the community in gaining knowledge of the territorial potential possessed to create the creative industries with the creative products that are representative of the social context and can become superior regional identities.

#### **4. Social capital and knowledge management system**

Nowadays with the high intensities in competition and information, knowledge for all types and sizes of organizations is the key to achieving competitive advantage. Facing competition, and changes that always occur cause the risk of losing valuable knowledge due to knowledge transfer or termination of employment, is a real problem that needs to be tackled. Organizations must, therefore, continue their knowledge base and take steps to effectively use both internal and external knowledge relevant to their operations and make it explicitly available to their employees.

In general, knowledge can be divided into two forms, namely, implicit knowledge, which is knowledge provided through apprenticeship, observation and guidance of an expert. Implicit knowledge is divided into technical implicit knowledge, that is, according to knowledge know-how and cognitive implicit knowledge, namely, the wealth of beliefs, prejudices and experiences that are shared typically within cultural groups (such as nation, company, family). According to that, the Weberian approach argued that entrepreneurial behavior is culturally influenced by value and beliefs (Dana, 1997), like Muslim entrepreneurs that might incorporate their religion principles in their business and taking

company's spiritual concepts in running it into both system and corporate culture (Anggadwita *et al.*, 2017a). The second one is explicit knowledge which refers to books, manuals, procedures and printed guidelines that express information clearly through language, images, sounds or other means of communication. Knowledge has four dimensions that are infrastructure, process, content and culture which is the most elusive domain but the prime determinant in the success of knowledge management (Dana *et al.*, 2005).

The bargaining position for the creative industry is ownership of the know-how knowledge in the form of creativity and talent. This is because the creative industry is based on personal ideas, talents, experience and work. Social capital such as relationships and social interactions inside and outside the organization play an important role in the creative industry. In the creative industry individuals work alone or joint business owners work during collaborative projects. The creative and cultural industries have two distinctive characteristics: the creative workers mostly work alone (Carey and Naudin, 2006; Christopherson, 2004; Kong, 2011; Pratt, 2002) and project-based the creative work (Bettini and Sedita, 2011; Manning and Sydow, 2007). Talented people and their interactions are a concern for the creative industry. The creative workers make social exchanges and interactions between key players, supporters and related personnel cannot be avoided in the production of the creative work so that social capital plays a large role (KEA, 2006). A study held by Ramadani *et al.* (2016) indicated that there is significant and positive impact of knowledge spillovers and skilled workers on firm performances, they conclude that spending on acquisition of new knowledge will have positive effect on innovation activities and additionally on firm-performance.

Territorial potential becomes a supporter of the presence and development of certain the creative industrial sectors so that social interaction within the territories needs to be built because it will have an impact on empowering territorial potential maximally through the presence of the creative industries. Based on the division of the creative classes, the creative workers act as bohemian entrepreneurs. Their work activities are guided not only by economic-agglomeration factors but also by social factors – network externalities (Mimmiti, 2005), sustainability (Fuller and Warren, 2006), financial and political support (Chapain *et al.*, 2010) and social capital (Arefi, 2003).

Therefore, the creation of knowledge is a social process and as a result requires social interaction between individuals. This social interaction for knowledge-based industries such as the creative industries is needed and important to create and collect collective knowledge, especially in communities that are usually involved in frequent dialogue, knowledge sharing, sustainable learning and through R&D that aims to shape and define the creative industry abilities and competencies.

The goal of the practice of knowledge management in the creative industry is to ensure the growth and continuity of performance through protecting important knowledge in all the creative classes within the industry, applying existing knowledge in all relevant conditions, combining knowledge and synergizing, obtaining relevant knowledge continuously and developing new knowledge through continuous learning that is built through interaction and social relations both inside and outside the creative industry to gather and create the knowledge needed to bring a superior the creative industry.

Knowledge management has been defined as the process of gathering, creating knowledge and facilitating knowledge sharing so that it can be applied effectively throughout the organization (Turban *et al.*, 2003). Knowledge management involves four main processes: first, knowledge generation, which includes all activities that find “new” knowledge; second, knowledge capture, which involves continuous scanning, organizing

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and packaging of knowledge after it is produced; third, knowledge codification is the process of representing knowledge in a way that can be easily accessed and transferred; finally, knowledge transfer, involves the transmission of knowledge from one person or group to another person or group and the absorption of that knowledge (Pearlson and Saunders, 2004).

A study entitled Communities of Practice (CoP): Linking Knowledge Management and Strategy in The creative Firms emphasizes the importance of choosing strategies that are appropriate to the company's context (Bashouri and Duncan, 2014). Through social community, social interaction and CoP collaboration, learning can be maximized and innovation can be facilitated. Greiner *et al.* (2007) said so that in this case knowledge is not an object but an intangible which is embedded in the community. CoP plays a role in developing individual skills through increasing knowledge sharing and developing social relationships. The study was carried out on an architectural firm founded in 2001 in New Zealand using 32 structured semi-structured interview methods, including directors, architects, interior designers, clerks and administrative staff. Respondents saw Communication Information Technology (ICT), lessons, best practice, storytelling, dialogue and conversation as appropriate tools to share knowledge in the CoP. Response also considers knowledge as a strategic asset that can make a difference between other competing architectural companies. The CoP is at the heart of knowledge management so that the community is directed to focus on knowledge management strategies that are in line with the company's business strategy that is based on the product portfolio base and artistic competence.

Furthermore, in a study entitled developing social capital for facilitating knowledge management practices conducted research that aims to explore the effects of social capital on knowledge management practices (Greiner *et al.*, 2007). The cohort consisted of managers and senior experts of NIOPDC (National Iranian Oil Product Distribution Co) with a sample of 273. The study stated that social capital has three functions consisting of the following. The first, social capital serves to represent the structure obligations, hopes and beliefs; social systems with high trust are those who expect social obligations to be carried out in their position and place. The second, social capital serves as an information channel; information may be expensive to obtain so that social capital provides access to information that facilitates action. The last, social capital serves as a system of effective norms and sanctions, namely, effective norms that limit people from socially undesirable actions, for example, a collective perspective is an important form of social capital in the form of norms where one must forget self-interest itself to act in the interest of collectivity. The study resulted in a relationship between all dimensions of social capital and knowledge management practices that can facilitate the implementation of knowledge management (Lang, 2004).

Furthermore, in a study entitled "better knowledge with social media exploring the role of social capital and organizational knowledge management" is carried out exploration related to the influence of social media on the quality of knowledge through the perspective of social capital and resource exchange. The study conducted theory-confirming, quantitative studies using panel data collected through Web-based surveys. The study was conducted in the USA in various industries, and there were 725 individuals invited to access the survey developed in Survey Monkey. Based on the results of the study, it was found that social media influences the dimensions of social capital, namely, structural capital and cognitive capital directly, and only affects relational capital indirectly through structural and cognitive capital. Then the results were obtained that overall social media (Web services, blogs, LinkedIn and Facebook) and enhanced social capital indeed helped promote



organizational efforts in knowledge management which then led to a higher level of organizational knowledge quality (Bharati *et al.*, 2015).

At present, where competitive advantage is largely determined by knowledge, great interest in knowledge management continues to be a concern in much of the literature. A common feature that stands out from this direction is the emphasis on the role of knowledge, knowledge worker and the nature of knowledge in the organization. This phenomenon shows the increasing importance of collaboration between individuals and groups of organizations. One potential area for collaboration is between professional groups that have a primary focus on the management of knowledge resources in organizations.

Likewise in the creative industry which is a knowledge-based industry, it is very important to build and support various dimensions of social capital. This will make the creative industry more successful in implementing knowledge management practices. Having an effective KMS system enables the creative industries to benefit from improved efficiency, performance and sustainable competitive advantage. The creative industries that implement such systems are innovative industries, continue to renew themselves and are proactive. Therefore, knowledge based on social capital is very important in creating different advantages and in maintaining the sustainability of the creative industry.

## 5. Conclusion

Knowledge of the current situation with high competition intensity, the availability of media as a means of communication and information sharing has made it easier to interact, making the company no longer be able to emphasize the strength of its bargaining position through financial capital, buildings, land and other assets. With such tight competition conditions, it has made knowledge a very valuable asset. Through knowledge, companies can shape and define the potential and capabilities of their organizations. Knowledge will lead organizations to have different competitive advantages.

Likewise, the creative industry must position itself as a knowledge-based industry. Knowledge of the creative industry will direct the creative industry to the creation of superior the creative products. Superior the creative products based on knowledge of territorial potential. This means that each region has different potential and each can present the creative industries based on these potentials so that the creative industry can produce the creative products that describe territorial identity and character.

The literature says that knowledge can be divided into two, implicit knowledge and explicit knowledge. Both knowledge through the stage is called spiral of the knowledge process. The process can be started from explicit knowledge to implicit knowledge or otherwise implicit knowledge to explicit knowledge. But in conclusion, the activity is to form the most representative knowledge with the company according to the general conditions that become the challenges of the organization and the pressure of internal work tasks that are being faced.

Unlike the case with the creative industry, implicit knowledge and explicit knowledge are two collaborating knowledge. This is because in the creative industries have workers with different the creative classes. Although the bohemian class workers group is central to the production of the creative products with the ownership of tacit knowledge that is owned exclusively and personally, but in an industrial point of view, the creative workers cannot exclusively cover their knowledge limited to the exclusive and personal abilities they possess.

Industry has the goal of maximizing profits while bohemian class workers emphasize appreciation, recognition and exclusivity. So it is very difficult to get a meeting point if each one does not know and understand each other's goals. So what is needed is collaboration of

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knowledge possessed by various the creative classes in the creative industry and bohemian class workers who are used so that it becomes a unified knowledge that can bring the creative industry to survive and excel in competition in the market.

Knowledge is obtained from social capital. Social capital is the interaction and relationship of the network between one organization and another, between the creative industry and the private sector or with public institutions. Through social capital, the creative industries can explore, collect, and create the knowledge needed to shape and direct the creative industry in providing services, processes, the creative products that are representative of social needs.

Knowledge is obtained from the bonding of social networks that are built so that the creative industry is present in the context of different territorial potentials. Each region has diverse territorial potential, so the presence of the creative industries is a description of the character and territorial identity. In creating different competitive advantages, the creative industry must understand the territorial context through social capital, namely, the interaction and bonding of social networks. The aim is that the knowledge possessed by the creative industry can be implemented through the KMS. Through the implementation of knowledge management systems, companies can create and transfer knowledge effectively and efficiently. The KMS process is very beneficial for the creative industry because the knowledge possessed through the knowledge management process will be processed into superior products, processes and services.

## **6. Research contribution**

These research findings uncover a comprehensive information of KMS implementation that has so many advantages for research, creative industries and society. The findings contribute to the theories developed in this study and confirmed the previous studies. The findings of this study also allow the creative industries to get more benefits such as superior products, process and services by implementing KMS through social capital, namely, interaction and social networks bonding that diverse and has different potential in each region.

## **7. Directions for future research**

Research and studies that link the role of social capital to knowledge management are limited to the context of industries or companies outside the creative industry. Whereas the role the creative industry has long been expected to be a milestone in economic growth. In addition, the creative industry is an industry based on knowledge, skills and talent (renewable resources) so that what is needed is the ability to have the creative ideas and ideas. The ability in the form of the creative ideas and ideas is owned exclusively and personally by individuals.

Creativity and ideas are the element of knowledge. In the context of the creative industry, knowledge is obtained through social capital so that the application of knowledge management systems is needed to create knowledge in producing the creative products, processes and services.

Therefore, further empirical quantitative and qualitative investigations are needed in terms of validating the role of social capital in the KMS in the creative industry. So that the creative industry knows to what extent the role of social capital is taken place in the industry and how to establish social network ties needed for the creative industries.

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